Senator TALMADGE. With the standard steps that you have outlined is it not true that we have lost gold during 16 of the past 17 years?

Mr. ACKLEY. I think that is probably correct.

(Insert later supplied by the CEA:)

Actually, the U.S. gold stock increased in 4 of the last 17 years.

Senator TALMADGE. And that continued last year?

Mr. ACKLEY. Yes, it did.

Senator TALMADGE. What was the gold drain last year?

Mr. OKUN. $570 million.

Senator TALMADGE. What was the deficit on the balance of payments?

Mr. ACKLEY. We do not have final figures for 1966. On the liquidity accounting basis it was somewhere around the previous year, about $1.3 billion. We do not know for sure. It appears that on an official settlements basis we probably had a small surplus last year.

Senator TALMADGE. Wasn't that figure helped greatly by prepayment of debts that foreign countries owed us?

Mr. ACKLEY. Yes, indeed.

Senator TALMADGE. What was the amount prepaid by the foreign nations?

Mr. ACKLEY. I am not sure I have that figure readily available.

Senator TALMADGE. $400 or $500 million?

Mr. ACKLEY. Of prepayments?

Senator TALMADGE. My recollection is it was approximately that figure. Also, did we not borrow a good deal of money from the International Monetary Fund?

Mr. ACKLEY. We did make some drawings on the Fund last year. We have for the last several years.

Senator TALMADGE. What gimmicks were used to make our balance of payments show up better than it did outside of the prepayment and also borrowings from the International Monetary Fund?

Mr. ACKLEY. Borrowing from the IMF is a means of financing the deficit, not reducing its size. I am not sure——

Senator TALMADGE. I understand that we had the advance prepayments of debt by foreign countries. We also got some money from the International Monetary Fund and we exchanged that. As I understand it, we used every device the Government had available to make the balance of payments and gold drain look better; is that true?

Mr. ACKLEY. We certainly used every device—every legitimate device—to minimize our balance-of-payments deficit.

Senator TALMADGE. Notwithstanding all that, it continues, and has for 16 or 17 years.

Mr. ACKLEY. I think reference to a 16- or 17-year period is somewhat misleading, Senator. During most of that period we were quite happy to have a deficit. The world's economic health and the postwar recovery of the world was greatly——

Senator TALMADGE. That time has long since passed, has it not?

Mr. ACKLEY. Yes, but it is not 16 or 17 years.

Senator TALMADGE. Is it not time we used stronger medicine? Is it not true the dollar is being forced to carry a bigger burden every year, to blanket the world, to be Santa Claus for the world? Is it not time we took serious steps to stop this hemorrhage of dollars in gold that goes on year after year?