First of all, I would like to thank my friend Bernstein for pulling his punches on points where he disagreed with me. After all, we all have the same purpose of clarifying the issues and, if we interpret the statistical information sometimes differently, this is no reason to become unfriendly.

We have always managed to remain very good friends.

Perhaps I may make one brief comment about his forecast of private gold consumption. When he spoke about the Swiss banker who told him about the private demand, about the purchases for gold for jewelry purposes, he may have forgotten to ask that banker whether these processors of gold were putting all this gold into jewelry for sale this year or whether they were perhaps acting like intelligent businessmen, increasing their inventories when they believe the price will rise.

Mr. BERNSTEIN. I did ask the question. I even looked into inventories in the United States. But I did ask the question.

Mr. MACHLUP. Good.

The point is that if purchases of gold for jewelry rose, say, to $750 million last year, I would guess that a third of these purchases was for piling up inventories, and not for immediate processing for jewelry for sale. Therefore, the estimate of the "vast" increase of consumption is, I submit, exaggerated.

Also, I believe that the income elasticity of demand for jewelry cannot be quite as high to explain the large increases in purchases and, hence, there was a strong speculative motive in the demand that we need not project into the future.

Therefore, I conclude that Bernstein's estimate at the Bologna meeting to the effect that the price would more likely be $30 than $35 if monetary authorities neither bought nor sold, was probably correct and need not be revised. I mention this merely so that the record would be clear on this question.

I wholeheartedly agree with your proposals, Mr. Chairman, on all four points to be passed on to the International Monetary Fund: faster ratification of the SDR plan, the ideas about reserve pooling, the ideas about the gold-price margin, and the ideas about the margin for exchange-rate fluctuations.

I would not be satisfied to learn that the International Monetary Fund is studying these things. Of course, there are always a few people on the staff of the Fund who are studying all sorts of things. That is not what we want. To get results, we need an official study with findings to be made public before the next annual meeting. It is not enough to have some people on the staff studying the problems, engaging in informal day-to-day studies. Wanted is an inquiry by a committee that will make an official report within a specified period of time.

Further, it is not sufficient if this committee tells us what is and what is not possible within the Articles of Agreement. Articles of Agreement can be changed; indeed, we have just ratified an amendment and hope that it will soon come into effect. If the inquiry were merely to show that the Fund may or may not buy or accept gold, may or may not pay less than the fixed price for gold, all this under the present Articles, such findings would not be sufficient. We want to know what would be desirable even if it should call for another change in the Articles of Agreement.