

If we demonstrate that, and then use the gold to meet the deficits from time to time, indicating that the dollar is as strong or stronger than gold, then the preference for gold begins to die out. The problem is that nobody is quite sure that our economic policies even from one administration to the next will be stable enough and strong enough to maintain that commitment. That I think is the burden of an international currency, that the country sustaining that international currency must handle its domestic policies in a way to maintain that strength. That is a burden which some economists say they do not want to bear. They would rather have creeping inflation and let the international dollar go.

In a sense that is what Professor Machlup's final proposition is. We will just untie it. We will let it go and let it flow. To me, from a business standpoint, and a financial standpoint, that is a very harsh alternative, and I would hope we would find the other one easier to follow.

Representative RUMSFELD. Thank you.

Chairman PROXMIRE. Mr. Butler?

Mr. BUTLER. You will find very little disagreement on this panel on these matters. My only disagreement with Jack Behrman would be that a generation is somewhat longer than 4 years.

Mr. BEHRMAN. Yes; I would accept that.

Mr. BUTLER. You will find very little disagreement on this panel on I think Dr. Machlup has indicated, it would have to be negotiated. The chances of negotiating it, your point 4, are fairly slim at the moment. So, I think we have to pursue other alternatives, and the best one to my mind is to do what we have to do to defend the dollar, to check domestic inflation, validate the argument that the dollar is better than gold. The dollar is better than gold so long as we run our domestic affairs properly. We have less inflation than any other country in the world. Then gold is better than dollars only under the assumption that we will double its price at some point, which I do not think we should or would do.

Representative RUMSFELD. Because of your judgment that the prospects to achieve No. 4 are very slim, you, as a fifth alternative, would prefer Mr. Behrman's approach?

Mr. BUTLER. Yes.

Representative RUMSFELD. To the ones indicated in the statement?

Mr. BUTLER. I think that all of these things do nothing more than buy us time; that we have to do the things required at some point to check domestic inflation, to maintain the integrity of the dollar. That all of these gimmicks that have been recommended do really nothing more than give us a little more time, and they run the risk always, and the very great risk, of at some point leading to some sort of international collapse of possibly frightening proportions. I do not think this country or the world should run these risks. I think it is far better to do what we should do and to do it quickly, properly, with resolution.

Representative RUMSFELD. Thank you, Mr. Chairman.

Chairman PROXMIRE. Congressman Boggs?

Representative BOGGS. Thank you very much, Mr. Chairman. I appreciate Mr. Rumsfeld asking the questions about gold cover, because as members of the panel might know, that bill will be con-