

Mr. SHULTZE. As you are, of course, aware, you and I exchanged letters with respect to making interim budget information cost available to the Congress.

Chairman PROXMIRE. Yes, that was very helpful, and I certainly commend you on your willingness to do that.

Mr. SCHULTZE. And on the basis of that letter we would be transmitting revised estimates for the fiscal 1968 budgetary outlook some time in late July, or at the worst very early August, at which time this would clearly be a factor to be taken into account.

Chairman PROXMIRE. So you are suggesting that one way we can work together is this more frequent estimate?

Mr. SCHULTZE. Yes, and we have so agreed in our exchange of correspondence.

Chairman PROXMIRE. Now, I am going to ask the question from the other standpoint. Vice President Humphrey indicated earlier this year that the ball game would be over in Vietnam this summer, meaning presumably we might be negotiating, de-escalating rapidly, and so on. Right now, not 6 months from now when the report might be made by the Ackley Committee, but right now, what plans do we have for conversion of our resources in the event that the war should end in the next month or two or three?

Mr. SCHULTZE. It seems to me that the plans we have for doing that will be those developed by the Ackley Committee. The committee itself would have to telescope its plans into a very short time period in order to do that in only 2 or 3 months.

Chairman PROXMIRE. But the Ackley Committee is just organizing, just getting going.

Mr. SCHULTZE. It is a little more than just organized. We are well into the way of taking a look at the problem. But none of the work has been completed. Clearly under the conditions you indicate that work would have to be telescoped substantially. But as you are aware, Senator, the Congress, on a number of occasions in the past, has shown that it can react responsibly and very quickly to administration requests for action if needed on a fiscal matter.

Chairman PROXMIRE. What kind of action can the President take? What are the dimensions of his actions? He has control over the budget in the event, first, that there is escalation, and he wishes to contract the nondefense spending, or second in the event that there is de-escalation and negotiations, he may want to expand the nondefense spending? What kind of discretion does he have? Obviously he exercised some last November when he announced a \$3 billion cut. Since then he has adjusted that. But how far could the President go either in cutting or in increasing spending?

Mr. SCHULTZE. I am not sure, Senator, that I could give you a specific number which would be a measure of his control. But as you have indicated, we did withhold and defer some \$5 billion in Federal contracts.

Chairman PROXMIRE. Five billion?

Mr. SCHULTZE. In contracts which have a \$3 billion expenditure impact. And of course the economic impact of Federal Government actions isn't just the result of expenditures. In relation to timing, there might be an effect when contracts are made, even though the expenditures may not take place for some time.