

They have directed me to report back in May that steps have been taken. The initiative will not be taken by any other country. We are the real benefactor here in the short run. In the long run all NATO countries are the benefactors because we may some day say we are quite willing to take the budget impact of this but we can't stand balance-of-payments impact. And we know the bulk of the spending is going to be in Europe.

Secretary BARR. That will indeed be correct after the Vietnam conflict is terminated.

Senator PERCY. I will send to your office today one suggested proposal. If the Treasury Department can undertake immediately to consider this proposal, I will then in the transition period take it up with the incoming Secretary of the Treasury to see if we can't move forward rapidly and have something concrete to suggest by May when NATO meets again.

Secretary BARR. May I suggest, Senator Percy, that it is my understanding that Prof. Richard Cooper of Yale University, is coming down to assist Mr. Kissinger in this foreign policy area. It has been my experience that Professor Cooper—would you agree, Mr. Okun—has done as much work in this area as anyone. He is young and imaginative in this area.

Mr. OKUN. A Yale faculty member. [Laughter.]

Secretary BARR. No commercial plugs, please. But I would suggest, sir, that you are getting the right man. Mr. Kissinger is bringing in the right man, the best man I know outside of Mr. Okun to attack this problem.

Senator PERCY. Mr. Chairman, could I make just one last comment? I am very sorry I wasn't here for the full testimony on this Economic Report. I would just like to register the fact that I am concerned about the new budget. I think there have been some items slashed out of it that are going to be dangerous in their impact on the country, one of them being, I think, the whole area of health.

In the President's state of the Union message another program has been talked about. Yet we have a totally inadequate base for sustaining the existing programs that we have. We have a lot of work ahead of us, I think, to look into this to see whether or not the surplus is really a genuine surplus or whether we have turned the crank awfully tight and we simply aren't going to be able to live with those figures and we would be foolish to think that we can—

Secretary BARR. Senator Percy, this budget was peculiar. Most Presidents, when they are leaving office, don't really agonize about their last budget because they will not be around to work with it. President Johnson really did have to agonize on it and all of us did because we had to have a budget that was responsible and realistic. We also had to try to make our best estimates as to what the Congress would do to these proposals, not because we are going to be around to implement them, but because we were recommending that the surtax be extended.

We had to have a credible budget to support the recommendation that the surtax be extended and a surplus be maintained.

I don't know how well we did, Senator Percy, but we did do our best to be responsible, to be realistic, and also to try to figure out what