System, the Federal Reserve. Those qualifications should be of value and help to our country. If I didn't think I had the qualifications—I am not boasting, I know the problems are very serious—I would not have accepted this assignment.

Senator JAVITS. Mr. Secretary, in a business where confidence counts for everything, isn't it fair to say that you ought to command the confidence of people who evaluate dollars and money and the probity of governments in the world?

Secretary KENNEDY. Banking is built on confidence. And I hope I have the confidence not only of the bankers but of the civic people with whom I work.

Senator JAVITS. So we ought to take you for your strengths, and if you have any weaknesses, we can always find other fellows that will give us different advice.

Secretary KENNEDY. I am sure I have weaknesses, sir.

Senator JAVITS. Just a few questions for you on a somewhat different line from that which is being pursued. It is a fact, is it not, that you have confidence that the dollar is strong and can be maintained? I notice with interest that you say, "The dollar is strong and respected in the world in spite of recent inflationary trends and a deteriorating trade balance."

Secretary KENNEDY. Precisely so, Senator. In the period that we have gone through just recently the dollar has stood up very well. And we hope that it will continue to do so.

Now, it will not, unless we can keep the balance necessary to control inflation in our economy.

Senator JAVITS. You talked about cutting expenditures, you talked about the necessity for perhaps continuing the tax surcharge, you can't get a budget surplus otherwise. Now, there are other things that can be done. One is to close tax loopholes, isn't that true?

Secretary KENNEDY. Precisely.

Senator JAVITS. Do you feel favorably disposed to the suggestion that the Treasury publish annually the cost in terms of tax revenues of those things which are complained about so much as tax loopholes, tax avoidances?

Secretary KENNEDY. In the Budget Commission studies that Senator Proxmire referred to we had considerable discussion on how you called these matters to public attention. And I think there should be and can be a way to do it. We are studying all of these areas and how we can best look at them.

Senator JAVITS. Just one other question along the same lines. You are going to refinance, we understand, some $12 billion in Government debt between March 12 and June 30. And a good deal of that is going to be returned to private capital, is that correct? The result of the refinancing, we understand, in that period will return a good deal of money to the money market.

Secretary KENNEDY. Yes, there is a paydown in that period, that is right, sir.

Senator JAVITS. What effect do you expect that should have on interest rates?

Secretary KENNEDY. It would tend to ease them slightly, offsetting other pressures.