

but roughly in the same ballpark with the present estimates of the increase in Vietnam expenditures in fiscal 1968.

Senator JORDAN. One question on balance of payments, Mr. Secretary.

The fact that our interest rates were so high last year, induced some foreign investors to enter the domestic market, and now as interest rates recede, is it not likely that these foreign investors will seek investment elsewhere and thus react unfavorably against our balance of trade?

Secretary FOWLER. Senator, that depends upon several other factors. It depends in very large degree on what happens to interest rates in other capital markets at the same time. If our interest rate levels are moving down, and their interest rate levels are moving down in somewhat the same general proportion, and the gap that exists today or last year is no greater, with this more or less simultaneous downward movement, there wouldn't be the impulse for those funds to seek other investment channels that there would be if our interest rates moved down and interest rates in other capital markets either remained the same or continued to go up.

Therefore, the answer to your question depends very much on whether or not there can be effectuated a gradual but nonetheless clearly defined movement downward internationally—a so-called international de-escalation of interest rates. The discussion of that and the development of understanding of it was the purpose of my recent visit to a conference with the Finance Ministers of four of the other major Atlantic countries.

You should also take into account two other factors: We announced in December the tightening of our two voluntary programs on the outward movement of funds from the United States—the voluntary program on direct investment administered by the Department of Commerce, and the programs on bank lending and lending of nonbank financial institutions, which are administered by the Federal Reserve Board.

Finally, there is pending before the Congress a request from the President to extend the authority under the interest equalization tax, and enable him to move the 1-percent rate up to 2 percent, if this interest gap should widen, and it should prove necessary to compensate, so to speak, for the different structural levels of interest rates here and in other countries.

A combination of those three elements gives you some of the answers to your question, as to whether or not the downward movement in U.S. interest rates that is characterizing the current period will, if continued during the year, give rise to outflows that would be damaging to our balance of payments.

Senator JORDAN. My time is up. Thank you, Mr. Secretary.

Chairman PROXMIRE. Senator Symington?

Senator SYMINGTON. Thank you, Mr. Chairman.

Mr. Secretary, it is a pleasure to see you here this morning, sir. Your figures on gold. Have you no figures on the amount of gold the Treasury holds since December 31?

Secretary FOWLER. Yes. I can give you figures that are a little more up to date.

Senator SYMINGTON. Just furnish them for the record.