

as the Vietnam war, and, also, these other estimates that were off by a high percentage, and a very large amount, and this I suppose was because of the necessary change in monetary policy, or at least the change in monetary policy, under these circumstances wouldn't it be essential or prudent economic policy for the Council, the Budget Bureau, and the Congress as well as the public to be informed quarterly? Can you see any reason why this would be particularly difficult?

I am not saying that they can estimate it precisely. But they can make increasingly more accurate estimates as time goes on. They could come closer to it if they update their estimates. Say you have an estimate in mid-April and mid-July and mid-October.

Mr. WALLICH. I think this certainly can be done after a fashion as you say, Mr. Chairman. It can't be done perfectly. It cannot be done perfectly at any time, even at yearend. Unfortunately, we have moved in the opposite direction by dropping the usual midyear budget review last year. The proper direction is to go toward a frequent review of the budgetary situation, or some continuing routine updating.

If I may add this, the Congress itself could help by having some sort of general overview of the budget rather than an appropriation process which only at the end of the congressional session pulls together what really has been voted.

Chairman PROXMIRE. You see, even in the appropriations process, this reestimate would have been invaluable to us. If, when we make our appropriation decisions, which the Senate doesn't make until late in the year, and it hasn't gone to conference, so it hasn't been resolved, if we could have an up-to-date estimate of what overall expenditures are, this would make I am sure a profound difference on many Senators as to how they feel about appropriations, and often our tax legislation is postponed until toward the end of the session, and maybe it properly should be, when we have all the facts available to us. The prospects of getting a tax increase last year would have been much better if we had had this realistic estimate.

Mr. WALLICH. The Budget Bureau does keep some sort of running scorecard on what has been voted so far. I don't see why that can't be extended to a statement of just where the next year's budget now stands, combined with a reappraisal of revenues in the light of the latest GNP forecasts.

Chairman PROXMIRE. You see, their answer to this, and when I pressed this, both in this committee and also in the Appropriations Committee, is that they did tell us that their estimates would probably be off. There probably would be a supplemental. They probably would come in with some more. But they never gave us a figure. Without a figure it is very, very hard to make any kind of prudent decisions on spending and taxes.

Mr. WALLICH. As a former bureaucrat, Mr. Chairman, I suppose one way of helping this process along is not to blame them too hard when they make a mistake.

Chairman PROXMIRE. Let me ask another question. You indicated, and I am quite shocked as I have the greatest respect for you as an economist, but I was shocked when you indicated that maybe the Council of Economic Advisers was even going a little high or being a little optimistic, let me put it that way, indicating we could have 4-