(The attachment follows:)

APPENDIX

Quarterly scheduling out of Federal receipts and expenditures on a national income and product basis

[Seasonally adjusted annual rates in billions]

Fiscal year	Expenditures			Receipts	Surplus
	National defense [1]	Other	Total		
1966	$53 7	$78.6	$132 3	$132.6	$0.3
1967	66.0	87.6	153.6	149.8	−3.8
1968	71.5	97 1	169 2	167.1	−2.1
Calendar year and quarters:					
1966:					
3d quarter	62 0	83 8	145.8	145 3	−.5
4th quarter	65.5	86.7	152.2	148 3	−3.9
1967					
1st quarter	68 0	89.0	157.0	151.3	−5.7
2d quarter	69 0	92.0	161.0	154.3	−6.7
3d quarter	70 0	94.5	164.5	162.5	−2.0
4th quarter	71 0	97.0	168.0	165.5	−2.5
1968:					
1st quarter	72 0	99.0	171.0	168.5	−2.5
2d quarter	73.0	101.0	174.0	171.5	−2.5

[1] Estimated purchases of goods and services only.

Source: Budget message, January 1967 for fiscal year data. Calendar year 3d and 4th quarters data are from U.S. Department of Commerce. Quarterly data represent a pattern roughly consistent with preliminary estimates for the 3d and 4th quarters of 1966 and data for fiscal years 1967 and 1968 in the budget message.

Chairman PROXMIRE. Thank you very, very much, both of you distinguished gentlemen. This is mighty enlightening. Professor Hansen, did you say whether you were for a tax increase this year, or do you care to say?

Mr. HANSEN. At the present time I wouldn't like to say. I would like to wait.

Chairman PROXMIRE. At any rate you will not say that you are for one, so you are presumably of the wait and see school?

Mr. HANSEN. Right.

Chairman PROXMIRE. Let me ask you this, and as long as I am asking you this, I would like to ask both of you gentlemen to comment on it.

What should be the factors that Congress should pay attention to in determining whether or not there should be a tax increase? Should the decision be entirely on the state of the economy or should we consider the budgetary situation, that is whether or not we may have a deficit in the budget?

Mr. HANSEN. My answer unreservedly is on the state of the economy.

Chairman PROXMIRE. Thank you very much. Professor McCracken?

Mr. MCCRACKEN. If we had the capability for flexibility in fiscal policy which Professor Hansen outlined in his statement, and with which I would agree, then the question of a tax increase centers entirely around the state of the economy.

We don't have this degree of flexibility at the present time, and I suspect probably we shall not have it this year. Therefore we probably can't entirely ignore the state of the budget. But the important thing there I think is more nearly what is happening to the full em-