Secretary FOWLER. Mr. Byrnes, we can do this with different arithmetic. I think it makes it easier to calculate, if you start from the notion that you are not going to have a deficit of this magnitude and you are going to try to deal with the problem without this heavy increase in the cost of carrying the debt, the $700 million that is referred to in my testimony and Mr. Schultze's, which is part of the $29 billion, and start from the $28.3 billion figure.

Mr. BYRNES. $28.3 billion. What is the billion dollars you have taken out?

Secretary FOWLER. $700 million for additional interest cost.

Mr. BYRNES. Is that the difference in the interest cost attributable to a $29 billion deficit rather than a $14 billion deficit?

Secretary FOWLER. The computation is based on the fact that there would be a much higher average debt during the year on which you would have to pay interest and the fact that it does involve some assumption about interest costs being somewhat higher than they would be if you didn't have to put that amount of pressure on the market.

We are using in the computation, Mr. Byrnes, a $14.1 billion as interest cost, if that helps you.

Mr. BYRNES. Let's take the $28.3 billion figure.

If we take off the $7.4 billion for the tax increase we have $20.9 billion. Let's find out where we go from there.

First, though, let me ask whether the budget information that you gave us this morning is the result of the revised budget calculation, Mr. Schultze, that you were undertaking at the direction of the Joint Economic Committee and which we also asked for in May?

Mr. SCHULTZE. Yes, sir; in effect, although clearly in terms of coming up before this committee with a request for a tax increase we would have done it in any event. But you are quite right, it was also called for by Senator Proxmire and the Joint Economic Committee.

Mr. BYRNES. This is the revised budget picture. The basic revision here seems to be on the revenue side rather than containing detailed revisions on the expenditure side.

Mr. SCHULTZE. It seems to me I gave a good bit of detail.

Mr. BYRNES. You gave us the billion and a half expenditure increase, but you gave us that during the debt hearings without any details.

Mr. SCHULTZE. I gave you $600 million of it, Mr. Byrnes. The other $900 million is new. In addition, I did detail the specific contingencies that do face us in addition to that $1½ billion.

Mr. BYRNES. Didn't you indicate a $700 million increase in defense expenditures in May and a release of $600 million in funds previously witheld—for a total of $1.3 billion. Isn't that the same figure you are still talking about?

Mr. SCHULTZE. Correct, except that the $700 million, you may recall, at that time was simply an indication of some room for estimating error around the January budget figure. That is the way I indicated it. Now I am stating that with respect to defense it could range up to $4 billion.

Mr. BYRNES. Does that include the $700 million?

Mr. SCHULTZE. Yes, sir; that would include the $700 million.

Then, in addition to that, I am saying on the civilian side there would be a $1½ billion increase, including the $600 million I gave you