our only problems are in the capital market. I think that around the corner there is reason to be apprehensive that we will have problems with respect to the flow of aggregate demand.

Chairman PROXMIRE. Let me interrupt at this point to say that I don't know about the analysis that most of this is in the nonbudgeted for expenditures of the Federal Government because we are going to have a substantial dropoff in revenues from corporation income taxes and maybe some from personal income taxes, but a big element here is that we may get a $5 billion increase and maybe more in Vietnam.

Chairman Ackley said that he didn't see any reason to change that position at all. A big element is this bookkeeping thing which is very, very hard for me to understand, if it has any economic implications at all; that is whether we are able to sell participation certificates which the President recommended. He recommended the sale of $5 billion worth of assets. I can't see that that would have any real significant economic impact, simply a bigger deficit, but not much change in utilization of resources.

Mr. SAMUELSON. I perfectly agree that the problem of participation certificate sales is part of the sham bookkeeping that is just part of the guerrilla warfare that goes on between Congress and the Executive. I don't give it my blessing at all.

I have here the estimates of the budget on a national income accounts basis which is what busy economists who haven't time to waste tend to concentrate upon, and this shows in January an estimate for the year of minus $2 billion, whereas the latest estimate is anywhere from minus $8.9 billion.

Chairman PROXMIRE. What is this again?

Mr. SAMUELSON. This is the latest estimate for fiscal 1968 of the deficit on national income account.

Now, I feel a little bit like J. P. Morgan who had a midget put on his lap. A member of your staff thrust this into my hands to correct the impression I gave, so that I believe that this is from a speech by Mr. Proxmire.

Chairman PROXMIRE. That is right.

Mr. SAMUELSON. I don't vouch for my understanding of the source, but if it is from a speech by Mr. Proxmire, I will vouch for its accuracy. This shows the difference in expenditures.

Chairman PROXMIRE. You shouldn't exaggerate.

Mr. SAMUELSON. The expenditure side of it is only an increase of anywhere from plus $1 billion to plus $6 billion. I should also mention, of course, that the January estimate was premised upon the 6-percent surcharge as of July 1, which a logician might say is exactly the issue which is under discussion.

Mr. WESTON. I think the total picture has to be taken into perspective, too. I think that you had a greater GNP rise in 1966. It should have called for fiscal and monetary restraints. You didn't have fiscal restraints. You had very strong monetary restraints to try to head it off. This produced the credit pinch in the fall of 1966. It also produced a leveling off in the private sector from two forces: One, that the rate of increase in the private sector was sustainable only if the rate of increase in total GNP continued, and it logically couldn't, and Federal policy saw to it that it wouldn't. Thus, you began 1967