

"No specific deals were made or offered by the United States in support of this commitment, but President Johnson's Saturday statement offering to cut expenditures more deeply in exchange for a tax increase was noted by the participants of the meeting.

"And the suggestion from a top Administration source that any increase in Vietnam troop strength would be 'moderate' was the kind of thing the foreign central bankers had been hoping to hear.

"Note was also taken of the fact, the communique said, that Congress had freed all of the \$11.5 billion U.S. gold reserves 'for defending the value of the dollar.'

"One key point of the communique, though it sounded technical, is of major importance: the governors agreed to 'cooperate even more closely than in the past to minimize the flow of funds contributing to instability in the exchange markets.'

"This was directed to this circumstance: As worries about the dollar mounted in the past several weeks, there was a sharp increase in money moving into Germany, because the Deutschmark is considered a strong currency.

"Much of this came from the 'Euro-dollar' market. 'Euro-dollars' are dollars owned by foreigners, and held on deposit in banks. The intent of the closer cooperation mentioned is to facilitate the swapping of currencies, as confidence in the dollar is restored.

"The final line of the communique said that cooperation of other central banks is invited. This direct bid to the French was underscored in a comment by Bank of England Governor Sir Leslie O'Brien who said that the seven nations 'are not anxious to widen the gap between France and the rest of us.'

"Pierre-Paul Schweitzer, managing director of the International Monetary Fund, said in a statement last night:

"It is most important that the monetary authorities of all member countries should continue to conduct gold transactions consistently with this undertaking and they should cooperate fully to conserve the stock of monetary gold.

"In the longer run it will not be sufficient simply to conserve global reserves. In this connection, it is to be noted that work on the establishment of the Special Drawing Rights facility in the fund is proceeding on schedule. It is to be hoped that this facility will enter into force with the least possible delay . . ."

Senator GRUENING. Please proceed.

Dr. HIBBARD (referring back to the charts). Whenever feasible, substances are described in terms of elemental content in preference to mineral forms in which they are commonly priced, treated, and in some instances, consumed, in current marketing patterns.

While the resulting units are not familiar in some discussions of current supply-demand relationship, they are essential in speculating upon future sources and end-use patterns.

In addition to the charts and certain explanatory material essential to them, background profiles prepared on each commodity summarize significant information on:

Apparent reserves.—In which apparent domestic reserves are compared to reserves known to be developed elsewhere in the world.

Industry patterns.—In which the structures of the industries at home and abroad are defined.

Consumption patterns.—In which the way materials are marketed and the forms in which they are consumed in the United States and the rest of the world are summarized.

Byproducts and coproducts.—In which a feeling is gained for the complex relationships in mineral supply.

Parenthetically, there are some minerals which are supplied only as byproducts. And if the major metal in the ore is no longer mined, the entire source of this material disappears.

Economic factors.—In which the essential aspects of cost-price relationships are explained.

Technology.—In which the prevailing state of engineering practice is described.