was done with little or no cooperation from a fiscal standpoint, he is heavily criticized by many.

I have an answer to my first question.

Mr. HELLER. This question about the relationship of our balance-of-payments deficit to the GNP—the answer really doesn't depend simply on this ratio. The answer depends on how the rest of the world treats the dollar. Now my guess is that particularly if we don't accomplish some international monetary reform and expand the international medium of exchange, that the rest of the world is going to want to hold an increasing number of dollars for its transactions balances, and as a store of value, and so forth.

If that is the case, and as long as that is the case, then we can run a deficit without any danger to the stability of the world's monetary system, or without any danger to our domestic economic situation.

Senator SYMINGTON. When you say the rest of the world——

Mr. HELLER. To the extent that the rest of the world in order to finance an expanding world trade and international flow of finance and commerce, to the extent that they want to hold dollars for that purpose, an increasing flow of dollars, it may be that equilibrium in the broadest sense might be at a level of say, a billion dollars a year deficit in our balance of payments. I am simply stating that as a possibility which we ought not to ignore.

Senator SYMINGTON. If the country doesn't balance its international payments account ultimately, how can it maintain its present gold standard?

Mr. HELLER. The answer to that is really implicit in what I was saying. If the rest of the world wants to hold those dollars and not cash them in for gold——

Senator SYMINGTON. What is France doing?

Mr. HELLER. ——then we are all right.

Senator SYMINGTON. But let's take a practical premise.

Mr. HELLER. But if all the rest of the world did what President de Gaulle does, and cashes in all of its dollars for gold, obviously we would be in a very tough spot, no question about that. Fortunately, there is such a thing as international cooperation. Fortunately, not every country tries to translate every bit of financial advantage into political advantage as France does. They do feel a sense of cooperation and interchange with us, and therefore we don't have to treat the dollar and gold as if every country were going to be as tough as France on this score.

Senator SYMINGTON. I was told that at the American Bankers Convention in Madrid last May some of the more friendly foreign central bankers in Europe told our people—was told on good authority— that unless we did something about correcting this unfavorable balance of payments, we could expect to see a heavily increased movement of paper gold dollars into gold bullion, the demand coming from Europe.

With that premise, do you believe they were kidding or do you think they meant it?

Mr. HELLER. Some of the other countries get somewhat itchy fingers when they see what France is doing, but they are restrained by several factors. One is, if you put your money into gold rather than into securities, into dollars, you lose the interest on it.

Senator SYMINGTON. That is right.