

for a 6% tax increase bill on moderate income taxpayers at a time when the administration won't even come to Congress and tell us how it would like to have loopholes plugged in such a way as not to so markedly dampen demand.

Mr. ACKLEY. I would make one comment at least. I am prompted to do this by your reference to staggering deficits and also by the chairman's initial comments in opening these hearings. I think some of the numbers that have been tossed around about the size of potential deficits are completely unsupported and I should say preposterous, in my personal judgment.

Representative REUSS. What about a \$13 billion administrative budget deficit? Is that not a possibility?

Mr. ACKLEY. It is, indeed.

Representative REUSS. I am trapped on this, having referred for years to the Eisenhower \$12 billion deficit as staggering.

Mr. ACKLEY. May I suggest that we keep our perspective on size of deficits. The increase in the economy, in gross national product, since that \$12½ billion deficit that was experienced under President Eisenhower would itself translate into something over \$20 billion in today's terms. Let's at least keep our perspective adjusted to the growth in the size of the economy.

Representative REUSS. I am retroactively even more staggered than I was then.

On another subject, you don't mention our old friends the wage-price guideposts. I have read your excellent speech on this given a few weeks ago and hope that you and the administration are considering breathing life into the guideposts. It seems to me that they make sense in the kind of high pressure economy we are heading into.

I would hope, too, that you would consider doing what the British and the West Germans are now doing with some success, bringing labor and management into the discussions of the formulation, or in this case the reformulation, of the guideposts. I should think it would be an excellent thing to shoot at a reformulated guidepost for the January 1968 economic report and that in preparation for that it would be an excellent idea to get the AFL-CIO on the one hand and, on the other, the NAM, the Chamber of Commerce, the Business Advisory Council, the CED, and whoever, in for roundtable discussions on how to reconstitute a policy so that the private sector of the economy can work out to a degree its obligations and so that there is some hope of their letting the invisible man at the price and wage bargaining table—namely—the public interest, intrude into their discussions.

Is there any hope of a little revival meeting here?

Mr. ACKLEY. I very much agree with your comments, Mr. Reuss, and I think there is hope and indeed intention.

Representative REUSS. Thank you very much.

Thank you, Mr. Chairman.

Chairman PROXMIER. Senator Jordan.

Senator JORDAN. Thank you, Mr. Chairman.

Mr. Ackley, I am interested in the interest rates. Within the past few months there has been a decided shift from investments in equity capital into bonds because of the very attractive rate that bonds bear. You have already indicated that the revised estimate of the administrative deficit might be of the order of \$13.5 billion. There are some