we have, then we will never know how they work, and we won't get people into the habit of seeing shifts in action to promote an overall policy under changing conditions.

One problem in this country, and in most countries, is that the public sees the administration apparently shifting gears all the time, up and down, and thinks this means inconsistency. We have to get the public to understand that this is the way policy should be applied. Now, this is getting fairly far away from this balance of payments, but I do believe that a solving or a reduction of inflationary pressure in the United States would be helpful to our balance of payments at this point.

Chairman REUSS. I may say on whether or not we are getting far afield, this session was advertised as taking into account economic life in all its fullness, so I think that what we have been discussing is relevant.

We would love to have you stay, Mr. Blough. I think you can still make your plane.

Mr. SALANT. Could I ask Mr. Blough one question which might clear up the record?

Chairman RUESS. All right. He may have to answer it as he walks down the hall.

Mr. SALANT. When you were answering Senator Proxmire's questions about this list, were you answering them in the context of what you think should or shouldn't be done now, or in the context in which they are placed by their introductory remarks, which is "If our deficit threatens to exceed the target" should these things be done?

Mr. BLOUGH. Since I think it does exceed the target, I went on from there.

Mr. SALANT. But the target that is referred to is the target not of zero deficit but that deficit necessary to create sufficient liquidity. So, if you don't think that the deficit exceeds that target now, then the questions are hypothetical rather than in relationship to the present situation, and I wondered whether Professor Blough was answering them in the context of the present situation or in the context of the hypothetical situation in which they are posed, or whether he thinks that situation is also the present situation.

Mr. BLOUGH. The hypothetical situation is one which we cannot answer, because it says that this would be based on what the 21 leading countries would recommend, and we don't have that recommendation, so I had to base it on my own impression as to whether the deficit is excessive or not, which I think it is.

Chairman REUSS. Thank you.

Mr. BLOUGH. Thank you for inviting me. I am sorry to have to break away and I appreciate your letting me speak somewhat out of turn.

Chairman REUSS. We appreciate your coming.

Let me throw out, if I may, a question based upon Senator Proxmire's leading Mr. Blough through the various points set out in the paper which we gave you some weeks ago, and also direct your attention to a proposed broader approach, a broader political approach which is inherent in this paper and in our discussion.

What the subcommittee was saying to you gentlemen in its draft-position paper was in essence, look at the situation as it is. Our leading partners around the world quite universally deplore the dollar deficit. That is their official line. They are aghast at it.