Mr. CRAMER. I understand.

Mr. HUGHES. As we see it, it is the proper charge against the program, no matter how the program is financed, whether on amortization basis——

Mr. CRAMER. You mean even if the taxpayers pay it to you direct, increased taxes, and Congress cuts spending, and we end up with a balanced budget, what happens to the interest.

Mr. HUGHES. The money has value. It is available for other purposes. If we do not have it for this purpose, we can use it otherwise.

Mr. CRAMER. You can have a little trouble convincing taxpayers that there is no difference between their having to pay this double amount as compared to a single amount.

Mr. HUGHES. It seems to me the taxpayers would appreciate the fact that cash has a value.

Mr. CRAMER. They know it better than anybody else. They have to give it away, give it to Uncle Sam.

Mr. HUGHES. I certainly agree with that, and the value is expressed in terms of interest.

Mr. CRAMER. I did not mean to cut you off, Mr. Secretary.

Secretary UDALL. I want to make two points.

We have written this flexibly——

Mr. CRAMER. You sure have. I agree with you.

Secretary UDALL. So that if we have a situation where we can increase the amount of the cash grant program, we could come in at any time and pay particular bonds off in full or make advanced payments.

The other point I would make is that the water pollution control program is being financed by bonds at the present time—the local communities are paying interest, the states which are making a State constribution are doing it by bonds. So that Federal Government, in terms of its paying extra costs, is doing nothing more than State or local governments are doing. And I think we simply ought to make that record so that everyone understands it.

Mr. CRAMER. Well, I understand, Mr. Secretary, that you will be back next week. I did want to get a figure from Mr. Budget here, as to what the interest subsidy cost will be. You know, the difference between tax-exempt and non-tax-exempt bonds——

Mr. HUGHES. The bill specifies that a formula for arriving at the subsidy, there are obviously a number of estimates necessary in terms of interst rates and the local share——

Mr. CRAMER. I understand that.

Mr. HUGHES. Marked maturity and so on. The cost of the interest subsidy per se—based on premises that I will be glad to give you in writing—would be for contracts entered into in the 3 years, about $950 million total.

Mr. CRAMER. That is about $1 billion that we also lose by using this gimmick, that we do not get construction for, is what I mean. Does not end up in construction.

Mr. HUGHES. We get the same amount of construction for somewhat less with the use of the interest subsidy than we do with the use of the tax exemption.

Mr. CRAMER. I will yield to the gentleman. I have some other questions when you come back.