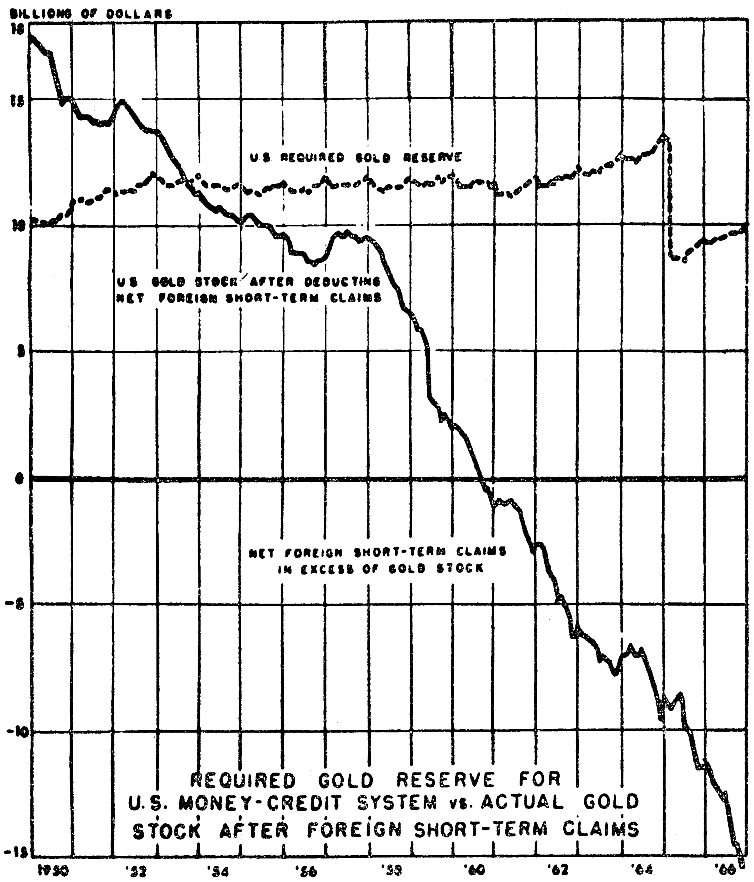
Figure 10 shows the amount of gold we would have left if at any point in the postwar years all of the dollar claims had been cashed for gold. Also shown is the amount of gold required to meet our bank reserve requirements. By early 1965 this latter had gotten up to almost $14 billion. When the gold cover was removed from Federal Reserve deposits in February 1965, the domestic banking requirement dropped to a little more than $6 billion, but has since moved back up to $10 billion.



Source: American Institute for Economic Research

FIGURE 10

It is clear that since 1960 we have not had enough gold to meet all of our foreign commitments, let alone our domestic banking requirements. It is this shortage of gold backing that has reduced foreign confidence in the dollar and has toppled it from its former position as the most sought after currency in the world.