Of course, I would have welcomed further reductions in the levels of appropriations. I think it is unfortunate that the President had to go to the extent he did in withholding and deferring expenditures.

Representative WIDNALL. I believe Dr. Ackley said at the time that it was a very close question as to what to do, if I am quoting him correctly.

My time is up, Mr. Chairman.

Chairman PROXMIRE. Congressman Reuss?

Representative REUSS. Thank you, Mr. Chairman.

Secretary Fowler, I am very proud of the job that you and your associates have done in international monetary reform in the last year.

Secretary FOWLER. Thank you.

Representative REUSS. I think you have tabled before the leaders of the free world a very constructive program looking toward the evolution of a new international monetary medium. I wish you all success, and I hope you will get it at the IMF meeting next September.

This committee joins me in that hope. However, we must always be concerned at the prospect of what happens if your valiant efforts are not successful, and if we don't get an agreement, and if we are then in the same old position where the dollar has to bear all the burden of being the world reserve currency and being liable to destructive actions by gold demands of other countries.

I think we ought to plan against that dire contingency. My own proposal, on which I would like your comment, is that if that happens, I would like to see us (1) remove forthwith the gold cover on currency, so that our full $13 billion-plus of gold is available, and (2) try to get agreement among the trading countries of the world on a reasonable and constructive method of holding reserve; specifically some procedure whereby the countries which would be parties to the agreement would agree to hold dollars rather than demand gold for their full foreseeable needs of trade and investment, and not capriciously and destructively to demand gold; and as to those countries, like, say, France, which on past performance aren't likely to agree to such constructive behavior, then deny them certain benefits, such as, for example, the right to come into this country in the capital markets, by, say repealing the interest equalization tax except for countries who are destructive with their gold demands, and perhaps saying that we aren't going to give them the benefits of American tourism, and that American tourists to their countries will be cut off as long as they persist in their dog-in-the-manger attitude.

How do you like that contingency plan?

Secretary FOWLER. Well, Congressman Reuss, first let me say that I would like to return the compliment in this sense: That I think this committee and the Subcommittee on International Exchange and Payments matters, of which you have been the chairman, have made a very signal contribution in the series of reports that have been made.

Representative REUSS. I appreciate this very much, but don't use any of the 10 minutes on flattery.

Secretary FOWLER. Not at all. But it has been a contribution, and I think your colleagues are entitled to know that it has been a very influential document. I refer particularly to the 1965 report on "Guidelines for Improving the International Monetary System." It has been widely used and quoted in the negotiations that have been occurring.