the level of spending, I hope so earnestly as you know from the views I have expressed, but given a level, let's assume it is the level the President has asked. Under these circumstances, would you, looking at the economic situation in June of this year, say this should be the determinant if we are facing a situation that may be economically depressing, no tax increase? If it looks expansionary and inflationary, maybe we should have a tax increase.

Mr. MADDEN. Yes, I would agree to that.

Chairman PROXMIRE. Mr. Goldfinger?

Mr. GOLDFINGER. In reply to your question, I would say yes. I think the primary thing to watch are economic trends and economic impact. As for a budget deficit, this economy can finance a deficit, and it can finance a large deficit if necessary.

Furthermore, I believe the budget should be viewed in terms of its economic impact. In the second half of the year we may require a larger budget stimulus than now appears to be proposed in the President's budget proposals.

The President's economic advisers may be right. They may be wrong, and we will have some time to watch and to tell.

Chairman PROXMIRE. Unfortunately, my time is up. I wanted to ask Dr. Sprinkel, and you might be thinking of this in the next few minutes, with how a more relaxed monetary policy with a regular increase in the money supply and a relatively passive—you said not an active economic policy at least—can cope with what may be a very serious balance-of-payments situation, if our interest rates fall relative to those abroad. My time is up, however. Congressman Rumsfeld?

Representative RUMSFELD. Mr. Chairman——

Chairman PROXMIRE. May I interrupt for a minute? Henry Reuss is the Representative from the northern part of Milwaukee and I am Senator from Wisconsin, and we also had Mr. Culbertson from the University of Wisconsin testify yesterday; and this morning we have a number of students from Milwaukee University School. Since that is pretty close to both Congressman Rumsfeld's district and Congresswoman Griffiths' district and Senator Percy, I think it is appropriate that I announce that this attractive group of students is from Milwaukee University School. We are glad to have them here.

Congressman Rumsfeld?

Representative RUMSFELD. Thank you, Mr. Chairman. I certainly want to thank each of you gentlemen for your statements, and particularly to welcome Dr. Sprinkel, who is a very prominent resident of the State of Illinois.

First, Dr. Goldfinger, I would like to——

Mr. GOLDFINGER. Mister, sir.

Representative RUMSFELD. Excuse me. I heard it both ways from our chairman and wasn't sure.

Mr. GOLDFINGER. Thank you for the distinction.

Chairman PROXMIRE. You are an eminent economist. Aren't you a Ph. D.?

Mr. GOLDFINGER. No.

Representative RUMSFELD. We will make you an honorary one right here.

Mr. GOLDFINGER. Thank you, sir.