I have said several times during 1966, Senator, that I thought the question of the tax increase was a close question. I still think it was a close question all during 1966. I am not prepared to say that I think the decisions that were taken were mistaken ones. The record of the economy last year, after the first quarter, shows a pace of advance which was moderate, which was within the productive capabilities of the economy.

It is far from a perfect record. But I think if one looks at it in the large, in terms of the outcome for the year as a whole, it is a record of which we can be pretty proud.

Senator PERCY. On the question of our gold loss—I have just come back from London, from a meeting with Members of the Parliament over there. I was struck by the fact that they were quite proud of the strengthenings of the sterling and obvious strong franc and now are asking us questions about the strength of the dollar, the size of our deficit, the degree of our commitments abroad, and our commitments here at home.

We lessened the degree of loss I think last year, but we still have lost gold supplies.

Are you satisfied that we have an effective enough program now to deal with this problem, and how concerned are you about the gold loss?

Mr. ACKLEY. Well, as I have said several times here this morning, the balance-of-payments problem is one which concerns us all a great deal, and to which the policy of the Government is continually attentive. The President in his Economic Report suggests our objective with respect to the balance of payments. It is to restore equilibrium in the balance of payments as rapidly as the costs of the Vietnam war will permit.

I think we cannot get away from the fact that we are, on behalf of principles which I think most Americans share, engaged in a very costly enterprise in southeast Asia. We at least feel that we are carrying a free world responsibility in southeast Asia, in Europe, and, with our development efforts, around the world. I believe that most of the leadership of our allies recognizes that we are carrying special responsibilities. Although they are concerned with our balance of payments, they recognize that we are taking measures which are designed to achieve improvement at minimum cast to the economic health of the whole world. We are continually in touch with the economic leadership of other countries. They are aware of what we are doing. We are working with them in the interest of a strong world economy and better adjustment in international payments.

Senator PERCY. Finally, very briefly, if we see a weakening in capital expenditure in the last half of this year, would the administration be prepared to move the restoration date for the investment tax credit back from January 1, 1968, to July 1 as a stimulant to economic spending if it looks as though it might be necessary?

Mr. ACKLEY. The effective date of the termination of the suspension of the investment credit is one of the questions that will remain very much in our minds as the year progresses. It is certainly possible that if it were decided that the economy needed the additional stimulus, the administration might propose that the suspension of the investment credit be terminated.