I realize there are difficulties of definition, but I do feel a strong conviction that the weakness of our balance-of-payments position and its cumulative effect over the last several years has now reached a point where our strength as a leading world power has been impaired. Now, whether that is called the prestige of the dollar or given some other label is immaterial, but I think there is a very real substance here that we must weigh very carefully.

Representative REUSS. Congressman Brock?

Representative BROCK. I have enjoyed this very much. I share your quest for a Holy Grail. I am not sure we are going to get it this year. Just a couple of questions to clear my own mind up.

Professor Kindleberger, in reading your remarks and listening to the questions that Mr. Reuss asked about limiting the gold cover, am I correct in assuming that you essentially would just as soon be without the gold standard, period?

Mr. KINDLEBERGER. Well, sir, if I may refer to my paper before the Joint Economic Committee on Contingency Planning, I tried to differentiate myself rather sharply from my good colleague and friend, Emile Despres, who took a much more aggressive position on this. I would abandon gold with great reluctance—let me scratch the word "great,"—with reluctance, because I think it is a useful system, but on the other hand I don't want it to be made a fetish. I am inclined to think that the gold standard—the gold exchange standard—is an excellent standard. You could easily substitute for it a pure exchange standard. You could not substitute for it a pure gold standard the way Mr. Rueff and Mr. de Gaulle want. Nonetheless, I would not move aggressively forward or push to change the gold standard. I would use gold as long as we can. This means at the same time that I don't want to do anything which would be very harmful to the national income of the United States, let's say, or the national income of the world in order to protect the gold position.

Representative BROCK. If we were to remove the gold cover behind the dollar on domestic currency, which would free some $12 billion, and if 3, 4, or 5 years down the road our balance-of-payments position had not improved, and we had the $3 billion in actual reserve to meet our international obligations, then you would be again under the pressure which a gold cover has today of creating some doubt about the capacity of the United States to meet its obligations; would you not?

Mr. KINDLEBERGER. Yes. Well, if I may say so, I think that what the United States really has behind the dollar is its productive capacity—capacity to turn out goods and services, food, machines, and so on. The value of the dollar is what a dollar will buy, not an ounce of gold for every $35. In the long run if we were to lose all our gold, I would not be distressed. Well, there are some nuances here. I might be distressed but I would not be desolated.

Representative BROCK. Would it be fair to say that you would be more distressed by the policies which led to that loss than you would by the loss itself?

Mr. KINDLEBERGER. Well, I would be certainly distressed by our failure to get agreement in the world as to what a good international monetary system is, because I think this is the nub of the issue. What is the best monetary system for the world? How will we operate it?