

Those who raise the money are not willing to let somebody else spend it.

Senator PROXMIRE?

Senator PROXMIRE. Mr. Heller, as I understand it, your proposal and that of Mr. Pechman, is that we go up to 2 percent of the income tax base; is that correct?

Mr. HELLER. Yes.

Senator PROXMIRE. You are not talking about 2 percent of Federal revenues. This is a whale of a lot more. It is 2 percent—

Mr. HELLER. This is equal to 10 percent, Senator, of the income tax revenues, which are about \$60 billion.

Senator PROXMIRE. Two percent sounds a little easier for us to contemplate. Two percent would be what, \$6 billion, the computation is \$300 billion as a base?

Mr. HELLER. That is right.

Senator PROXMIRE. This would mean an additional \$6 billion because, as you say, it would not be in lieu of grants-in-aid or any other Federal spending. It would be in addition.

Mr. HELLER. Exactly.

Senator PROXMIRE. And it occurs to me that what is holding this up is not necessarily the Vietnam war, although that is the current problem. What is holding it up, it seems to me, is the fact we have had in the last 30 years deficits virtually every year except in a very few years when we had surpluses which, I think, you would characterize them, and most economists might characterize them, as mistakes. In other words, the surplus resulted—with maybe one or two exceptions, but very few, resulted—in deflating the economy, restraining and retarding growth, so that we should not have had the surpluses in those years.

Now, under the circumstances do you contemplate the future is going to be so different from the past which, it seems to me, to take a pretty wild leap on the basis of the most optimistic kinds of assumptions.

Mr. HELLER. Well, Senator, if you take the national income accounts budget, which is the one that is most meaningful economically, we have been in a surplus position in that a considerable number of times, and a considerable number of right times.

Senator PROXMIRE. What considerable—what years were we in a surplus position with the NIA budget?

Mr. HELLER. If I had the economic indicators—

Senator PROXMIRE. You can do that for the record. Your position is that it has been a considerable number of times, is that correct?

(The following material was subsequently supplied by Mr. Heller:)

Using *Economic Indicators* (July 1967) for calendar years since 1963 and the *Economic Report of the President, January 1967* for earlier years, the results are as follows:

In both 1965 and 1966, there were small surpluses—in both cases, there were sizable surpluses in the first half of the year, not quite offset by deficits in the second half of the year.

There were large surpluses (\$9 billion and \$6 billion) in 1950 and 1951 during the high pressure of the Korean conflict.

Then again, there were three surpluses (averaging \$14 billion a year) in the period of strong economic activity and inflationary pressures of 1955–57.

Going back to the immediate post-war period, there were surpluses totaling just over \$25 billion in the inflationary years 1946–48.