

In the Korean war we did not have actual rationing but we had pretty substantial use of those same instruments. Now in this particular situation we are trying to do without them.

The retailer that you are speaking of, if he is old enough to remember the situation in World War II and the Korean war, the real question for him is whether he wants the economy stabilized during this period by a combination of fiscal and monetary policy or whether he is willing to take his chances on either inflation, roaring inflation, or a return to some kind of control mechanism.

We believe by and large the alternatives of the using of the fiscal and monetary policies is the one that is best for the American economy and that the American people will prefer it, particularly those whose memories are long enough to remember those other periods.

Mr. GILBERT. It is not because of any shortage of goods that you are trying to prevent the producing of more goods, is that right?

Secretary FOWLER. We are trying to keep employment and the use of plant and the creation of additional plant in some kind of reasonable relationship with the demand through these fiscal and monetary measures.

Mr. GILBERT. I have no further questions.

The CHAIRMAN. Mr. Betts.

Mr. BETTS. I do not have any questions but I did want to make a couple of comments. Maybe I will be laboring the point.

The concern I have here is that I just don't find anything I can really come to grips with.

I notice you use the words "expenditure control." I would be much more comforted if you used the words "significant expenditure reduction."

Secretary FOWLER. Could I give an example of the two.

I think with the pay raise I am talking about expenditure control. In cutting out some of the items in the budget that Mr. Schultze is talking about that is expenditure reduction. One is controlling an increase to a moderate pace, 4½ percent rather than 8 percent, and the other is an actual elimination of an activity.

Mr. BETTS. What I am getting at is that it just seems to me if this war in Vietnam is serious enough to warrant a 10-percent surtax on the American people, it is really serious enough to cut where it hurts. As Mr. Curtis said, "go after some of the sacred cows."

For example, I hear general statements about these expenditure cuts but nothing that seems to be bold enough to really excite me. For instance, I am advised there is \$10 billion unexpended in the foreign aid account.

Secretary FOWLER. How much?

Mr. BETTS. \$10 billion.

Mr. SCHULTZE. That sounds high. I will have a number in a moment.

Mr. BETTS. In the pipeline. I may be off a few billion dollars.

Mr. SCHULTZE. There are substantial amounts primarily. We have to distinguish on this between moneys which have been made available by the Congress and not obligated or contracts let—that is relatively small—and moneys which have been made available by the Congress and contracts let and goods under order. The latter is the big part of the unexpended balance.

Mr. BETTS. That does not impress me. I will tell you why.