In summary, I would say that the President does have some significant but not very great ability to defer or postpone the awarding of contracts that would thereby have impact on expenditures.

Chairman PROXMIRE. Give us some figures. You said that he was able to defer $5 billion in contracts that would have $3 billion impact on spending. Obviously he didn't go as far as he could go, or maybe he did, I don't know. But it seems to me he could have gone farther, perhaps instead of $3 billion he could have cut $5 or $7 billions of spending. One thing he could clearly have done—something that was done, as I understand it, in World War II—would have been just to have stopped all the nondefense public works, for instance. And this is around $9 billion a year.

Mr. SCHULTZE. I don't know, Senator. As a matter of fact, during the time period in which we were interested in the deferrals, we literally stopped all new starts on water resource projects. There may have been one or two exceptions.

Chairman PROXMIRE. He is not confined to new starts, however?

Mr. SCHULTZE. He is not confined to new starts, although once you get beyond new starts it is more difficult. For example, look at what happened during Korea. We did come in with no new starts for a year, but we did not cut off all new construction, because you have on-going work for a contractor on the job. And once you go beyond new starts, you have to make a judgment with respect to how much you cut into that.

Chairman PROXMIRE. You see, what I am getting at is, there is a very real possibility, it seems to me, that you might need no congressional action at all to adjust in the first year or so, for this reason. Supposing negotiations in cease-fire come tomorrow? Mr. Anthony has testified to what Secretary McNamara announced some time ago, that there would be quite a gradual scaling down in procurement, because they would build up depleted inventories. Also I presume demobilization would not come like that, it would come over a period of several months, it would be some time before we would draw all of our people back from Vietnam. So that the effect on defense spending would be a gradual reduction of that $15 to $20 billion you are talking about. Now, can you put these two things together, then, to indicate the degree to which in your judgment the President could act to absorb, say, for several months at least, on the assumption that the economy is moving along about as it is now, to absorb this cutback by his own Comptroller of the Budget?

Mr. SCHULTZE. Staying for the moment within just the expenditures, it seems to me that there are three levels of action. First, without additional appropriations or authorizations, there is some limited amount by which the President could increase on-going programs without congressional action. Primarily these happen to be programs where there are certain unobligated balances, or where the funding is through the back door funding. This is true in the case of many of the housing programs and development programs where you have large authorizations that you can spend without the appropriation process. Without appropriations I cannot give you any magnitude, but there is some modest amount about which the President could expand the spending.