

the seven nations setting up a two-price system has proved I was right. If we had taken steps 9 years ago, 8 years ago, 7 years ago, or 5 years ago to adopt the legislation which I offered, it is well possible we would not have been faced with the shameful situation—and it is a shameful situation—in the international arena of being forced to withdraw the gold from behind our currency. We did the same thing in 1965 by withdrawing the gold from our Federal Reserve deposits.

Mr. President, I say they were wrong then and they are wrong now. The time to have established the two-price system was when the dollar was not under attack. It could have been carried out then with a minimum of dislocation. Now we can only hope.

This is another example of why Congress should not be so quick to relinquish all constitutional powers over our money. Congress should review our monetary posture and commence writing guidelines and limitations on our money, in my judgment.

If anything was proved by the last few years, it has been proved that this Government, the Treasury, the Federal Reserve Board, the economic advisers and college economists who told us what to do were wrong. What they told us did not stop the gold drain in this country. Today we are facing even a more serious situation because in 1963, for example, the demand upon our gold production by the arts and industries was only double the amount of our local domestic production of gold. Today that demand has grown to the extent that it would take four times our domestic production, so that demand on our local production for arts and industries is 100 percent greater than it was 5 years ago.

It is very easy to speak in retrospect, but when I consider the short shrift that the bills that I have introduced in the past few years on gold received—and not only bills that I introduced but those of other Senators vitally interested in this great industry who know we have a wealth of gold in this country at our command if we only open our minds and imagination and get our heads out of ruts. It is obvious that we have enough gold to take care of this country. It cannot be processed now, in a month or two, but with a farsighted program we can do it and we will. Those of us who are interested in the gold industry are willing to prove that it can be done.

“EXHIBIT 1

“GOLD POOL DROPPED TO END SPECULATION—TWO PRICES ADOPTED BY SEVEN NATIONS

“(By Hobart Rowen)

“The United States and six cooperating nations yesterday abandoned the gold pool they had been operating for the past six and one-half years and said they would no longer ‘buy gold from the market.’

“In essence the plan, announced at the conclusion of a historic two-day session at the Federal Reserve Board here, is designed to end the speculative drain on official gold reserves.

“It means that there will be a two-price gold system—\$35 an ounce for official international transactions, and whatever price develops in an outside ‘unofficial’ market.

“PREVENTING RESALES

“And to prevent any governments or central banks from buying gold at \$35 an ounce to resell in the private market at a profit, the cooperating nations said that ‘henceforth they will not sell gold to monetary authorities to replace gold sold in private markets.’

“France, for example, will not be allowed to turn in dollars for gold at \$35 an ounce if she turns around and sells that gold privately.

“Initial reaction from businessmen and bankers here and abroad was generally favorable. Most observed that it should provide time in which the United States could bring its balance of payments under better control.

“The dramatic moves, announced by Federal Reserve Chairman William McC. Martin, were the answer of the seven nations to last week’s crisis buying of gold through the pool in London.

“LOST \$1.5 BILLION

“Since devaluation of the British pound last November, the seven nations lost about \$1.5 billion in gold to speculators, a drain that they decided could not go on.

“When originally established in November, 1961, the gold pool was intended to