est refrain of this committee is "Government expenditure should be cut." If the economy is weak, that is a reason for cutting it. And if the economy is strong, that is a reason for cutting it. And if the economy is in between, that is the best reason for cutting it.

Representative WIDNALL. Do reductions in expenditures have the same economic impact as increase in taxes?

Mr. SAMUELSON. I would say that a reduction in expenditure of a billion dollars is more anti-inflationary, is slightly more depressing than the same increase in tax revenues of a billion dollars. And, by the same token, an increase in Government spending of a billion dollars is slightly more expansionary to real income production and employment and to excessive buoyancy, if there is excessive buoyancy, than a billion dollars of tax reduction. But to a first approximation you might treat them as the same, and I have just given you the second approximation.

Representative WIDNALL. Professor Weston, do you have any differentials?

Mr. WESTON. No.

Representative WIDNALL. If the administration budget deficit for fiscal 1968 was $20 billion, approximately how much new financing would be required by the Treasury, in your estimation?

Mr. SAMUELSON. I should like to disqualify myself from giving an expert answer to that question. I haven't studied the exact relationship of the administrative deficit to the money market, because the administrative deficit is so meaningless a concept that I have to consult the latest opinions and resolution of Congress to see what its economic impact is. For example, if Congress passed a resolution that there be no participation certificate selling, that changes the administrative deficit, even though it may not change the total amount of securities going to the capital markets.

If Congress does or does not act upon the social security benefits, that will have no effect upon the administrative deficit to first approximation, but has a substantial effect upon the economy. So I consider the administrative budget not as a numbers game, but as kind of a word game in the internecine warfare between Congress and the Executive. Generally I have better uses for my time than to waste it on keeping up with the nuances of the worsening administrative deficit.

Representative WIDNALL. Of course, we are concerned with what is going to happen to interest rates and how much Government borrowing is going to take place, and how much that Government borrowing is going to interfere with the normal flow of money into other areas of the economy. And many of us, I feel, have been concerned that, through the sale of participation certificates, the rise in interest rates was stimulated and also mortgage money lessened; and we seem to be headed in the same direction right now and I don't see anything in sight that is going to drive interest rates down now. Do you?

Mr. SAMUELSON. No. I think there are many signs to suggest that, if the general forecasts that the most experienced people have been giving are right, then we may build up to a similar credit "crunch" as in mid-1966. I hope we will be a little more sophisticated both in the public and in Congress in dealing with such a crisis if it occurs. I should add that the 1966 tightness was not primarily due to participation certificate sales that Congress forced on the Executive.