

Now, that main period of acceleration is behind us. So there will be some better cash flow pictures on the part of companies that have been undergoing that acceleration process. Therefore, I do not believe that they will be the same motivation or purpose in just using the investment credit for the sake of having a credit on taxes.

Mr. BATTIN. Mr. Schultze, you probably remember a period before the Appropriations Committee on the 1968 budget when you had a colloquy with Congressman Cederberg of Michigan and Congressman Jonas of North Carolina, I guess I will have to paraphrase, on the phantam savings where some credit was being taken for cuts or savings in the budget and in fact on money which had been appropriated. What brings this to mind is that now we are talking about cutting spending of the executive agencies.

Are we talking about real dollar savings, money that has been appropriated, or are we talking about something that was not appropriated?

Mr. SCHULTZE. I recall the colloquy. I think you are referring to a sum of about \$500 million, or something like that.

Mr. BATTIN. No; it dealt with something between \$4 and \$7 billion.

Mr. SCHULTZE. Then I am sorry. Let me reconstruct the situation that I am fairly sure you are referring to.

Last year in September before this committee we indicated that we would make savings in a number of ways. In particular I mentioned two of them. One was that where the Congress had authorized additional sums for new programs we would not come up and request an appropriation for them.

Secondly, we would, once appropriations had been made, reserve, impound, use whatever word you want, some of those sums and not spend them. We did both. Of the \$2.6 billion savings in the administrative budget, about \$500 million—I don't remember the exact number—resulted from not sending up appropriations in cases where the Congress had increased the authorization for new programs over the budget recommendation.

Now, the situation this year so far is quite different than last year with a few exceptions. In general we are not faced with the situation, as we were last year, of the Congress authorizing new programs, \$4 to \$5 to \$6 billion above our budget. Consequently the question of our not coming up with appropriations to finance those new programs does not arise. Hence, the \$2 billion-odd savings I am talking about for this year basically comes from the Congress itself cutting appropriations below our budget and/or the administration, to the extent that Congress does not do that, saving from those appropriations themselves. Either way, to the extent that Congress does cut, we have to do less and I will be happy for their cooperation.

Mr. BATTIN. Incidentally, this appears on page 40.

Mr. SCHULTZE. I remember this colloquy in which Congressman Cederberg and Congressman Jonas said it was not legitimate for us to claim the savings of \$500 million. I pointed out that we had already told the Congress we would get the savings in three different ways.

Mr. BATTIN. What I am trying to point out here is that the effect the savings that we are talking about, you are not going to request appropriations but you are actually going to cut down on money which has been appropriated.