Roosa bonds has been diminishing. In contrast, as shown in table 2, the U.S. Government's 4½ year "offset" bonds introduced by the 1967 offset agreements have been rising as a component of the Bundesbank's foreign assets of limited usability. Without implying a strict 1 for 1 relationship, we are suggesting that the "offsetting by lending" thus far has essentially meant that the Bundesbank has replaced maturing Roosa bonds with newly issued "offset" bonds.

TABLE 1.—GOLD HOLDINGS AND FREELY USABLE EXTERNAL ASSETS OF THE DEUTSCHE BUNDESBANK, 1961–66

[In millions of deutsche marks]

Yearend	Gold	U.S. dollars	DM bonds of the U.S. Treasury ("Roosa" bonds)	Other assets	Total
1961	14,654	10,886		625	26,165
1962	14,716	10,785		285	25,786
1963	15,374	11,668	1,100	267	28,409
1964	16,992	7,712	2,700	475	27,879
1965	17,639	5,167	2,400	204	25,410
1966	17,167	8,307	1,400	211	27,085

Source: Report of the Deutsche Bundesbank for the Year 1966, p. 96.

TABLE 2.—THE DEUTSCHE BUNDESBANK'S EXTERNAL ASSETS OF LIMITED USABILITY, 1966–67

[In millions of deutsche marks]

End of month	Medium-term bonds of the U.S. Treasury [1]	IBRD debt certificates	Bilateral claims from former credits to EPU	Total
1966: December		1,454	420	1,874
1967:				
March		1,454	420	1,874
April		1,454	420	1,874
May		1,454	420	1,874
June		1,454	420	1,874
July	500	1,454	420	2,374
August	500	1,454	331	2,285
September	500	1,454	331	2,285
October [2]	1,000	1,454	331	2,285

[1] "These bonds were taken over by the Bundesbank under the United States-German agreement, concluded at the beginning of May 1967, on foreign exchange assistance in favor of the United States."
[2] Provisional.

Source: "Report of the Deutsche Bundesbank, October 1967," vol. 19, No. 10, p. 115.

Such replacement of Roosa bonds with "offset" bonds is admittedly helpful to the U.S. Treasury in that the German acquisition of Roosa bonds would not diminish the liquidity deficit in the U.S. balance of payments while the German acquisition of "offset" bonds does reduce the deficit. This is so because Roosa bonds, being convertible, are considered a liquid U.S. liability; while "offset" bonds being nonconvertible, are considered a nonliquid U.S. liability. There is thus involved a stretchout in the dollar-asset structure of the Bundesbank even when the "offset" bonds merely replace Roosa bonds. Given, however, the German policy of avoiding the exchange of dollars for gold, the replacement of convertible with nonconvertible notes is largely a matter of switching labels without changing the content. Alternatively stated, the 1967 agreement is significant for its reaffirmation of the German pledge not to exchange dollars for gold; it is not significant as