

rection of the clear error that had been made as time passed. Now when you made your statement on March 23, we knew that there was going to be an escalation of 400,000 troops in Vietnam at the end of the year, and certainly by June or July we had a much clearer picture or what Vietnam was going to cost, and yet there was no revision of those figures on behalf of the administration until late November of 1966, after Congress had adjourned. If we had gotten this correction in June or July, there is no question in my mind that the efforts of many of us to cut spending and the efforts of the President to keep spending down would have been greatly strengthened.

What I am asking you because I do want to make this as constructive as I can, and not simply to beat a dead horse, what I am asking is whether it wouldn't in your judgment be sensible to come up with more frequent estimates of the cost of the war in Vietnam, in view of the uncertainty involved, in view of our record in the past, and in view of the immense importance to economic policy in having as accurate, up-to-date estimates as we can get?

Secretary FOWLER. Mr. Chairman, I think there wouldn't be any objection from me as to the desirability of having the best information updated from time to time. The recommendations made by the Commission on Money and Credit some years ago suggested that a quarterly updating of estimates, both of expenditures and revenues as well as general outlook would be desirable. And I am sure that the Director of the Budget would cooperate if this committee and the Congress feel that more frequent estimates are helpful to it.

I will not go into the problems that these more frequent estimates would present. The business of estimating is a perilous task always, and one does not rush happily into the practice of forecasting any more than is necessary.

I do think, however, that there is much confusion over whether or not the revised estimates of Vietnam costs had the real consequences for economic policy that have been expressed or made implicit in many of the statements. I would like to develop that point because I think it is important.

Chairman PROXMIRE. May I interrupt at this point to say, wouldn't you agree that if the Congress knew, had a firm figure that the deficit was going to be as big as it would have been with an additional \$10 billion of spending in Vietnam, wouldn't it have been more likely that Congress would have supported the efforts to keep the spending down, than they did, and wouldn't this have been in retrospect in the national interest?

Secretary FOWLER. That brings us to the part of this picture that I think you have omitted. You have to look at the entire picture. At the same time defense expenditures seemed to be increasing, civilian expenditures were decreasing, and revenues were rising. We had estimated in January 1966 that Vietnam expenditures in fiscal 1966, would be \$4.7 billion. At the end of that fiscal year, 6 months later, they proved to be about \$5.7 billion. Meanwhile, however, civilian expenditures fell below the estimate. Moreover, revenues exceeded the estimates so that the deficit in fiscal 1966, which was estimated at \$6 billion, actually proved to be on June 30, \$2.3 billion. The improvement in the form of lower civilian expenditures and higher revenues more than compensated for the increase in defense expenditures that had been projected for the first 6 months of calendar 1966.