APPENDIX

(The following materials were subsequently supplied by Chairman Reuss for inclusion in the record:)

MITGLIED DES DIREKTORIUMS DER DEUTSCHEN BUNDESBANK,
Frankfurt, September 14, 1966.

Mr. HENRY S. REUSS,
Member, House of Representatives,
Capitol Hill, Washington, D.C.

DEAR MR. REUSS: I read in the New York Times of September 10, that Professor Despres has made the following statement before a Congressional Sub-committee:

"I think the West Germans have converted more dollars into gold than the French. They simply did it in a more discreet fashion."

This statement is factually completely wrong. As I assume that the Sub-committee was the one presided over by you, I send you enclosed a copy of a letter which I have sent to Professor Despres on the subject.

With best personal regards,

Yours sincerely,

OTMAR EMMINGER.

MITGLIED DES DIREKTORIUMS DER DEUTSCHEN BUNDESBANK,
Frankfurt, September 14, 1966.

Professor EMILE DESPRES,
Stanford University,
Stanford, California.

DEAR PROFESSOR DESPRES: I just read in the New York Times that at a panel session with a Senate-House Economic Sub-committee you made the following statement:

"I think the West Germans have converted more dollars into gold than the French. They simply did it in a more discreet fashion."

May I point out that this statement has no foundation in the facts.

During the 4½ years from 1962 to August 1966, the German authorities have only converted 25 million Dollars into gold with the US Treasury, in the sense in which the French authorities convert a large part of their dollar accruals by tendering them to the US Treasury for conversion into gold.

It is true that the German gold reserves have increased, during the period from 1962 through August 1966, by altogether 633 million Dollars (as against more than $3 bio in the case of France!). But most of the increases in the German reserve came about not through conversions with the US, but either through gold sales of the IMF in connection with support operations for the Pound, or through the gold distribution to members of the "Gold Pool", that is out of the net surplus of newly mined (and Russian) gold accruing on the London gold market.

These facts are illustrated in the following table:

Gold holdings of the Deutsche Bundesbank—Changes from 1962 to August 1966

[Mio $]

	1962	1963	1964	1965	1966 January to August	1962 to August 1966
U.S. gold sales			+225			+225
IMF gold sales			+93	+132		+225
German gold subscription to IMF					−103	−103
Transactions with London gold pool and other diverse sources	+15	+164	+87	+30	−10	+286
Total net change	+15	+164	+405	+162	−113	+633