

I won't take your language. I want to know what unacceptable levels are. I want to talk about what we can reduce in some of these areas.

Secretary FOWLER. Why don't you take the figures on the percentage relationships to GNP?

Mr. CURTIS. That is a very interesting one too and the Federal Government is one of the few institutions in our society that hasn't shown a decrease. Take farming, agriculture. Every other sector shows productivity increases.

Mr. SCHULTZE. It has to add to a hundred, Mr. Curtis.

Mr. CURTIS. Well, there are more sectors. You had no television during the Korean war. You had no space. You know the answer to that. As this economy grows you get new sectors that never were in the economy before.

Mr. SCHULTZE. Quite correct; including education and things like that.

Mr. CURTIS. And education is certainly one of the most important and—

Mr. SCHULTZE. You share our belief, Mr. Curtis.

Mr. CURTIS. I wish I could share your figures as well as your belief. Getting over to these areas of expenditures, Mr. Schultze, you simply state without proof that these expenditures are uncontrollable. I don't know a Government contract that doesn't have a termination clause in it; do you?

Mr. SCHULTZE. That is correct; I agree.

Mr. CURTIS. Why are these uncontrollable?

Mr. SCHULTZE. They are uncontrollable because we don't believe, except in very exceptional circumstances—and there are cases where it does happen—we should abrogate the contracts and pay the penalties and thereby increase the cost to the Federal Government.

Mr. CURTIS. This isn't an abrogation. Many times contracts in private enterprise are cut back because—

Mr. SCHULTZE. We don't consider it good public policy. Let me put it that way, then.

Mr. CURTIS. In other words, you don't think it is serious enough to do anything about these things. That is it really.

Mr. SCHULTZE. We think it is serious enough to do things when we think, in term of priorities, they ought to be done.

Mr. CURTIS. Yes, but you won't share your discussion of priorities with the Congress.

Mr. SCHULTZE. Mr. Curtis, I talked to Mr. Byrnes at some length about that.

Mr. CURTIS. You put all of these over here, Mr. Director, and say these are uncontrollable. Now you have admitted that they are controllable, but your argument is, for public policy, we shouldn't do it and that is a fair statement, but then Congress should be involved in this public policy.

They are controllable, aren't they?

Mr. SCHULTZE. Mr. Curtis in the sense that legally we can violate those contracts—

Mr. CURTIS. It isn't a violation.

Mr. SCHULTZE. Yes.

Mr. CURTIS. It is not a violation when you have those clauses.