

am saying that the demands of the Vietnam war and possible action on the certificates and so forth will cause you to have essentially more spending.

Mr. ACKLEY. Certainly that can't be ruled out. I don't think there is any administration statement, other than that made by the Secretary of the Treasury before the Senate Finance Committee last Friday, which deals with the possibility of expenditures over and above the January budget.

Chairman PROXMIRE. He made statements at that time, as you know, if we are talking about the same statements, that suggested a substantially larger deficit than the President had estimated last January.

Mr. ACKLEY. I believe he suggested the possibility that revenues might run somewhat under the original estimates and that the revenue estimates made by the joint committee staff might be closer to the mark than those which he had previously suggested. The latest estimate that has been given of expenditures for fiscal 1968, \$136.4 billion in the administrative budget, and the revenues implied by what the Secretary said before the Senate Finance Committee would be \$122.9 billion, giving a deficit of \$13½ billion.

It is true that in addition to this the Secretary referred to a number—

Chairman PROXMIRE. That is a change right there from \$8.9 billion. Wasn't that it last January?

Mr. ACKLEY. The budget foresaw a deficit of \$8.1 billion. Most of the change from this, as you would see, lies on the revenue side rather than on the expenditure side.

The Secretary referred as well to a number of possible contingencies. These contingencies related only to factors which might increase the deficit, as was appropriate in the consideration of the debt limit. This does not imply that there might not be contingencies on the other side too, perhaps symmetrical ones; but those were not relevant in the consideration of the debt limit.

Chairman PROXMIRE. In view of the fact that the estimated deficit has increased more than 50 percent and in view of the fact that you are now telling us that the outlook for the economy appears, at least in the last half, maybe to be a little more bullish than you anticipated last year, at least as bullish although it has been sluggish in the first half, under those circumstances it seems that you might say that the 6-percent surtax would not be enough and probably should be more. Would that be a fair conclusion?

Mr. ACKLEY. Mr. Chairman, to the extent that the shortfall of revenues reflects a weaker economy in the first half than had been anticipated in January, I am not sure that that conclusion would follow. To the extent that the rise in the deficit reflects lower revenues due to a sluggish economy, it would not seem to call in itself for a larger tax increase.

Chairman PROXMIRE. What assumptions do you make and you may have had them in your statement and I missed them, with regard to the growth of the economy in real terms and in money terms during the coming fiscal year?

Mr. ACKLEY. We suggested that par for the course in terms of a desirable rate of advance would be somewhere between a low of \$50 billion and a high of \$60 billion.