not be officially raised, would regard gold as a better store of value than the dollar, which, in addition to its relatively stable purchasing power, also can be invested to earn interest.

We concur with the bankers quoted above that there are some things more sacred than the link between the dollar and gold. We would give top priority, in that regard, to full employment, growth, and the allocation of our resources to relieve poverty at home and abroad and to improve the quality of life in America.

We are not prepared at this time to espouse any specific method of divorcing the dollar from gold. *We are convinced, however, that study of alternative methods, and prompt action on the conclusions that emerge from study, are matters of the highest urgency which should be pursued with all possible speed and vigor.*

A multilateral solution of the gold problem, developed by, and applied with the concurrence of, the great majority of nations, obviously would be preferable to unilateral action by the United States. But the auguries for such an outcome are not favorable. Agreement on the very modest reform of the international monetary system represented by the creation of IMF Special Drawing Rights was slow and painful in coming, has yet to be ratified, and is still further away from implementation. A clearly expressed determination on the part of the United States to dethrone gold unilaterally—if it cannot be done by international agreement—may be the catalyst required to induce cooperation in working out an agreement.

Meanwhile, we emphatically reject the notion that the gold problem requires adoption of a restrictive budget, which would deny or delay solutions of pressing social problems.

We in the UAW have stressed repeatedly the necessity for a response to the balance-of-payments deficit that would be compatible with the Nation's domestic needs and goals and its obligations to the peoples of the developing countries. We have warned that the deficit must not be met by a panicky retreat to restrictive and repressive fiscal and monetary policies. We have urged instead that (primarily to eliminate it as an excuse for such policies) the deficit be attacked by selective, direct measures less costly in human hardship, economic waste, and social disruption than restraints on domestic demand imposed while we are still short of genuine full employment. In particular, we have urged mandatory action to cut off the flow of capital exports to industrialized countries.

The steps taken and proposed by the President to reduce the deficit conform, in general concept, to the prescription proposed by the UAW. They are selective and they include controls on capital exports, both direct investment and loans. Although we believe that the President's measures could be improved in a number of respects, they should provide all the breathing space necessary to permit us to push on toward full employment while we work toward freeing the world from its obsession with gold. In fact, one of the President's proposals, removal of the gold cover requirement against Federal Reserve notes, could be a useful first step toward dethroning gold. It would enable us to follow the suggestions of Congressman Reuss and Walter Heller that we invite the world to "come and get it."

We do not intend to engage here in a detailed analysis of the President's package of balance-of-payments measures. A few brief comments seem to be in order, however.