

it is desirable to tie down a substantial source of revenue. There are complications there. That is without prejudging the proposal. It should be looked at; yes.

Senator PROXMIRE. How about the possibility—someone suggested, that instead of permitting the surtax to expire, which many of us support, that we consider an alternative which would be more progressive, and which would result in about the same revenue loss, roughly, and that is to permit exemptions to rise from \$600 to \$1,000 per dependent?

Mr. WALKER. We have no objection to studying that one. I think the significant factor there would be the revenue implications of that particular action. I don't have the figures offhand.

Senator PROXMIRE. I understand it is just about the same as the surtax, around a \$12 billion loss. The surtax is roughly in that area.

Mr. WALKER. That is certainly something that should be considered.

Senator PROXMIRE. There is a tremendous amount of interest in this in my State, and I think around the country. As I recall, the dependency deductions were at one time around a thousand dollars, and they lowered it during World War II. And of course with inflation the way it is, it is very hard to rationalize the notion that anybody can support a child on \$600 a year. At any rate, such an increase would have a progressive impact. And I do hope that your mind would be open on that, and you would give it careful consideration.

Mr. WALKER. We certainly will.

Senator PROXMIRE. Thank you.

Chairman PATMAN. Thank you very much, Dr. Walker and Mr. Volcker. I think we have had some pretty spirited answers and replies. And there is nothing personal, I assure you.

Mr. WALKER. I think both of us look forward to 8 years of exchange with you, Mr. Patman.

Chairman PATMAN. Thank you very much, gentlemen. As usual, any questions submitted in writing to our witnesses and their subsequent answers will be included in the record at the end of today's proceedings.

Without objection, the committee stands in recess until 10 o'clock tomorrow morning.

(Whereupon, at 12:25 p.m., the committee adjourned, to reconvene at 10 a.m., Thursday, February 20, 1969.)