

Representative CURTIS. I called it the Democratic Party. Is that what it is? Well, whatever it is, I forget you are sensitive in this area. I should watch that.

Mr. SCHULTZE, there are two things that I would like to bring out. One is the emphasis that I find the administration places, public relations-wise, on the national income budget. It seems to me that the budget that most affects our policies right now is the administrative budget.

The national income accounts budget is no new budget as far as this committee is concerned, and certainly as far as the Congress is concerned. This has been used for years and served a very useful purpose, and as is often said, is the one that probably gives us a better concept of economics. But at this particular time, with our problems of last year in the area of high interest rates and inflation, in fact the interest rates exceeded anything going back three or four decades, it is the administrative budget, the deficits there, that bear directly on these problems, rather than the national income accounts budget.

This has been very clearly brought out in the testimony before the Ways and Means Committee last week and this week, too, on the problems involved in the debt ceiling.

In your testimony before the Ways and Means Committee, one of the points that you made in demonstrating why the estimates on expenditures had been in firm was the \$3 billion increase in expenditures resulting from increased interest rates that the Federal Government had to pay, plus, as I understand it, some of the impact resulting from the increases in the Wholesale and Consumer Price Index.

Mr. SCHULTZE. No, sir, not the latter.

Representative CURTIS. Not the latter?

Mr. SCHULTZE. Just the former.

Representative CURTIS. Just the former, just the interest rates.

Mr. SCHULTZE. Well, no.

Representative CURTIS. The Wholesale Price Index?

Mr. SCHULTZE. No, sir.

Representative CURTIS. Let's clarify that.

Mr. SCHULTZE. Let me clarify that. What I said in that testimony is that there was a \$3 billion increase in Federal expenditures this year on account of monetary conditions, both credit availability and interest rates.

Representative CURTIS. Yes.

Mr. SCHULTZE. There is that clarification.

Representative CURTIS. But in the monetary area, and of course as many economists, I think, wisely have pointed out, that as we look at 1966, and indeed as this was coming along, the argument was that we were putting entirely too much burden on monetary policy to try to meet the inflationary forces that were existing, and too little on the fiscal policy.

My own arguments have been that in the fiscal area, it was toward expenditures that the main thrust should be directed rather than increasing revenues through taxes, although I said at the time, after we had begun the proper exercise of going over what could be done on expenditures, I was willing to look at the revenue side, too. But I certainly wasn't going to look at the revenue side, that is, a tax increase, until I thought a thorough job had been done on expenditures.