areas that you are talking about, and we will take a look at each of them. Because I agree that we ought to take a look at each of the areas rather than just be prejudiced by the past policy that doesn't mean that I agree in the various areas.

Senator JAVITS. Mr. Secretary, would it be taxing you too much to ask you to write to the committee—and I will ask unanimous consent to include it at this point in the record—as to the ideas and point of view of the Treasury and what it is going to look into, so that we have the whole thing before us as a kind of new approach to many of our problems? And it would be in a sense a self-dictated directive as to what you are really going to do. Would you mind doing that?

Secretary KENNEDY. I would be glad to do it.

Chairman PATMAN. Without objection it is so ordered.

(The information requested by Senator Javits and subsequently supplied follows:)

FEBRUARY 19, 1969.

Hon. DAVID KENNEDY,
Secretary of the Treasury,
Treasury Department,
Washington, D.C.

DEAR MR. SECRETARY: This is to confirm our discussion this morning at the Joint Economic Committee hearings concerning my suggestion that the Treasury consider the following: the question of setting up a capital budget within the Federal budget; the reasons why the Vietnam war is being financed out of current revenues rather than debt financing as in past wars; and new financial techniques such as interest subsidies to encourage the flow of private capital to modernize or construct hospitals, educational, and other facilities designed to alleviate certain basic social problems facing the country today.

In order that the record on our hearings may be clear on this, I would appreciate it if you would submit to the Joint Economic Committee a letter indicating that the Treasury Department plans to look into these questions.

May I congratulate you on your first appearance and excellent testimony before the Joint Economic Committee.

With best personal regards,

Sincerely,

JACOB K. JAVITS.

THE SECRETARY OF THE TREASURY,
Washington, D.C., March 4, 1969.

Hon. JACOB K. JAVITS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR JAVITS: This is in reply to your letter of February 19, 1969 in which you confirm our discussion on that date at the Joint Economic Committee Hearings and request that I submit to the Joint Economic Committee a letter indicating that the Treasury Department plans to look into the following questions: "the question of setting up a capital budget within the federal budget; the reasons why the Vietnam war is being financed out of current revenues rather than debt financing as in past wars; and new financial techniques—such as interest subsidies to encourage the flow of private capital to modernize or construct hospitals, educational and other facilities—designed to alleviate certain basic social problems facing the country today."

These questions raise a number of broad budget and fiscal policy issues. While we have not yet developed our thinking fully on these matters, I would like at this point to make the following comments.

The capital budget question was explored in some detail in the October 1967 report of the President's Commission on Budget Concepts, which I chaired. The Commission strongly recommended against a capital budget which would provide separate financing of capital or investment expenditures on the one hand and current or operating expenditures on the other. The Commission felt that such a budget would seriously distort the budget as a decision making tool. Nevertheless, the Commission saw considerable merit in the continued publication