

Another criterion is whether world prices are rising, stable, or falling. By that criterion you have too much, because world prices are rising. I am inclined to say that there isn't any country that I know of which is taking very general measures because of lack of international liquidity. On the other hand, the United States is taking governmental measures to restrict imports and to tie AID and to put on the interest equalization tax because of a fear of its lack of international liquidity. And I suppose on that score you would say that the United States is suffering from a lack of international liquidity, or what it thinks to be a lack of international liquidity, but on the whole, I think I will conform to your expectations and say that I don't think there is a serious lack of international liquidity in the world.

Senator SYMINGTON. The reason I ask is that the article by the senior financial editor the chairman was good enough to put in the record said, "There is general agreement that the world is now suffering from an excess rather than from a shortage of international liquidity."

Mr. Secretary, would you comment on that?

Mr. ROOSA. I think there has to be a distinction between the liquidity generated within countries by the combination of their own monetary fiscal policy, and the liquidity that is useable for settlement among countries.

I think in the first case, the liquidity generated, or to put it crudely, the money supply increases, in a good many countries around the world have been too great. Using the Kindleberger formula, price rises have occurred, significant price rises. Therefore, there has been too much liquidity.

But that isn't, as I see it, quite the end of the story. I don't believe that there is an absolute shortage of international liquidity at this time. But I think there is something very significant in the recent record. For the past 2 years on balance the central banks of the world, who still respect dollars as Professor Kindleberger says, nonetheless did not add to their dollar holdings, nor was there any net addition to the supply of gold available for monetary reserves.

Yet, year in and year out, there are going to be some countries who earn surpluses, hopefully more than the others running deficits. There has to be a supply of internationally usable liquidity so that the surplus countries can show some net gain from time to time.

Otherwise, you have the process breaking down, countries follow merchantilist tactics where each one beggars his neighbors. So to provide longrun additions to the world reserves, basic official monetary reserves, we either have to look to a resumption in the holding of dollars in the future, and that may well occur, or we have to supplement that with some new means through the international monetary fund.

Up to now through these 2 years, virtually the entire supplement has come from the monetary fund, and yet in a form that arose because they were financing big deficits of the United Kingdom. We can't always count on that source of international liquidity.

Senator SYMINGTON. Thank you. My next question has to do with questions asked by Congressman Moorhead, it had to do with balance sheets and earnings statements, fixed assets and current assets.