

Mr. SCHULTZE. And/or. I say to the extent that Congress itself cuts some of these appropriations, both of us, between us, would do this in terms of appropriations that are not spent. Let me add, of course, that to the extent in future weeks or months the Congress does add additional authorization over and above the administration's recommendations, then we would as a general proposition not necessarily come up and ask for the full appropriation, but that is separate from anything I have said so far. I have not counted that in the \$2 billion.

Mr. BATTIN. I have one other question. I have a special report of the Tax Foundation which was prepared recently concerning the controllable and uncontrollable items in the budget. I would ask for unanimous consent that they appear at this point in the record.

The CHAIRMAN. Without objection, it is so ordered.

(The special report on controllability of fiscal 1968 budget expenditures follows:)

TAX FOUNDATION—SPECIAL REPORT

CONTROLLABILITY OF FISCAL 1968 BUDGET EXPENDITURES

Analysis Rebuts Claim that 1968 Budget is Relatively Uncontrollable

The budget message of the President for the fiscal year 1968, transmitted to Congress in January, contends that major cuts cannot be made in the estimated \$135.0 billion of Administrative budget expenditures "without serious impairment to vital national objectives." In support of this contention the message identifies various uncontrollable areas to show that only \$14.9 billion—or 11 percent of the total—may be considered as "controllable." And it goes on to suggest that even this relatively controllable area includes certain "indispensable" programs.

On the other hand, sources within and outside the Congress have been calling for substantial reductions, of from \$3 billion to \$6 billion, in expenditures for fiscal 1968. Demands for spending reductions of this magnitude obviously run counter to the contention of the budget message that almost 90 percent of these expenditures are beyond effective control.

Claims as to the controllability or uncontrollability of the budget expenditures of course, vary with the assumptions on which they are based. The budget message, for example, marks down the entire expenditure for national defense (\$75.5 billion) as "uncontrollable." However, while Vietnam requirements obviously introduce an element of uncontrollability the great emphasis placed upon the Defense Department's cost reduction program suggests that other areas of defense spending are susceptible to control.

In recent testimony before the Committee on Appropriations of the House of Representatives, Budget Director Charles L. Schultze, while presenting a breakdown supporting the "relatively uncontrollable" viewpoint set forth in the budget message, also acknowledged that "there is no such thing as an absolutely uncontrollable expenditure."

This Special Report presents an analysis of the projected fiscal 1968 administrative budget expenditures, by factors which influence annual Congressional control, in an effort to provide some information on possibilities for budget reductions. While it is impossible, lacking detailed information in some areas, to be precise in arriving at such estimates, this analysis suggests that as much as \$55 billion of estimated expenditures for fiscal 1968, or roughly 40 percent of the total, may be classified as "relatively controllable"—i.e., subject to possible reductions by the Congress (or the Executive).

Relatively Uncontrollable Expenditures

There are areas of Federal expenditures which are not readily susceptible to annual Congressional control through the appropriation or legislative process—or which at best are subject to very limited control. Table 1, on the following page, summarizes these relatively uncontrollable areas, grouping them according to the factor which influences the degree of Congressional control. Detailed information on the programs and items involved in each of these categories is set forth in the series of tables which appear at the end of this report, pages A-1 through A-16.

A brief explanation of the "relatively uncontrollable" areas summarized in Table 1 follows: