

have to be regarded just like any other source. If the trust funds are to be contingent, then those must be marketable securities, not just the—

Mr. SCHULTZE. All I am saying, as an economist, if I want to look at what the Treasury has got to lay on the market in any given year, I look at the administrative budget deficit and take off what the trust fund surplus is. I don't know how to respond beside that.

Representative CURTIS. Could I go a little further with the indulgence of my colleagues, and see if we can get the answer?

The point I am making is the Federal Government has the responsibility in those trust funds to keep their integrity, and if you approach it the way you say, lodging whatever debt you can in there, with a disregard for whether this debt consists of marketable kinds of securities, and that the overage is all the Government has to worry about then the integrity is compromised. I am not asking you to agree with me, I am trying to get you to discuss the points.

Mr. SCHULTZE. I guess then the only thing I can say in response to that, if you are getting at the reliability or the absolute security of what the trust funds are invested in, it is the U.S. Government that is behind them as special issues—fully as much, no more, no less than it is behind the Treasury securities that are marketed to the public. I don't understand the difference of the marketability business.

Representative CURTIS. Simply what the Secretary of the Treasury told us in your presence, that if we didn't give them the debt ceiling, that they would have to shut down on payment of social security funds, because the security holdings of this contingent fund were not readily marketable, so that these funds or these securities could be converted into cash to pay the people. That is the point.

Mr. SCHULTZE. But that is a debt limit problem. If the debt limit isn't raised all bonds are—

Chairman PROXMIRE. Go ahead, finish your reply.

Mr. SCHULTZE. My only point was that this is a debt limit problem. Of course, if the debt limit isn't raised, all securities are called into question.

Representative CURTIS. I thank the Chair.

Chairman PROXMIRE. Senator Ribicoff?

Senator RIBICOFF. Mr. Schultze, I noticed for the first time, I believe, in the history of the budget, you have a section on Federal assistance for the poor. Why do you categorize expenditures that way? You don't have one for the middle class or expenditures for the rich.

Mr. SCHULTZE. I am sorry. I am trying to look back at why we put it there, and it seemed so obvious I never thought it out. It is obviously because the major social concern of this country for many years, but particularly in recent years, has been the attack on poverty and the attempts to get at the poverty problem.

This doesn't mean, of course, that the country was never before concerned with it, but it has been a major concern of Federal social legislation in the last several years, and we thought it was important to bring out what the total funds were that are going into this problem.

Senator RIBICOFF. I am very curious. I notice about \$25.6 billion is being expended for the poor, and you include social security payments that make up about 30 percent. Now what right do you or anyone else have to include social security payments that people have by