

Mr. SCHULTZE. Expenditures. I am talking about expenditure changes in terms of the impact of appropriations and authorizations on expenditures. This I presented to the committee in January when I was up here. We offset a lot of that increase by our cuts.

Mr. BYRNES. God bless you.

Mr. SCHULTZE. All I am saying, Mr. Byrnes, is I realize you disagree with me, but in looking at this thing coldly in terms of how one gets expenditure cuts, our experience has been that if we try to make a lot of revision in the middle of the appropriation process we would end up much worse off than doing as we are planning to do.

Mr. BYRNES. You are going to wait until after the Congress acts?

Mr. SCHULTZE. We are going to take action bill by bill as we get the bills. We will be giving each agency a reduction target as soon as its appropriation bill comes through. We are not going to wait and do nothing until whenever it is that the final last appropriation is in. We are not going to do that, but as each bill comes through, we will give the agency a target. We may have to adjust the targets later, both plus and minus, because of unanticipated events, but that is what we will do.

Mr. BYRNES. You have to wait until you get the appropriation bill before you give them a target.

Mr. SCHULTZE. There are actually two parts to the process. First, those agencies which already have appropriation bills have been given targets, and have been asked to review their expenditures and make recommendations as to how they would reach it. That covers a very small part of expenditures so far this year.

Secondly, to every agency I have sent a memorandum of instructions indicating that we will ask them to make reductions and that between now and the time they get their appropriation bill they should avoid to the maximum extent possible any commitments which will make the reduction difficult.

Mr. BYRNES. What I don't understand is why we are told that the Congress increased appropriations and expenditures this year by—

Mr. SCHULTZE. Last year, 1967.

I wasn't saying this year.

Mr. BYRNES (continuing). By \$2 billion above what last year?

Mr. SCHULTZE. \$2.5 billion more than the budget recommendations.

Mr. BYRNES. By \$2.5 billion above the budget recommendation. Yet we have no less a person than the Vice President pointing out that it is Congress that is responsible for the riots and the unrest because they haven't appropriated enough money. We haven't been spending enough. Now we are told that we spend more than the administration was proposing.

Mr. SCHULTZE. No, sir; I just think you have to distinguish last year from this year. There was a difference in terms of the net end results.

Mr. BYRNES. No, these speeches charged that the conditions would not have existed, that they would have been eliminated, and people could have used them as a justification for the riots. Those conditions would not exist if Congress had only done in the last few years what the administration apparently wanted them to do.

Mr. SCHULTZE. No, sir.

Mr. BYRNES. We were too frugal.