assignment. Now we were able to perform all these computations in a few days with a very small staff, because we had all the basic information pretty well organized. We also had excellent cooperation from the people in Washington, particularly from your office, supplying to us information, whenever we needed it. This demonstrates how a centralized storage system for basic economic information enables a small but well-organized group of trained analysts to answer all kinds of questions which you gentlemen might want to ask.

Chairman PROXMIRE. Congressman Brock?

Representative BROCK. Thank you.

I have been fascinated, Professor. I appreciate your testimony. Your assumptions are based upon a decrease in Vietnamese spending, specifically of $19 billion. They are also based upon a maintenance of what we now consider to be accepted as full employment, no real variation in total employment throughout the Nation.

Mr. LEONTIEF. No.

Representative BROCK. It is sort of interesting to me that I have pinned in my own mind a minimum figure of a deficit for this year of something in the neighborhood of $19 billion, and I may be off $4 or $5 billion. I am certainly a long way in this hearing from the administration projections. But, if I am correct, what effect will this deficit have on the economic situation in the country, specifically as it relates to prices of goods and services? What I am saying is, What does a $19 billion deficit do in a full employment situation?

Mr. LEONTIEF. The financing of purchases by the private and the public sector involves many more factors than just the Federal deficit. For example, you might balance the Government budget, but, at the same time, expand credit and get exactly the same result so far as the total level of purchasing power is concerned.

If the Government, for one reason or another, wants to reduce the deficit or increase the deficit, which ever is its desire, it could rely on other means, bookkeeping means and persuasion in the financial sector, to maintain essentially the same balance between the total purchasing power and the available supplies.

Representative BROCK. What I am getting at, as most of us here would admit, it is much more politically difficult to have a $19-billion deficit for domestic spending than it is for Vietnam spending.

Mr. LEONTIEF. You certainly are right. Because of that value of the dollar which is in the hands of the public authorities is in a certain sense considerably greater than the value of the dollar in private hands. It is difficult for the Government to get hold of a dollar, and consequently, I would suggest, it should think twice before giving it up.

Representative BROCK. But you are using a dollar you don't have.

Mr. LEONTIEF. How come?

Representative BROCK. Because this is a deficit dollar. This is not a tax dollar. This is a borrowed dollar.

Mr. LEONTIEF. Borrowed dollars can buy goods too. In my first illustration, if you stop governmental borrowing, simply eliminating the deficit, the private sector can increase its borrowing and spend as well as you.