

Representative CURTIS. Why not? You mean that you didn't know that \$112 billion was a poor estimate, and that you could not have said "Look, we don't know where it's going to be, but it's a lot more than \$112 billion." You could have said that in May.

Mr. SCHULTZE. Of all the items, the only thing that we might have known a little bit more on was that it was much more likely by May that the assumption of the war ending was not going to be correct. But not on the other items.

Representative CURTIS. The interest rates? You were saying what was happening on interest rates. Of course, you could estimate those things to give an estimate a lot better than \$112 billion that you gave.

Mr. SCHULTZE. But not between January and May.

Representative CURTIS. I am talking about between January and May. Take a look at what was happening.

Mr. SCHULTZE. We might have been able to give you another \$300 or \$400 million on interest rates, but that is about it.

Representative CURTIS. You ended up with the \$3 billion, but go ahead to the next bout, because there we had the actual expenditures of July and August.

Mr. SCHULTZE. Right.

Representative CURTIS. In front of us; and you probably had September pretty well in mind.

Mr. SCHULTZE. No; it was September 12, and we don't get the estimates for August until about the 18th or 19th of September. But, we had the first month.

Now again you will recall, Mr. Curtis, that both the Secretary and I did say Defense spending was going to be up. We didn't know how much. I said at the time quite explicitly that because of money market conditions, expenditures were going to be up.

I also had a long colloquy with Mr. Byrnes on congressional increases, which we might or might not be able to offset. So we gave you the three areas involved, but said that we couldn't give you an amount.

Take the money market as a case in point. As late as November, on the basis of calculations then, I gave the President some numbers which he used in a press conference that because of money market developments, expenditures might be off by \$4½ billion.

It turns out now, our best, best bet now is \$3 billion, because the money market is changed. So there were substantial changes then. We did know the areas where we were going to be off—we told you about the areas—but we didn't have the numbers.

Representative CURTIS. But what we asked you, and we are talking about best estimates, and I constantly referred to this, was whatever you could give us as a better figure than \$112 billion, because that was the figure you had given us.

What I am talking about—I think it is what Senator Proxmire is also discussing—isn't it important to give revised estimates? Previously, every administration, including this one, had given us mid-term estimates. We didn't get those last year. The first time we got new estimates was in the budget message that we just received this January.

Mr. SCHULTZE. Not quite. In late November and very early in December, the President did make some changes.