Our own report, in January 1966, spoke at some length of the difficulties of estimating defense expenditures and of the uncertainties this created for economic policy.

Chairman PROXMIRE. On March 23, the Secretary of the Treasury said flatly he stood by the $10 billion estimate. He knew at that time we had 400,000 men at Vietnam. He was off $10 billion. Instead of a $10 billion cost it was $20 billion.

What I am trying to get at—and I do not mean to be too critical of you because, after all, you are in a position where, presumably, you have to accept the estimates made by the Secretary of Defense on defense expenditures—what I want to know is whether or not you accepted that assumption, whether there was any alternative assumption that was available, and whether with this in mind you did at any time warn the Congress that we might conceivably have a cost of not $10 billion, but possibly $15 billion or $20 billion, as it turned out to be?

The reason this is so impressive to me is because Senator Stennis stood up on the floor of the Senate and said clearly that we were going to have a big supplemental this year, that it was going to cost in his judgment, and he hit it right on the nose—$20 billion—and this was flatly denied by people in the administration.

Mr. ACKLEY. Mr. Chairman, I think the record shows that the President and the Council of Economic Advisers, and the Secretary of Defense, at all times emphasized the uncertainty and the difficulty of projecting defense expenditures.

Chairman PROXMIRE. When did they change the figures? When did they give us the corrected figure?

Mr. ACKLEY. I do not believe any corrected figures were given to the Congress or to anyone else. Figures were uncertain. It was recognized that there would be an increased cost, particularly if the war should continue beyond June 30. No precise estimate was given. The President spoke several times of the probable need for supplemental appropriations, for increases in expenditures in the range of $5 to $15 billion. Indeed, the supplemental that was called for was not far from the middle of that range.

Chairman PROXMIRE. Well, certainly, Mr. Ackley, in the year in which we knew our economy was strained, in the year when we had a shortage of labor, shortage of material, rising prices, tight money, almost a financial crisis, under these circumstances if we had been told that the war in Vietnam was going to cost as much as it did, would it not be clear to you that you would certainly have recommended that the Congress very likely would have followed a different fiscal policy, that we would have looked much harder than we did at cutting other expenditures or spending, much more seriously would have considered raising taxes?

Mr. ACKLEY. Mr. Chairman, I think it is not quite correct to say that the fiscal policy failed to take account of these changing facts. Indeed, in September the President did present some additional fiscal proposals. He did take some steps to curtail Federal expenditures. As far as trying to get Congress to reduce the budget, I think the President's record on that is fairly clear.

Chairman PROXMIRE. You would have had a lot of muscle behind it if you pointed out the deficit, however.

Let me just ask, going into a different area quickly——