would only cut that deficit in half. That would give us a $14 billion budget deficit.

My recollection is that during calendar year 1967 our deficit was in the neighborhood of $19 billion. This laid a foundation for $25 billion of inflation, and the comment was made later that it seems as though we may have been seeking stability in the economy which has resulted in excluding many people from the mainstream of our economy.

I would be inclined to suggest that perhaps we have not been having the stability in our economy, because I cannot see much stability in an economy with $25 billion of cost-of-living inflation, not to mention about another $18 billion of erosion away of the purchasing power or the value of life insurance or pension fund reserves and savings accounts and the like.

Now, this $25 billion can be allocated among the various States on a per capita net income basis. If that is done, in turn it can be translated into an impact on the individual citizens of a State according to a sales tax equivalent, because it operates in about the same way in taking purchasing power away from people. Wisconsin's share—I was over in the chairman's home State a couple of weeks ago, and I pointed out that Wisconsin's share of that $25 billion cost-of-living inflation of 1967 was the equivalent of a 17-percent sales tax. I believe it was in the neighborhood of the equivalent of a 12-percent sales tax in New Jersey.

If you come along with that kind of an impact of inflation on people, it seems to me that the lack of stability in the economy is indeed going to exclude the poor and underprivileged people from the mainstream of our economy. I do not see how they can even afford to buy the necessities of life if that continues.

Do you think that this is a realistic approach of the impact of inflation on the people who are presently excluded from the mainstream of our economy?

Mr. CHANDLER. The analogy with a sales tax is a rather interesting one and carries you a certain distance. There is, however, a very great difference, in that the very same process that brings about the rise of prices and the decrease in the purchasing power of the dollar also throws a lot more money income into the hands of the public, but does it in a most erratic type of way, so that some are more than compensated for the sales tax type of thing that you mentioned and others are not compensated at all.

Senator MILLER. And those that are not compensated at all or scarcely at all are the poor and underprivileged, are they not, by and large?

Mr. CHANDLER. They range widely. Certainly among the poor and underprivileged you have a lot of them whose wages do not go up if they are working or whose welfare allowances do not go up if they are relying on those. Of course, at the other end of the scale is the chap who is living off bond income, who gets hit proportionately just as hard, though the pain may not be as great.

Senator MILLER. Except that he may also have an estate to fall back on, which the poor and underprivileged do not have.

Mr. CHANDLER. That is why I say the pain may not be so great.

But this is not true of all of them. There are some who may have retired on fixed incomes which are barely adequate to maintain a re-