penditures of the U.S. Government, at the end of May the deficit was $18 billion. As of the end of the year the estimated deficit was $9.7 billion. Now, when we are talking about deficits here aren't we talking about the deficit as of the end of that particular fiscal year?

Mr. SCHULTZE. That is correct.

Mr. CONABLE. In other words, the Government is going to have to have a borrowing authority, if the deficit is going to be $28 billion, to cover $38 billion in effect or some increment above $28 billion in any event. If we are talking about a $16 to $18 billion deficit, in effect we are also talking about a borrowing authority of $10 billion above that.

Mr. SCHULTZE. You are quite correct and the debt limit itself takes that into account. As you recall, in setting it both for 1968 and quite explicitly in fiscal 1969, there is a $7 billion swing that is allowed past the end of the year.

Mr. CONABLE. I don't want us to be misled in thinking we are just talking about the figure that is involved at the end of the fiscal year. We are talking about a borrowing authority substantially above that.

Mr. SCHULTZE. By borrowing authority you mean debt limit?

Mr. CONABLE. Yes.

Mr. SCHULTZE. As the Secretary of the Treasury indicated earlier this afternoon, with the deficit in the range of $14 to $18 billion that we have been talking about there would be no problem with the debt limit. He was hesitant to give a very specific figure as to what precise number would trigger off the problem, but it would not be a number within that range because the debt limit takes account of the seasonal swing.

Mr. CONABLE. We are talking about a total effect on the economy then which could be substantially greater than the actual deficit.

Mr. SCHULTZE. Let me elucidate on that a bit—at least talk about it. I think you have to distinguish between the deficit for the year as a whole, which, to the extent it adds to the debt, has to be financed on out into the future unless you have surpluses later, and a temporary swing which can be financed out of tax anticipation certificates or short-term borrowing.

While you are right in getting at the entire financial picture, your point deals mainly with the seasonal swing in the debt.

Mr. CONABLE. At least we are going to have to go into the short-term market to that extent?

Mr. SCHULTZE. That is right.

Mr. CONABLE. Those are my questions, Mr. Chairman. I am interested in any information that might indicate further how much of the corporate surtax is going to be paid by the individual citizen eventually. It may be something that you just can't get. It may be a matter of theory. If the theory is incorrect——

Mr. SCHULTZE. The theory can't be incorrect, there are so many of them. One of them has to be right.

Mr. CONABLE. It appears to be incorrect to Dr. Ackley's thinking anyway because he says in the short term it is not going to be passed on to any substantial extent.

Mr. ACKLEY. Could I comment briefly on this seasonal question to which you referred. Unfortunately we do not have a seasonally adjusted administrative budget. We do have a seasonally adjusted national income budget which I think is the most significant measure