

What I am leading up to is again the emphasis by the administration in their public relations of calling attention to the national income accounts budget, when the serious problem for policy decision lies in the deficit of the administrative budget, particularly the \$9.7 billion for fiscal 1967. This has been gone into considerably, and the lack of better estimates of what this deficit was going to be, given to us in January 1966 in the 1967 budget.

Mr. SCHULTZE. May I speak to the national income accounts part of what you have said?

Representative CURTIS. Surely.

Mr. SCHULTZE. I don't like to count pages. That is not really the way to answer, but let me make two points. One, I think there are about 15 pages in this document essentially on the national income accounts, and 450 on the administrative budget.

Representative CURTIS. You are not responding to the question.

Mr. SCHULTZE. Let me finish. I will respond. I wanted to start out with that. May I?

Representative CURTIS. I want to be sure you understand what the point was. I said the public relations operation of the administration. I know of your budget. But I have seen the Washington Post devote almost the front page, and a whole full page talking about the national income accounts budget. But go ahead.

Mr. SCHULTZE. I presume they have done that and I congratulate them for it. But in any event, we carefully pointed out in the budget, and I tried in my testimony to point out also, that for purposes of overall fiscal policy, the national income accounts budget is the best measure.

Clearly, however, for purposes of analyzing individual programs, for purposes of congressional action on appropriations, it is the combination of administrative budget and trust funds which is most relevant, and of course we did, have done, and always will, present full information on those budgets.

Representative CURTIS. To pinpoint this question, I am not relating to that, although I am very much interested of course in the expenditure policy. If we are going to do anything on expenditure policy, we have to talk in terms of the administrative budget.

Mr. SCHULTZE. That is correct.

Representative CURTIS. But what I was talking about, and I have been on the debt ceiling, is the impact of debt management, the impact of deficit financing on monetary policy and interest rates and, I might add, that which has been forgotten too much by the administration, our deficits in international payments.

I am talking about the impact of the deficit showing up in the administrative budget. That is the crucial thing with respect to monetary policy interest rates, the amount of money created, and international deficits.

This is what I think becomes the crucial point, because it has shown up actually in expenditure policy by an underestimate of \$3 billion. Surely in 1966 it is quite clear what the damage of high interest rates did to the economy, and is still doing to the economy. Certainly the inflationary impact is clear, and that is still a problem. What I am saying is that the impact of the new deficit becomes important to Congress in making its decision in regard to these policies.