

Senator SYMINGTON. Thank you, sir. Dr. Kindleberger, I ask this with respect and in no sense in snide fashion. In reading your statement and your later disagreements with Mr. Roosa, would you say that the more gold we lose the more respect there will be for the dollar?

Mr. KINDLEBERGER. No, sir. I don't take that line at all. What I was trying to suggest was that the big loss of gold we had in 1965, was in fact brought about by a determined policy of the French to put pressure on the dollar, to discipline the United States. The French were doing it very openly. Now their capacity to do that is stopped. This means that our loss of gold is going to decline, and I think that is on the whole, a strength.

Senator SYMINGTON. Then would you say the more gold we obtain the more respect there would be for the dollar?

Mr. KINDLEBERGER. Well, I have a hard time thinking that we ought to adopt the Midas philosophy and to try to acquire lots of gold. I would think we may be a little more comfortable with a little more but on the other hand I wouldn't want to say there was a linear relationship, one for one, between dollars of gold and increases of respect.

Senator SYMINGTON. Thank you. Mr. Secretary, if you were a member of the Outer Seven, would you rather join a proposed dollar bloc in an effort to get out of this growing jam, or if on good terms with France, would you rather join the Common Market based on your knowledge of the situation as it is today.

Mr. ROOSA. Given the present pattern of trade of most of the members of the Outer Seven—and there is a little different story for each one—the choice would probably be to get into the Common Market.

Senator SYMINGTON. Thank you.

Dr. Kindleberger, in your statement on page 3 there are some remarks I don't quite understand. You stress the difference between a "firm," and a "bank." To me, and I say this as a former member of bank executive committees, also one who has been involved in business, a bank is a firm and a firm is a bank. You present some ratios like 3 to 1 for industrials. Some I have operated, I only wish were half that good. Now it looks to me as if you say a bank is in good shape only as long as its depositors have confidence. But isn't that also true of a business?

Mr. KINDLEBERGER. Well, sir, business on the whole does not like short-term liabilities.

Senator SYMINGTON. A business like General Motors, that is a bank, too. I am thinking about the average business in the United States. I know a company that did about \$1 billion of business with about \$20 million in cash. So it seems to me your distinction between what constitutes confidence in a firm as against confidence in a bank is a little theoretical.

Mr. KINDLEBERGER. It can be overdone. I am talking about typical cases—typologies if you like.

Senator SYMINGTON. You could say, could you not, that a country, or an individual, or a firm, or a bank, can only improve its living standards so long as it is trusted by its lenders.

Mr. KINDLEBERGER. Well, sir, that is entirely true, but in the case let's say of the International Bank for Reconstruction and Development, they have a project basis for loans. They will make a loan on