

The CHAIRMAN. That term Euro-dollars is a term I had not used a lot. You are talking about American dollars in Europe that are used as American dollars over there?

Mr. BARTH. Euro-dollars is a name that was adopted in the late forties when the Russian bank in Paris started to keep its dollar deposits outside of the United States, and the word "Euro-dollars" really came from the cable address of the Russian bank in Paris, and the cable address is Eurobank. I think a more correct description of Euro-dollars would be to say external dollars, dollars which are outside of the jurisdiction of the United States.

The CHAIRMAN. Are those paper dollars and coins or part of them just credits that somebody writes down on a sheet of paper? In other words, I am beginning to learn enough about banking to know that many times what you talk about as dollars is just a number that you write down on one of those ledger sheets in your bank. Does having that many dollars abroad mean that somebody actually has that many dollars in terms of paper ones and paper one hundreds out or does it mean that they have that many dollars overseas in terms of simply credits?

Mr. BARTH. Well, Mr. Chairman, the size of the so-called Euro-dollar market according to estimates made by my bank and by the Bank for International Settlements at Basle, the gross dollar deposits in 10 major countries of nonresidents and non-Americans went from \$7 billion in 1963 to \$11,750 million in 1965.

The CHAIRMAN. So those are dollars—let me get this straight in my mind now. That is \$11 billion?

Mr. BARTH. That is right.

The CHAIRMAN. That is in 10 major countries overseas. Does that include Japan or just European countries?

Mr. BARTH. This will include Japan, because Japan is a big user of Euro-dollars in the London market.

The CHAIRMAN. Yes.

So \$11 billion held by non-U.S. citizens, citizens of countries other than the United States, citizens of Japan and nine European countries, dollars which could be converted into gold claims in the event that they were taken into the central banks of those countries.

Mr. BARTH. That is absolutely right.

The CHAIRMAN. I take it that it is to our advantage, however, that they continue to be used as dollars rather than going into the central bank?

Mr. BARTH. I should think so, Mr. Chairman.

The CHAIRMAN. Now, those countries do have the power to call all those dollars into the central banks, do they not?

Mr. BARTH. I do not believe that all countries have, because in Germany, Switzerland, Holland, and Belgium, I believe you have great freedom in foreign exchange, no foreign exchange restrictions, and I believe for the central banks to call these dollars in they would have to have legislation, but that could be arranged.

The CHAIRMAN. Yes. It would take legislation. It would probably be complicated to administer, but most of that they can call into their central banks.

Of course, Switzerland would have to drastically change its banking practices to do that, I take it, because they have all sorts of ways of doing business in Switzerland where you just do not know who has