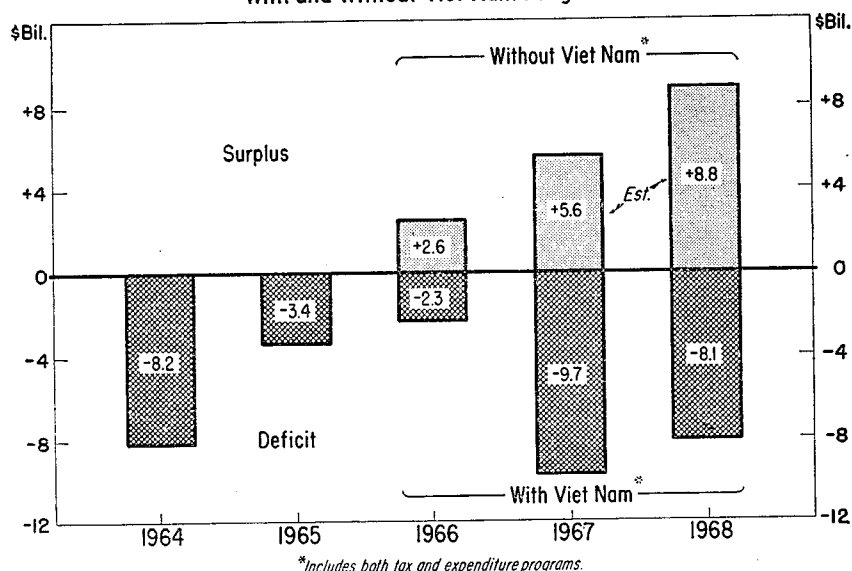


CHART 1

DEFICITS AND SURPLUSES With and Without Viet Nam Programs



billion, and we would have had a surplus in that year, 1966, roughly 1 year before the schedule that Secretary Dillon expounded to Congress in connection with the Revenue Act.

In the fiscal year that we are in now, were it not for Vietnam, you would have a problem, and the President would have a problem of determining how this \$5.6 billion surplus would be employed, whether it would be in tax reduction, whether it would be in debt retirement, or whether it would be in increased expenditures. And similarly here for 1968, the surplus would be \$8.8 billion.

Now that, of course, assumes that the economy, as I believe to be the case, would have enjoyed generally the same rate and scale of growth that has characterized it and did characterize it in 1964 and 1965.

Representative BROCK. Mr. Secretary, I very much appreciate this point of view, but the fact remains that the Congress, at least individually, must ascertain the priorities, the priorities on which we are going to allocate the national expenditures that we make, with the limited resources we have.

The fact is that we are in Vietnam. We do have a war, and whether it is costing \$5, \$16, or \$25 billion, that fact requires us to place that item on top of the priority list. We must accept the fact that these troops are going to be supported, that we are going to expend this much money, and therefore we have got to look at the rest of the budget and see where we can exercise some judgments on restraint.

Secretary FOWLER. No question about that, not a bit, Congressman Brock. The President has exercised his judgment, reflecting his sense of priorities. He fully expects the Congress to exercise its sense of judgment, its sense of priorities as to whether the overall totals are the same.