

Government expenditures; and in times of nonprosperity vice versa? We are not pursuing that policy, are we?

Mr. MARTIN. We have failed to compensate. We have been relying too much, in my judgment, on deficit finance without ever having a surplus. I think that you have got to have a balance. We should use deficit finance under certain circumstances, but if deficit financing becomes permanent then I think it is just a matter of time before you do undermine your currency.

Senator SYMINGTON. These disciples of Keynes perhaps haven't read everything he wrote on the subject of the importance of the integrity of the dollar. Many years ago, he said:

Lenin was certainly right. There is no subtler nor surer means of overturning the existing basis of society than to debauch the currency. The process engages all the hidden forces of economic law on the side of destruction and does it in a manner which not one man in a million is able to diagnose.

Would you agree?

Mr. MARTIN. I would indeed, and I would like to interject here what I said in a recent talk I made in London. I had the privilege of knowing Lord Keynes, and I had several long discussions with him. Before the end of the war he was convinced that the main problem of the postwar world was going to be unemployment.

Later, when I sat at the Bretton Woods meeting in Savannah with him, I had a 2-hour conversation with him, in which he explained to me that his views had completely changed, and he was convinced that the problem of the postwar world was going to be dealing with inflation. He recognized that inflationary surges would bring inevitable adjustments from time to time, putting two and three people out of work when otherwise only one person would have been unemployed.

He told me that he wanted to do some work on this. I think he was going to do a book or do some similar work on it. Perhaps I am overstaying my time here, but I would say that one of the great sorrows of my life is when he had a heart attack at Savannah, and then another heart attack in April and passed on. I think he has been misquoted a great deal with respect to his attitude toward inflation and deflation.

Senator SYMINGTON. Thank you, Mr. Chairman. My time is up. I also had the privilege of knowing Lord Keynes. In conclusion, I sure hope you stay on this job. You know more about money problems than any of my colleagues, or for that matter anybody else in this Government. You have been a great public servant. If the President is wise enough to send your name to the Senate, I am sure you will be confirmed for another rough time.

Chairman PROXMIRE. Congressman Widnall?

Representative WIDNALL. Thank you, Mr. Chairman.

Mr. Martin, let me first congratulate you on your healthy recovery from being tarred and feathered in December of 1965. It is good to see you before us, and you are an excellent witness, as always.

You have partly answered this question that I am about to ask you now, but I would like a more full answer. What was the impact on the financial market and interest rates last year of the administration sales of participation certificates and the larger acceleration of tax payments?