Given the results of our own experience and the experience of what Congress has done to the various elements in the budget, certainly if we take the last 2 or 3 years as any commentary. I don't believe in my heart today that you are going to reduce that budget $5 or $6 billion for fiscal 1968. I don't think it would be good for the country if you did.

It is my belief, Senator Percy, that the proper mix is somewhere, not on the nose but pretty much in the same neighborhood as the budget presents.

Senator PERCY. Finally, I think perhaps putting it another way than it has been put several times today, the question that keeps coming to me in my correspondence is why, if a tax increase wasn't good last year when the economy was stronger in most industries than it is today, why is it good for the country this year when the economy is softer than a year ago?

Secretary FOWLER. Because you are trying to achieve a mix of fiscal and monetary policy for the duration here that will take care of the imbalances that were created last year, and that for that return to what I would call general stability and moderate growth in all sectors, so that they are ready to go and take up the job and take up the slack when and if hostilities end. That is the best environment. The one distinction I would draw between supporting a modest increase in income taxes this year and last year, is that last year you would have been adding to an increasingly severe monetary restraint, an increasingly severe fiscal restraint, whereas hopefully this year when we approach the decisionmaking point, you will have an economy which has been bathed for the preceding 7 to 9 months in relative monetary ease.

Now that is the real acid distinction between the two situations as I see it.

Senator PERCY. Thank you, Mr. Secretary.

Chairman PROXMIRE. I want to thank you very much, Mr. Secretary, for you usual excellent job. You have shown more fine fighting qualities even than you have in the past, which have been considerable.

Secretary FOWLER. Thank you, Mr. Chairman.

Senator MILLER. Mr. Chairman?

Chairman PROXMIRE. I beg your pardon, I thought you were through. Do you have another question?

Senator MILLER. I have probably six or seven questions, and I would like to ask permission to prepare them, turn them over to Secretary Fowler and have them answered for the record.

Chairman PROXMIRE. Yes, that is fine. I appreciate that.

Secretary FOWLER. Thank you, Senator Miller. I will be glad to comply.

(The questions submitted to Secretary Fowler and the Secretary's responses follow:)

RESPONSE TO QUESTIONS BY SENATOR MILLER

1. *Question:* What action is the Government taking to discourage foreign central banks from converting their dollars into gold?

Answer: During 1966 the net monetary gold transactions of the United States resulted in a loss of $430.6 million to other countries. The Bank of France was the purchaser of $600.9 million of gold during the year. It is, therefore, apparent that if it had not been for French purchases the United States, rather than sus-