failure to be pure. The latter has responsibilities for running a real program, and would naturally become irritated with the irresponsible outside criticism.

The tables are now turned, and I am a professor without responsibility. You may well hold that my views are irresponsible, but I think I have a responsibility to provide a truthful analysis, as truthful as I can. I am inclined to think that we got off on the wrong foot in the Government in interpreting the balance of payments.

We got off on the foot of saying that no short-term asset besides gold was any good, and that every short-term claim was about to be presented, and that if we had a gain in short-term assets and a gain in short-term liabilities, we were worse off.

Once you get this idea in your head, it is very easy to apply it by rote, to get the journalists all thinking in these terms, get, if I may say so, the Congress thinking in these terms, and it is very difficult to effect a change.

Europeans think in these terms too, but as I said in my testimony, I think their views are changing. I think they are beginning to see that they are not really in surplus to the extent that they have borrowed a good deal of the increase in short-term assets, just as we are not altogether in deficit as we have good assets against our increased liabilities.

Representative WIDNALL. I take it you believe the balance-of-payments outlook is far more favorable than most of the economists do, who have appeared before this committee?

Mr. KINDLEBERGER. Yes, sir.

Representative WIDNALL. There is a greater worry on their part.

Mr. KINDLEBERGER. There is a small coterie of us, one of whom appeared before you in September, Despres. We are distinguished by our smallness in number.

Representative WIDNALL. I would like to have answers from both of you with respect to your own views on the proposed surcharge tax, as to whether or not you think it would be helpful at this time, or detrimental.

We certainly have great areas of difference of opinion in the Congress and outside of the Congress on this. Walter Reuther testified this morning that he thought it would be a mistake, with the state that the economy is in today, to impose a surcharge tax. That it would be detrimental to the economy.

Mr. ROOSA. Yes, I would have to disagree with Mr. Reuther and a good many other people. I do feel that the surcharge is appropriate.

I think the timing is wisely selected, since we are at this present moment undergoing the aftermath of adjusting to the way in which the brakes had to be put on the economy last year. It was running ahead too fast. It wasn't possible to sustain it. Whether it was braked just in time or not, we won't know for awhile yet, but I am inclined to think it was.

Therefore, I think what we are doing is readjusting through a hesitation phase that will take only a few short months to complete, and I think that the resumption of expansion needs two things. It needs first an easier money position because of the need to repair quite a lot of fracturing that went into the internal structures of many lending institutions last year.