

have to have enactment of the extension before April 15. To answer your question about this administration's plans, it is unlikely that we shall be prepared to ask for an extension of the surtax as early as the budget assumed. We will not have our budget review completed, sir, in time to permit necessary congressional action by April 15.

Senator PROXMIRE. Can you give us an idea roughly of when you would be prepared to let us know your position definitively on the surtax?

Mr. MAYO. That depends to a large extent, Mr. Chairman, on how we progress in the budget review that is underway right now.

Senator PROXMIRE. Have you made any estimate as to what the timing would have to be in order to assure that Congress would have time to hold hearings, the House and Senate both, to act so that you could have it certainly by July 1?

Mr. MAYO. We have not made an estimate in detail on that. And I would respect your point of view, Mr. Chairman. As a practical matter, I would think that we certainly would have to be up there in the neighborhood of late April or early May. It takes time for legislation to go through the Congress; we appreciate that. And we would want the extension, obviously, before the surtax expires on June 30.

Senator PROXMIRE. In the course of your remarks you indicate that this surplus of \$2 or \$3 billion could either be a little more than that, or even be a deficit. Does this imply that this is about what you anticipate? Do you feel that this is about right from an economic standpoint, to have a very small surplus, or do conditions require that, if possible, we should work on expenditure control and try to have a bigger surplus?

Mr. MAYO. I think that we are in the ball park here with the type of surplus that you are describing.

Senator PROXMIRE. Yesterday the Chairman of the Council of Economic Advisers indicated that because of the inflationary situation he expected that monetary policy would have to be tight, interest rates high, throughout this present year—something all of us deplore. Your statement here today apparently indicates that you are not going to take the fiscal action. And the administration has pretty well discarded the other instruments of inflationary control, in the short run at least, to do much about this.

Mr. MAYO. I wouldn't say we discarded them. We recognize that they have limitations, Mr. Chairman.

I would say that the achievement of a balance in the budget and the very modest surplus that we are describing here is, in conditions of the economic boom we find ourselves in, perhaps a neutral fiscal policy.

Senator PROXMIRE. It really isn't a restraining policy: it is a neutral policy. When you say it could be a little over or a little under a budget balance, it is going to be close to it. It might go a billion or two dollars either way.

Mr. MAYO. There is restraint in this budget, if only for the fact—again, may I observe—of moving from a \$25 billion deficit to a small surplus.

Senator PROXMIRE. That is a very important point.

Mr. MAYO. I think that this movement can properly be called restraint, Mr. Chairman. In looking at it just by itself, without the dynamics for the moment, it might be called neutral. But, of course,