

Mr. CRAMER. And we received some additional interesting information yesterday that the authorization supposedly to be limited to \$2.2 billion did not include the interest, which would be about another 120 percent or so, meaning about \$2.5 billion more—not construction money—but carrying charge money.

That was the testimony of the Secretary and the Bureau of the Budget.

Governor ROCKEFELLER. I did not realize that.

Mr. CRAMER. So actually it did not include the \$900 million for the 3-year interest subsidy. So there are just a few oversights as it relates to how much money that is really included in this bill. And I did not know whether you realized or appreciated it. We are not talking about \$2.2 billion authorization. We are talking about \$2.2 billion, plus the \$2.5 billion interest, plus \$900 million for interest subsidies.

So we are actually talking about \$5.8 billion—nearly \$6 billion of authorization in this bill that on the surface appears to be \$2.2 billion.

And out of that \$6 billion, plus the \$2 billion guarantee which is added in, the Federal Government under this bill for 3 years could be responsible for \$8 billion.

What bothers me is what construction do we get out of it? What actual building do we get out of it? So far as the Federal share is concerned, we get \$2.2 billion. I just wonder if under those circumstances it is really intelligent to go into this type of program, which of course will be expanded and long range and so forth. This is just a start, a drop in the bucket. And I wonder if it is really intelligent to take that approach as compared to direct appropriation approach, when we consider what construction results we get.

We also have a problem of balancing the budget. Would you care to comment on the alternative approaches?

#### EFFECTS OF THE BOND APPROACH

Governor ROCKEFELLER. If I could, I would like to comment on one of the statements you made in the beginning, that is the Federal Government going into bond financing as against annual appropriation and the inflationary pressure of that, because it is outside the debt limit.

I think it should be pointed out that when the Federal Government runs a deficit and sells Treasury notes that has maximum inflationary pressures, because it creates a credit base and is not taking savings from private individuals, but is handling this operation with the banks; and therefore, this is the most inflationary possible method of financing as far as the country as a whole is concerned.

When bonds are sold by State or municipalities, they are sold to private buyers; and it takes savings which would be spent for some other purpose, so that it is much less inflationary than running a large deficit. I think myself that if the Federal Government, either through the guarantee or through interest and amortization payments as a concept, I think it is imaginative, I think it would be far less inflationary than a comparable amount spent out of a straight deficit of the Federal Government.