

Mr. BATTIN. Several times in your statement you quoted from the President's message to us on August 3. One of the things he said in his message, and the reason I ask this question, is that you throughout your statement emphasize the necessity to couple an increase in taxes with a reduction in Federal spending. I quote the President's message:

All actions we take to reduce Federal spending must—and will—be carefully and compassionately weighed. For we cannot turn our backs on great programs that have been begun, with such promise, in the last 3½ years.

I am wondering, based upon the state of legislation at this point in Congress, with the unrest that exists in the country, with the talk about a Marshall plan for the cities of the country, whether you want us to believe that there will be a corresponding reduction in Federal spending?

Mr. WRIGHT. I know this is a difficult problem and our feeling is that this lies within the province of the Congress and the administration to decide which areas shall receive priority. But I believe that the administration has expressed confidence that there are areas that can be cut, and I have seen many congressional statements that in specific programs further cutbacks would be possible.

I think this is a matter of setting priorities. I cannot urge upon you specific areas that should be eliminated or cut, but I think in the postponement and deferment of those things that are not so pressing a good deal could be achieved in budgetary savings.

Mr. BATTIN. Another area is one that was discussed earlier in the week. Do you think being faced with a \$29 billion deficit would have any, let's call it, pressure on the Executive to hold down spending without any tax increase?

Mr. WRIGHT. You mean in the absence of a tax increase?

Mr. BATTIN. Yes, just being faced with a \$29 billion deficit.

Mr. WRIGHT. I think it is bringing that pressure to bear right now.

Mr. BATTIN. And you follow the papers as closely as Members of Congress do?

Mr. WRIGHT. That's right.

Mr. BATTIN. Do you ever see what happens when a cut is made on Capitol Hill of any requested expenditure? I can just think of the other day when the other body made a very sizable cut in foreign aid. The President took the airwaves that night to condemn that body for what he considered a temporary setback. I don't share, I guess, with you the feeling that the administration will, in fact, even come close to dollar-for-dollar savings or even less than that, a three for one, reduction in nonvital expenditures, and this is what gives me great cause for alarm because I think the tax increase without the reduction is doing nothing more than financing the continuation of the present level of spending.

Mr. HERLONG. Will the gentleman yield at that point?

Mr. BATTIN. Yes.

Mr. HERLONG. And this cut that they made over there would have no effect on this year's spending at all because they have over \$9 billion in the pipeline that is already obligated?

Mr. BATTIN. That is right.

Mr. HERLONG. Then it would have no effect. Yet he asked for more to go into the pipeline at a time like this.