First, how much of a reduction do you hope to get through the PC's? Second, where will you get the next reduction—will you increase and decrease defense by $4 billion and call that a savings?

Mr. SCHULTZE. I am saying in the civilian area we are going to set up expenditure reduction targets exceeding, this amount, but to be conservative, let's put down $2 billion.

Mr. BYRNES. They are going to be set up in the future? Why aren't they established now? The Senate Appropriations Committee is currently adding to appropriation bills that have been passed by the House. Why don't you give them the benefit of your advice, and assist them in remaining within the House action on the appropriation bills?

Mr. SCHULTZE. Mr. Byrnes, the Congress has now been in session for 7 months. We have three appropriation bills completed. If we came up to the Congress with a completely new set of appropriations, in terms of a long list of amendments and supplementals, first I am sure the Congress would be here till Christmas. We do not believe that this would be the way to get the cuts made. Secondly, if we came up with that list of cuts during the period in which some bills have passed the House, some have passed the Senate, some are still in committee—in which bills are in all different stages—we are fairly sure that we simply would not get them done. This is the reason we are proceeding as we are—as soon as the appropriations are enacted, we will give each agency a target to hold back within those appropriations.

Mr. BYRNES. Mr. Director, do you really think the Appropriations Committee would get upset if you brought in a rescission bill? You don't hesitate on supplementals, and a rescission bill should be possible.

Mr. SCHULTZE. Mr. Byrnes, you may be right. Far be it for me to put my judgment about what might happen in Congress ahead of yours. All I might do is point out to you the experience of last year when we did send up a number of cuts, about eight or nine of them, many of them involving fairly large amounts of money, and we did not get a single one of them. Now, people said, "You are unrealistic. You should not expect them to get through the Congress," and the like.

Mr. BYRNES. But you also got some you asked for, didn't you?

Mr. SCHULTZE. That is correct, we did, and we held back on most of those, not all of them, but most of them.

Mr. BYRNES. You held back on them?

Mr. SCHULTZE. Yes, sir.

Mr. BYRNES. If you didn't get the money, how could you hold back on them?

Mr. SCHULTZE. I am saying the ones we did.

Mr. BYRNES. I am talking about the cutbacks the Congress did give you.

Mr. SCHULTZE. I misunderstood you. That is correct. In some areas we did not.

Mr. BYRNES. If you balance them together, they may have come out even.

Mr. SCHULTZE. On balance there was a $2½ billion increase in expenditures last year from congressional action.

Mr. BYRNES. $2½ billion?

Mr. SCHULTZE. $2½ billion increase in terms of congressional action last session.

Mr. BYRNES. Is that appropriations or expenditures?