

Mr. HUGHES. I think, Senator Percy, anyone looking at the problems of property disposal would have to acknowledge that the incentives tend to be the other way. There are actually advantages, frequently, in retaining property because of the flexibility in management that that provides or because of the additional services that otherwise makes possible.

The counterincentive I think simply is the incentive to good management which we are committed to and which the administration throughout I think is committed to. It sometimes seems an inadequate counter to some of the pressures the other way. Some of them are within the executive branch, some are within the Congress, some of them in the private economy. Notwithstanding the counterpressures there are some quite impressive figures with respect to the amount of property declared excess, particularly in recent years. I am not maintaining we found it all or declared it all excess, but there have been some substantial increases in the inventory of excess property declared for transfer and disposal and these increases reflect a great deal of pain and strain—base closings-wise and otherwise. They come about through a great deal of attention on the part of a wide range of Agencies and Departments, much of it being Defense. But the incentives frequently tend to be the other way, I suspect not only in the public, but in the private economy.

REVENUES FROM SURPLUS PROPERTY

Senator PERCY. I am just wondering, when we get these estimates now of the deficit, and I understand Mr. Fowler gave a new estimate yesterday following some of the "ball park" figures thrown out at Hot Springs where I was this weekend. When we get figures like that there are only a few things we can do—increase the debt, which endangers the soundness of our fiscal policy; or we can try to increase taxes which is going to be difficult if the economy is at all soft; or we can try to somehow or other to dispose of certain inventories that we might have. What if you took a figure and said we are going to try to find \$10 billion out of surplus disposal and give a quota to the department? You give them a quota when you cut their budget. Is it feasible to say to many of these departments where you guess there is a lot of stuff just sitting around. "We expect you to find in one department \$2 billion and that is a goal for you to dispose of"? We are getting to the stage where we are going to have to find new techniques and resort to new approaches rather than just let a lot of this sit around, even though I know you have made progress in recent years trying to dispose of surplus property, including a film company I happen to be familiar with.

Mr. HUGHES. We may be to some extent confusing unlike things in somewhat different orders of magnitude. We are a little bit sensitive to the subject of assets disposal to deal with budget deficit problems, off our participation certificate sale controversy.

Senator PERCY. It is a problem of increasing the debt.

Mr. HUGHES. To the extent that surplus property can be disposed of it represents Federal budget income and is an offset against any expenditures. I think the orders of magnitude here, however, the poten-