

Mr. ACKLEY. I may sound repetitive, Mr. Curtis, but I will try. The current estimate which the Secretary of the Treasury at least implied before the Senate Finance Committee comes from a new revenue estimate which is \$2½ billion lower than the estimate made in May before the House Ways and Means Committee.

Mr. CURTIS. That is where he got his \$13 billion?

Mr. ACKLEY. Yes, \$13½ billion.

Now, as to the participation sales, of course, it is possible that the Congress might not approve the sale of participation certificates. However, as you suggested, the economic impact of this is essentially irrelevant either on financial markets or on spending.

Mr. CURTIS. But it has a real impact on the budget deficit because under our system of accounting this is really increased expenditures which would be taken care of by the sale of these capital assets. When you eliminate the sale of these capital assets you have to enter the additional \$5 billion of expenditures. So that it does become part of the deficit that will have to be financed by Government bonds.

Mr. ACKLEY. It will have to be financed one way or the other and its economic effect is not negligible but essentially insignificant in terms of its effect upon aggregate demand. The loans that would be financed by those participation sales will occur in either case, and calls on the market will either be in the form of participation sales or in regular Treasury securities.

Mr. CURTIS. Let's review this. This is one reason many of us in Ways and Means have felt that we ought to have the PC's under the debt ceiling, so that we can give a truer picture of what is happening in deficit financing. So, coming back to this item, if this \$5 billion from sale of participation certificates is included in cutting down the deficit, which it certainly was, in order to have the \$8.1 billion deficit that the administration started with, you immediately have to add the \$5 billion back into the deficit. However, you say you will finance it. Whether you finance it through Government bonds or through increased taxes or whether you finance it through the contemplated sale of capital assets I think you will agree that there should be an item computed in your deficit.

Mr. ACKLEY. I think you have made, Mr. Curtis, the best case—or at least part of the best case—I know for paying attention to the national income accounts budget rather than the administrative budget.

Mr. CURTIS. I am willing to do that too, Mr. Chairman, but the administrative budget is what we in the Ways and Means Committee, of course, have to consider when we are trying to evaluate, first how much of a deficit there should be, and second, how do we finance that deficit—how much Government bonds, how much new taxes, how much sale of capital assets? So the national accounts budget does not help us on that specific budgetary problem that we are confronted with today, the subject of our present discussion. In the long run, yes, I would like to look at the national accounts budget. It is important and I am sure it gives a more realistic picture over a period of time. But the immediate problems that face this Congress are what to do about taxes, what to do about debt and what to do about expenditures, and these are tied up in the administrative budget. This is the cash flow and this is the thing that I am afraid people on the outside and those in the Congress fail to appreciate