except for social security, veterans' benefits, interest, and part of TVA. For the covered programs, we are estimating a $3.3-billion cut by Congress. Therefore we are estimating we are going to have to cut an additional $3.5 billion, and that gives you the total cut. It is actually $6,864 million or $6.9 billion. This is what the law says, $101.9 billion has to come down to $95.9 billion, and that is the $6 billion cut required by the law.

If our reestimates of a net increase of $900 million is right, then the total cut will be $6.9 billion, and somebody is going to have to make up the $6.9 billion. Either Congress is going to have to do it, and failing that, we will have to do it.

We are estimating Congress is going to cut $3.3 billion and we will have to cut $3.5 billion. If Congress cuts $3 billion, we will cut $3.9 billion. If Congress cuts $2 billion, we will have to cut $4.9 billion, and if Congress cuts $4 billion, we will cut the remainder. That is the way the law reads.

Senator PERCY. So the policy of the administration is very clear?

Mr. ZWICK. Very clear.

Senator PERCY. You are going to do what is necessary.

Mr. ZWICK. We are living with the law and we are not expecting to send up a message asking for any relief from this provision. There have been reports that we have asked for relief because of the CCC-public assistance situation. We have not. Our position was quite clear that this was an unwise provision. We still think it is an unwise provision. The President said so when he signed the tax bill on June 28. But we wanted the tax bill and we signed it and we will live with the cutback provisions.

Congress should be aware of what they are doing, though, and if Congress wants to make exemptions we certainly don't object to it, because we have said all along it is an unwise provision. But we are not recommending it. I think that should be quite clear. We are not going to send up any messages asking for relief.

The problem then comes, where is the $6 billion cut? Are we living with it? The total comes down from $186.1 to $184.4 billion, only a cut of $1.7 billion. What has happened? That is the confusion which I think there is among the public. What has happened, of course, which shouldn't surprise anybody, is that there have been revised estimates for the exempted program. When the tax bill was enacted by both Houses, the President already had announced on March 31 that Vietnam costs were going to be up $2.6 billion in fiscal 1969. We are now estimating the increase at $2.3 billion, not $2.6 billion. You also already knew that interest costs would be up because of the delay in enacting the tax bill.

We also knew that the veterans' benefits were going to be up because the conference itself changed the Senate version of the tax bill. As you remember, the Senate passed the tax bill, excluding only those veterans' programs enacted prior to the tax bill. In the conference itself they changed the bill to exclude all veterans' programs. And Congress then went ahead and enacted higher veterans' benefits than the administration had asked for and that has caused an increase of $0.2 billion over the January budget.

I think anybody who looked at the arithmetic and added it up should never have expected the total budget to be $180.1 billion, be-