I am talking about the GNP as an indication of the strength of this country economically, which in turn imparts strength to the dollar. In this context, you have to talk about a noninflationary growth in GNP, not an inflationary growth, and I couldn't agree more with that point.

Furthermore, it is true that you have to take not one but two things into account. One is the fundamental inherent strength of the country economically. But the other is what is your position as banker to the world? The truth of the matter is that we are lending long and borrowing short. We have a tremendous responsibility to invest and lend money to the rest of the world, since we are the most affluent country, and we have the most highly developed capital markets, and the rest of the world wants that money.

That means that when we can't develop a big enough trade and services surplus to finance that, then we have to borrow short by putting our dollars overseas, and we have to recognize that fundamental relationship.

Some people want to solve the problem by saying to the rest of the world, "Look, you ought to accept that. If you want our long-term investment, you ought to hold our short-term debt and agree to hold it and not cash it in for gold."

Nevertheless I do think that the facts of life are that as a banker to the world, we have to take into account these possibilities of a run on the dollar and a run on our gold, and that is one of the constraints that has pushed the administration, both the Kennedy and Johnson administrations, to take a whole series of measures. And I think further measures could be taken if need be, particularly on the administrative constraint side.

But as to the United Kingdom, I don't think in nearly as exposed or vulnerable a position. We don't have to squeeze down our whole domestic effort, in order to achieve our balance-of-payments objectives. Given our resources, that would be a self-defeating undertaking, and would hurt the rest of the world just terribly. It is up to us to keep our economy going full tilt, to lower our interest rates so we relieve the pressure on the European economies and on the underdeveloped countries, and try to get the rest of the world to cooperate with us. We did that at the recent Chequers meeting. I think most of the world will cooperate, and I hope that that degree of cooperation will be enough to overcome the difficulties that the French may generate in this situation.

So, fundamentally, I see the problem you are stating, Senator, but I think that our position is strong enough and the prospects for international monetary reform are good enough so that it will not develop into a crisis.

Senator SYMINGTON. Thank you, Mr. Chairman. My time is up. I would ask this one short question. You approve of the action the British have taken?

Mr. HELLER. Yes, I do.

Senator SYMINGTON. Thank you.

Mr. HELLER. Fundamentally I think they were courageous, and they were in the right direction, but they go beyond what the United States would have to do under any circumstances I can foresee now.

Senator SYMINGTON. Thank you.