

We on this side have been talking about that for a long time and have been outvoted. It looks like this is the day of reckoning.

Mr. SCHULTZE. May I make two points.

First, you will recall that last year we indicated we were going to cut, defer, delay, and postpone expenditures. I did come back to this committee—and it is incorporated in the record of the debt limit hearings in January—with about a 20-page list specifically showing item by item what we had done.

We are going to cut. But in order to get started, rather than proposing appropriation amendments and rescissions in the midst of an appropriation process, which is well along, and keeping Congress here for another 6 months, we have decided to take the appropriation bills as they come through in final form and cut from there.

Hopefully the Congress will cut some also. But then, between what the Congress cuts and what we can get at later, we will take this money out. As the appropriations come up item by item—we have set up specific machinery to do it and they are now being reviewed—all the appropriations that have come through are being reviewed for targets the agencies have to cut to.

Mr. BETTS. I wish it had been started last January when the tax cut came up.

Now we are in a jam over this salary increase of Government employees. The message came from the President recommending a salary increase.

Mr. SCHULTZE. Yes, sir; we are still recommending it.

Mr. BETTS. When these recommendations are made, pressures build up and things get out of control.

Mr. SCHULTZE. Again, Mr. Betts, I realize we disagree on some of this but we are trying to walk a middle ground. It is necessary to keep, hold and maintain Federal employees who do their jobs well. We can't let them fall behind. So we did send up a pay increase and that pay increase was a 4½-percent increase.

What we are now asking is for the Congress not to go beyond that. We are trying to walk a middle line here and be responsible in terms of attracting Federal employees who do a good job, and it is necessary to pay them an appropriate amount.

On the other hand, we do not want to see the Congress add to the proposal. The bill now being considered in the Post Office and Civil Service Committee would go well beyond that proposal.

Mr. BETTS. I understand. I commend you for the position you have taken up until now. I think we should have been aware of the risk we run when we try to take the middle ground. It would have been better to send up a message recommending 2 percent.

Mr. SCHULTZE. I am beginning to think, Mr. Betts, you may be right.

For a number of years the pay proposals caused a hassle between the executive and the Congress every year. So, we decided to go on the principle of comparability.

Now we have not achieved that. We are trying to achieve it. In a way you are right. What happens is that we send up a pay message which is based on that principle and then we argue from there on up. So maybe you have a point.