hope that it will come to pass and take some of the strain off gold and the dollar.

Senator Symington a moment ago was pursuing with you the point, what if that does not happen, and what if there is a concerted gold-grabbing move on the part of foreign central banks and treasuries, which between them do admittedly hold more dollars than the present $13 billion of gold that we have.

I agree with you, Dr. Heller, that that is most unlikely. My own observation about France is that right now she has probably done her worst. Her dollar holdings are probably less than $1 billion. She needs practically all of those for current purposes, unless she wants to engage in self-destruction. Her nagging demands on our gold are likely not to be very serious. Is that your impression, too?

Mr. HELLER. I would feel that is the case, but I would also stress that I doubt, as I said before, that there has been any change in the fundamental policy of the French Government. It is just a change in the amount of dollars they have available to cash in.

Representative REUSS. As you have said then, the self-interest in holding dollars rather than gold on the part of foreign monetary authorities is, I should think, a reasonably good assurance that even if we run modest; that is, $1 billion deficits in our balance of payments for a few more years, in the absence of monetary reform, this need not be in any way catastrophic. However, I want to present the worst possible case, and that is: let us suppose the foreign monetary authorities, like the Biblical Gadarene swine rushing toward the abyss, all converge on us and demand the $13 billion worth of gold, the Congress having providently removed, let us assume, the remaining portions of the gold cover.

I still do not think that that need necessarily be catastrophic. What would happen then, with the last U.S. gold gone overseas, the dollar would then become de facto a floating exchange rate dollar; with the strength of the American economy, I should think the dollar would be a very desirable currency to hold, and it's quite likely that the dollar might even appreciate in value. If it fluctuated downward in terms of other currencies, this could be a de facto amendment of the Bretton Woods philosophy of 1944, and would be one way of our attaining at that time balance-of-payments equilibrium.

What I am getting at is this: Would you agree with me that while we certainly wouldn't want such a concerted drive on our gold, that for us to quail and shiver endlessly about this possibility is not necessarily conducive to our own future sound judgment, and that if the worst that people can do to us is no worse than what I have outlined, we can survive?

Mr. HELLER. Yes, I think so. I don't regard it as equivalent to a nuclear holocaust. At the same time, we have to keep it in the perspective of a very unlikely event, one we would hardly welcome, but yet one that wouldn't bring this country to its knees.

I also like your emphasis on the fact that it is the fundamental economic strength of this country that gives the world the confidence in the dollar. It is interesting that such confidence grew in the 1960's as this economy showed that it could make full use of its resources with a reasonable degree of price stability.

So I really believe that the kind of alternative or the kind of possibility you are talking about is remote. The world needs those