Mr. CURTIS. $2 billion. So it would be $3 billion.

Mr. SCHULTZE. That is correct but I am not at this time predicting that. We are hopeful of getting the full authorization.

Mr. CURTIS. If you don't have the power to sell these in a way doesn't this cut back on the expenditures that would otherwise be financed by them?

Mr. SCHULTZE. No, sir; this $2 billion reduction would not result in an expenditure cut.

Mr. CURTIS. Not psychologically?

Mr. SCHULTZE. We have no cases that I know of in which the level we are talking about, the $2 billion cut, in and of itself would change the level of program activities. There are some programs in which the level of activity depends in part on the level of PC sales; however, this is not the case with respect to the $2 billion we are talking about here.

Mr. CURTIS. Couldn't it change it because these are increased expenditures?

Mr. SCHULTZE. That is correct, we have estimated some increases in these programs.

Mr. CURTIS. That you are counting on to finance through this sale. You could take this as we take the trust fund and in effect say to the agencies that are counting upon these revenues from these sales to finance it, "Look, our source is diminished," just as we did with the highway trust fund.

Why can't we cut expenditures in this area to make up this difference?

Mr. SCHULTZE. What I am saying, Mr. Curtis, is just taking the level at which the House action, for example, has authorized PC's, there would still be funds available as authorized by the Congress in prior substantive and/or appropriation acts to carry out the lending activity of the programs concerned at the level indicated in the budget even if we didn't get that $2 billion in PC sales authority.

Mr. CURTIS. I understand that but can't the administration cut back, talking about areas in which you are going to cut back.

Mr. SCHULTZE. Yes, sir. Clearly these programs will be among the areas which we will examine and I am sure they will take their share of cuts. Excuse me. I didn't understand your question.

We would have the authority to make the expenditures for the lending programs. But you are quite right. These will be among the ones that we will look at in our efforts to reduce expenditures.

Mr. CURTIS. I would think this would be a good way. If you cut back $2 billion from your $5 billion to $3 billion in what you are going to sell, cut back $2 billion, or request agencies to cut back here until we get over this hump, then it wouldn't make any difference.

Mr. SCHULTZE. No, sir; I don't agree with that because what we would do would be to take the total expenditure cut and look at where it ought to be assigned in terms of priorities and technical feasibility, rather than linking it mechanically in some way or other to the PC's.

Mr. CURTIS. I am not talking about that necessarily. There are all sorts of ways of doing it. When you have to cut believe me you can, when there is a will to do it. It means that some of these cuts will be in good programs, but if your rhetoric on the damage that can come to this economy from further inflation—I emphasize "further"—and from further increased interest rates, is meant, then it behooves us to do this.