Mr. KINDLEBERGER. On that score we have $35 billion ahead, net worth, net claims on the rest of the world, $35 billion, something like that. But a good deal of that is frozen. I am perfectly prepared to admit that if you have an oil well in Saudi Arabia, if somebody presents a chit and says he wants his money, you cannot liquidate that. But in addition to such oil wells and factories and securities of all kinds, we have also short-term funds, and some of them are bank funds in London in the Euro-dollar market. Some are corporate funds there. We have a lot of them.

Representative MOORHEAD. Professor Kindleberger, in your statement you talk about the question of the new international reserve unit.

Mr. KINDLEBERGER. Yes, sir.

Representative MOORHEAD. I can understand your position here that you don't want to kill the international capital market in order to get the new reserve unit, but do I understand that even if we maintain the international capital market, that you would really be opposed to a new international reserve unit or that you just don't think that is important?

Mr. KINDLEBERGER. It is the latter on the whole. I think the real way to get liquidity in flexible amounts the way you want it is through the international capital market.

Let me give you an illustration. Suppose there were no access to the international capital market and Italy wanted to borrow. Italy needed reserves because it was having a capital outflow the way it did in 1963. If you have an international reserve unit which adds $1 billion worth of reserves every year, Italy at the most could claim $75 million of that. This would be rather large, seven and a half percent of the total. You expect a very big percentage for the United States, and a big percentage for Germany, France, and Britain. Italy might claim seven and a half percent, $75 million. If in a crisis Italy needs $1.5 billion, the $75 million it would get is derisory, just trival. This does not solve their problem of meeting a financial crisis.

Now it may well be that the international monetary reserve unit is good for longrun banking for trade, but it does not give you the flexibility and the adaptability and the capacity to amass large amounts in a short time, which the international capital market does, as evidenced by the Italian case and by the American case.

Representative MOORHEAD. Yes, Mr. Roosa?

Mr. ROOSA. I wrote the same question in the margin that you have asked. There is absolutely no contradiction nor even a connection between these two points. I spent all of my life in Washington arranging just the kind of credit arrangements for the United States that others and we from time to time have been using, and I have nothing against them. In fact, I like to think that they are functioning better now than they were 5, 6, or 7 years ago, and there is absolutely no contradiction between these and their improvement on the one side, and the entirely separate question wrapped up in the issues for creating a new international reserve unit. The problem in terms of the unit is often disguised by people who look upon it as a panacea, a solution for all other sorts of things. I don't disagree with what Professor Kindleberger said about the Italian illustration at all. But that isn't what the idea of a new unit is intended to serve.