Senator JAVITS. Can you think of anything else, aside from what we have been discussing, that would ease interest rates, bearing in mind all the results of the existing financial situation in which this country finds itself because incomes to a certain extent have kept pace with inflation, and those people hit hardest are those who have had to pay higher interest, and the effect on housing of higher interest rates? Is there any suggestion as to what should be done about it?

Secretary KENNEDY. In that connection, I don't think there is an indication that the Treasury's position will add very much one way or the other. We have a very heavy refunding program along with this paydown. And while our cash need will be down somewhat in this period, that is a market matter, and it will probably get in the short term area very quickly. It does have some ripple effect, but I don't think it would go to the heart of the problem you are trying to solve.

Senator JAVITS. Is there anything else that you have to suggest that we could do on the interest rates?

Secretary KENNEDY. We are pushing, as you know, to control inflation. And eventually—how long that would take I don't know—but hopefully that will reduce interest costs.

Senator JAVITS. That is your best prescription?

Secretary KENNEDY. That is the best prescription at this time.

Senator JAVITS. There is one other question I would like to ask, and then I will ask the committee's permission to yield to Senator Jordan. There is a lot of complaint and a lot of concern in my mind about Federal financing techniques as well as Federal bookkeeping. Now, let me lay that before you in a few words, and then I will ask you a question. The Federal bookkeeping is much objected to on the ground that they treat capital items as current expense, or we have no capital budget, that we are financing the Vietnam war on the pay-as-you-go basis, which is absolutely fantastic for wars, we have always financed them by debt. Those are two points. And thirdly, that we are failing to rationalize and develop interesting financial techniques. For example, in this very Banking and Currency Committee that Senator Proxmire talks about, we developed the techniques for financing college housing which took a budget drain of only the interest rate underwriting, that is all, the U.S. guarantee did the rest. We are beginning that same thing in hospitals, hospital modernization. I tried it last year and was unsuccessful. But I am confident we will get it this year. These make enormous differences.

For example, for hospital modernization you buy a billion dollars worth of modernization for budget exposure not in excess of $50 million. There is a big difference in appropriating a billion and 50 million. Now, is the Treasury going to study both these questions with a new and free outlook, not tied to the past, that is, whether the Federal accounts are really kept in such a way as to justify our position in the world? We say we are suffering from inflation and budget deficits. I don't think it is true in terms of the real strength of the currency and what it really means in production and integrity.

Secondly, the many ways in which an administration in which there is great financial confidence could adopt totally new financing techniques which will make very measurable budgetary differences.

Secretary KENNEDY. Senator, we are taking a look at some of those