

Mr. HELLER. The principles of compound interest tell us that President de Gaulle is going to lose money unless the value of gold doubles every 15 years at present interest rates. But he obviously has other purposes for accumulating gold. So they do get somewhat itchy fingers. They are, however, restrained by the loss of income.

Secondly, they are restrained by the fact that they want the dollar. They need the dollar as the preeminent medium of world exchange. And they recognize it would be against their self interest to bring the dollar into serious trouble, and as a consequence, they are willing to cooperate in maintaining the dollar.

Third, they simply need many of these dollars in the normal course of business, and therefore are not about to cash them in.

Senator SYMINGTON. This is our first dialog on the subject. Do you think it is important to stay on the gold standard?

Mr. HELLER. Well, we are on a gold exchange standard. If the world had different views of gold versus other metals, it wouldn't be important. But given the world's view of gold, I guess it is. It is also worth mentioning, Senator, we are the only country in the world that freely cashes in its currency for gold. I mean when we get criticism from the rest of the world on this, we ought to keep in mind that we put one ounce of gold on the barrelhead for every \$35 that a foreign central bank puts to us.

Senator SYMINGTON. Do you think we should continue to do that?

Mr. HELLER. I think we should, yes.

Senator SYMINGTON. Then let me ask you this. Do you think that it's right for this country to be the only country in the world where its private citizens are not allowed to hold gold? To the best of my knowledge it is the only country in which you can't buy and hold gold as a hedge. I ask with the premise that of all the gold that was mined in the free world last year, practically none of it went into Government holdings.

Mr. HELLER. That is correct.

Senator SYMINGTON. All of it went to people who apparently do not believe, in effect, in all the fiscal and monetary policies we believe in. On my recent trip abroad I found that many people were rapidly accumulating gold. Yet alone among all countries, our citizens are forbidden to hold any gold. At the same time, we are the only people who will buy and sell gold at \$35 an ounce; so there seems to be some dichotomy from a practical standpoint regardless of theory.

Mr. HELLER. Maybe there is a correlation. Maybe it is the fact that we do stand ready to exchange gold for dollars that causes us to have this restriction in our domestic market.

It is true that the net amount of gold that went into the monetary reserves of the world was virtually zero last year. People have been betting against the dollar. They have been betting on devaluation for years, and they have been losing money on it. They are sitting there with their sterile gold hoard as far as any—

Senator SYMINGTON. They have been losing money, but we have been losing gold.

Mr. HELLER. Yes.

Senator SYMINGTON. And we have only about 10 percent of free nonmonetized gold available to pay off our current obligations abroad. Even if we cancel out the 25 percent reserve, we still have less than