

Mr. SCHULTZE. That is not exactly comparable because you lose almost a billion dollars on the later effective date for the personal surcharge than recommended last January, but the net difference between the two is—

Mr. CURTIS. I am talking about financing. I see what you mean.

Mr. SCHULTZE. I am saying the net difference is about \$2 billion; you are correct.

Mr. CURTIS. You were going to get \$5.5 billion from the tax increase as proposed in January.

Mr. SCHULTZE. And now we are estimating \$7.4 billion; you are correct. All I am saying is the net difference isn't entirely on account of the change in rates.

Mr. CURTIS. It is close enough so that we are within \$0.1 or \$0.2 billion. In other words, if I use the \$7.4 billion, I get a \$1.9 billion additional amount that you are going to finance through tax.

Mr. SCHULTZE. Taking everything into account; fine.

Mr. CURTIS. OK. Now, in participation certificates (PC's) you say that if you abandon the \$5 billion—

Mr. SCHULTZE. No; we haven't abandoned it, Mr. Curtis. In listing a number of items that the Congress could add to the deficit this was one of them, that is, the impact of the House action on the PC authorization.

Mr. CURTIS. I am talking about the original budget. You had \$5 billion in it.

Mr. SCHULTZE. Correct.

Mr. CURTIS. I try not to argue with rhetoric.

Mr. SCHULTZE. No; I just wanted to get it clear.

Mr. CURTIS. You have changed that figure. It is no longer \$5 billion.

Mr. SCHULTZE. No, sir.

Mr. CURTIS. It is how much?

Mr. SCHULTZE. May I explain it?

Mr. CURTIS. Yes, sir.

Mr. SCHULTZE. If the Congress gives us the full authorization, we would plan to go ahead and use it.

Mr. CURTIS. You couldn't use \$5 billion, though?

Mr. SCHULTZE. Why not?

Mr. CURTIS. Could you?

Mr. SCHULTZE. If the Congress—

Mr. CURTIS. You have a problem of selling, and so forth.

Mr. SCHULTZE. Oh, I agree. It would depend on what happens during the year, but we see no reason to change our plans at the moment.

Mr. CURTIS. If Congress hasn't given you the authority, you are coming here and asking us for a \$7.4 billion increase. Now tell me, what are your realistic plans for the sale of participation certificates? Are they \$5 billion or what?

Mr. SCHULTZE. I would like to tell you.

Mr. CURTIS. Yes, sir.

Mr. SCHULTZE. Our plans so far as the executive is concerned at the moment are to sell \$5 billion. Now, as you know, these participation certificates have to be authorized in appropriation acts. If we look at what the House has done to appropriation acts so far this year, it has reduced that authority to the point where if its action stands up in the full Congress—through the Senate and in conference—our participation sales would be \$2 billion lower.