"Meanwhile, it would elect to fulfill its obligations under the articles of the Fund for maintaining the value of the dollar in the same manner as other members of the Fund, simply through purchase and sale of exchange. In this way, the United States for its part would advise the Fund that if a $35-per-ounce floor for newly mined gold (and in effect free market gold) is to be maintained, that such an undertaking will have to be an obligation and burden of the resources of the Fund itself.

"I don't believe those who have spoken out for re-creation of a floor price for newly mined gold have fully taken into account the options available to the United States under the Fund's Articles of Agreement. Indeed, we are not without a strong bargaining position.

"I am well aware that this is a highly technical and difficult area and for that reason I will be anxious to hear the comments on this proposal from the expert witnesses appearing before us this morning.

"My comments are made with the firm personal conviction that the two-tier system created by the March 17th Agreement already have proved highly successful; that its primary architects fully realized and took into account the possibility that the free market price for gold not only could fluctuate above the monetary price but also below. I also hold the conviction that the March 16th Agreement enabled an evolutionary process toward demonetization of gold to take place in an orderly fashion, and that any move toward reimposition of a floor price on newly mined as well as free market gold would be entirely incompatible with that goal."

(End of statement by Representative Widnall.)

Chairman Reuss. I am now going to ask the panel to proceed. First, without objection, there will be received into the record the paper prepared for this hearing by Mr. Edward Bernstein, and the paper prepared especially for this hearing by Mr. Mundell, and in addition three or four recent related papers by Mr. Mundell. Mr. Mundell, would you give the dates and places of those? They are all within the last month or so.

Mr. Mundell. Yes; the major paper I am presenting here is called "A Plan for World Currency" which is also being presented this coming Friday at a conference at Ditchley Park, England.

The three supplementary papers are called "The Future of Gold" which is a paper given last June in Geneva, Switzerland. The second paper is called "The Collapse of the Gold Exchange Standard" which was given to the American Farm Economics Association in August, a couple of weeks ago, and the third paper called "Should the U.S. Devalue the Dollar?" is paper given to the Western Economics Association meetings, also a couple of weeks ago.

Chairman Reuss. Without objection they will be received.

(The following paper was received from Mr. Bernstein for inclusion in the record:)

(Papers referred to above follow:)

International Monetary Reserves and the Composite Gold Standard

Gold Reserves in the Postwar Period

Great wars are inevitably destructive of the gold standard in its traditional form. The war and postwar inflation exhausts the money creating power of gold standard countries with fixed reserve requirements. The uneven inflation results in the overvaluation of currencies at the historic gold parties where inflation has been large relative to that in other countries. And the large rise