

I think you will all agree that, if inflation does come more than it has, it is a meat ax cut that cuts your welfare program, your defense expenditure, that cuts all programs across the board, right?

Mr. SCHULTZE. Mr. Curtis, that is precisely why in making up this fiscal program the President included expenditure cuts as part of it. Many desirable programs are undoubtedly going to have to be cut. We are going to have to balance off, in other words, the gains on the overall fiscal side against the gains from a particular program.

We agree on that. I think where we disagree is with the magnitude.

Mr. CURTIS. Or the specifics. I remember last year trying to get from the administration where this \$3 billion cut was that you told us and they turned out to be deferments, not cuts at all, and I never could find out even then where they were.

Mr. SCHULTZE. Mr. Curtis, as a matter of fact all through those discussions—and I stress, all through those discussions—we indicated that those would be deferments and reductions. There is absolutely nothing wrong with deferments, Mr. Curtis. They simply stretch expenditures out during periods in which there is inflation.

Mr. CURTIS. I am not talking about that being a deferral. I am for deferments too but when we are talking about cuts and in the context we were talking about, no one thought we were talking in terms of 6-month deferments. I can assure you of that and the Republicans and the Congress didn't and whether we were right or wrong—

Mr. SCHULTZE. All I can do is use the English language. Right now when I am talking about making reductions—

Mr. CURTIS. I am more interested in figures than the English language, I will tell you right now I am more interested in figures. I am tired of the manner in which the English language has been used by this administration. I want the figures.

Mr. SCHULTZE. Last year we indicated we were going to cut \$3 billion in terms of fiscal 1967 effect, and that is what we did except for about \$100 million that resulted from releases.

In other words, the releases did affect 1967. We made those cuts. I would have urged you to have been with me before the House and Senate Public Works Committee in their hearings on highways to get some idea of how real those cuts were.

Mr. CURTIS. This is an example of this kind of chicanery. That had nothing to do with general revenues. That had to do with the highway trust fund and you know it.

Mr. SCHULTZE. Of course I know it.

Mr. CURTIS. Well, we are talking about the administrative budget.

Mr. SCHULTZE. Fine, let's shift to the administrative budget.

Mr. CURTIS. Let's don't keep shifting from one to another as you did before on trust funds. This whole exercise that we are engaged in here relates to the administrative budget, not trust funds.

Mr. SCHULTZE. This particular exercise does, sir. I thought we were talking about last year's cuts and you didn't think we had cut.

Mr. CURTIS. I am talking about last year's too. That was an exercise on the administrative budget, and did not have anything to do with the trust funds.

Mr. SCHULTZE. Excuse me, Mr. Curtis. I don't like to prolong this argument, but at all stages of this exercise we told you we were considering highways as part of the cutback. We were looking at Federal