

Senator SYMINGTON. Thank you, Mr. Secretary. Thank you, Mr. Chairman.

Chairman PROXMIRE. Mr. Moorhead?

Representative MOORHEAD. Just to carry on what Senator Symington has said, it seems to me, Mr. Secretary, that it makes eminently good sense to consider, not that we should discontinue to use gold to prop the dollar, but I am not sure it makes as much sense to use the dollar to prop the value of gold. I think that is the thrust of the Senator's question.

Secretary FOWLER. The thought crosses my mind frequently, Congressman Moorhead.

Representative MOORHEAD. Thank you, Mr. Secretary. On the question of a tax increase, last year I thought an additional and general tax increase was necessary, even though it was an election year, and politically unpopular. I introduced a bill to have standby authority.

Secretary FOWLER. I recall you were one of those brave souls that did.

Representative MOORHEAD. Your testimony today about the fact that there was no clear signal last year for a tax increase is so persuasive that it also persuades me that there is no strong signal this year. It seems to me what you are asking the Congress to do is to say there is a strong signal today, that there will be a strong signal in July for a tax increase. Now this is asking us to take a mighty big step, Mr. Secretary.

Secretary FOWLER. I am not up here yet on that mission. That will be a few months later, Congressman Moorhead.

Representative MOORHEAD. Would you agree, Mr. Secretary, that it would be wisdom on the part of the Congress to postpone the final decision until this direct signal comes in May or June, rather than to rely on the signal that a signal will come?

Secretary FOWLER. I hope no one will get locked into any position on that before April or May, and until all the evidence is in and we have had a chance to present our case in the light of the circumstances that exist at that time.

Representative MOORHEAD. Would I be correct in my assumption that you think with the declining interest rates, that there will be an additional upturn in the economy coming somewhere between May and August?

Secretary FOWLER. I think we will have a better balanced, healthier economy that could well handle a tax increase of the type and the dimensions that have been suggested. For the three reasons I discussed with Congressman Reuss, I believe it will commend itself as a basic component of economic and financial policy for the continued period of the war.

Representative MOORHEAD. Mr. Secretary, we started out these hearings with the chairman saying that this wasn't a time for handing out merit badges, but I do think that you have a good record on your making of estimates of income and outgo, and I have the feeling that the error on the estimate of the Vietnam war should be isolated from your other estimates and predictions.

I wonder if you have some figures that show us what estimates for income and expenditures you have with and without the Vietnam war, so we can isolate that. I also would be interested to know where your