

We have found that in the United States tight money is not a good offset to an excessively expansionary fiscal policy, so that we wouldn't have been surrendering too much.

Now, I don't view the present situation without alarm or without concern. As I said, I don't think devaluation of the dollar is likely to be forced upon us, because I think there is that degree of international cooperation, despite the French.

I do think that the breakdown of the international capital market is bad news. I think the prognosis for trade restriction, for reduced aid, for deciding all these matters like foreign aid, military dispositions, not on their merits but on a very bad criterion, the balance-of-payments criterion, I feel all these tendencies are going to grow.

This is the thing that I do view with great and long-standing concern, and the thing that concerns me most is that I know of no proposal, among those currently circulating, which, if adopted, would meet the essential problem. So I am really much more concerned than other people.

I deplore the fact that the international negotiations among technicians haven't gotten anywhere, or have gotten a very little distance, but I regret even more that if any of the proposals that have been made had been adopted, it still wouldn't have met the problem, and the real point is that—as in the case of the multilateral nuclear force idea—the pretense of a nonexistent equality under which an attempt is made to frame proposals to conduct negotiations, when in fact there is a profound lack of symmetry in the situation of the negotiators—the attempt to maintain a facade of equality makes the whole thing not only of zero productivity, but I would say counterproductive.

The only solution, it seems to me is for the United States to understand its role and to act. And I think that action is of two sorts.

We can act to destroy this foreign central bank appetite for gold ourselves, but I think it is equally important to act to give them an important share, through OECD perhaps, in the determination of U.S. monetary policy so far as it affects the world level of interest rates.

Chairman REUSS. Who is the "them"?

Mr. DESPRES. The other members of OECD.

Chairman REUSS. Yes; not the foreign central bankers, but the governments.

Mr. DESPRES. This I regard as not the crucial question, although I would answer "Yes" to you. My feelings are that it would be better to have the governments do this than the foreign central bankers.

Chairman REUSS. Mr. Ellsworth?

Representative ELLSWORTH. Is it true, is it an accurate characterization of what you are saying to us, to say that you feel that the United States ought to quit worrying about having a deficit in its balance of payments, and that in fact, it ought to have a deficit in its balance of payments because of the fact that that permits these direct investments on the part of the United States all around the world, and that if the United States could change its mind and could view having a deficit in its balance of payments year after year as a positive good, that then there wouldn't be any necessity to create this artificial asset which these negotiations are revolving around? Is that what you are saying?