Senator MILLER. That may be the historical ratio, but is this a healthy ratio? It appears to me that we have had an awful lot of economic problems while this history is being made, especially in the form of inflation. I think it is worth noting that purchasing power of the dollar during that period in history has declined from a hundred cents in 1939 to 39 cents today. I just wonder if there might not be something wrong with this kind of a ratio, that we shouldn't try to do something about it.

Mr. McCRACKEN. I think the major problem is the one to which you have just alluded. The excessive rate of credit expansion has been a part of the inflationary pressure which, in turn, then gives you the inflationary rise in gross national product which tends to validate the ratio.

There I think has been the nub of the problem.

Senator MILLER. Well, I agree. I am just wondering if the Council would look into this matter of the ratio, this historical ratio, to see whether it is a sacred cow or whether it really ought to be improved.

Mr. McCRACKEN. Surely.

Senator MILLER. In your statement you say—

> But often the domestic and international goals are not inconsistent and we need to find better ways to reconcile them.

I do not quite understand the word "not" and I wonder if it should not read the international and domestic goals are inconsistent and we should find better ways to reconcile them. Should the "not" be in there?

Mr. McCRACKEN. Are not consistent, yes, I think that is a typo there.

Senator MILLER. Thank you.

Then, a little further on No. 4, you pointed out that the unified budget concept shows that we have come pretty close to a balance, but, at the same time, I know that in President Johnson's Economic Report he estimated there would be an increase of $6½ billion in the national debt. You will find that on page 494 of that document.

That would mean then that the administrative budget, as distinguished from the unified budget, would show a deficit of roughly $6½ billion, would it not?

Mr. McCRACKEN. I presume it would. I don't have those figures in mind though. This is on the basis of the new unified budget, yes.

Senator MILLER. Well, I am wondering if the Council is satisfied to pay attention only to the unified budget or if the Council is going to be concerned about the operating budget, the administrative budget, and if the Council will not be concerned about the fact that the operating budget shows a $6½ billion deficit. Would not the Council be concerned about that?

Mr. McCRACKEN. Dr. Stein is a distinguished student of budget policy, and I would like to ask him for his comments.

Mr. STEIN. Well, I think we have to look at the budget from the standpoint of several interests. From the standpoint of estimating the effects of the budget on the overall behavior of the economy the unified budget is probably superior. However, the condition you mention in which the unified budget is in balance whereas the administrative budget is not suggests that the general funds are in effect borrowing from the trust fund and this is a situation which has to be considered