

That is really what priorities are. Just as in defense, you don't take out all ships and put all aircraft in; you balance on the margin, the whole budget is precisely an exercise in priorities.

Obviously, people disagree about the priorities of the budget, what it implicitly contains, but I don't think that we either should or could come up with a categorical listing that the highest priority program we have is X and the next highest priority program is Y and the next highest priority program is Z because, for example, in terms of reductions, you might decrease Z by \$10 million before you decreased X by \$10 million.

But having decreased Z by \$10 million, you might go right back up to X and take something out of it before you took a second slice out of Z. So the idea of coming up with a straight list of priorities per se I don't think makes good budgetary sense. What does make sense is looking at the amounts you put in and adjusting those on the margin.

Senator RIBICOFF. You are making policies for the President, and every member of the Cabinet has to clear with you. Every member of the Cabinet in his own mind has his list of priorities, and that is as it should be in the administrative departments.

Then he comes to you with his list. Then you sit down with the President to make recommendations. Therefore, you are the one who has to do the sifting above and beyond each member of the Cabinet or any other department.

Now if you determine that there is a limited amount of money, and program X is more important than program Y, how do you arrange to cut down Y if you raise X, and tell the Congress that?

Mr. SCHULTZE. As I say, this is what the whole budget process is about.

Senator RIBICOFF. Let's take one specific. If there is anything that came out in the hearings on the cities, it is that the No. 1 priority; the No. 1 leverage point; the place to spend money on the basis of priorities; No. 1 was jobs.

Of everything in the cities, the basic task is to get unemployed people jobs, get unemployed youth to take jobs, and to provide training for jobs. Now what is there in your whole budget arrangement indicating that jobs are considered as the most important task?

Mr. SCHULTZE. There are two things. First, in terms of fiscal policy as to economic growth, 3 million jobs were found last year quite apart from any specific Government program, and this problem has been given, I would say, the highest priority in terms of the overall policy of the administration in the last 5 or 6 years.

I am not saying that other administrations didn't too, but speaking of this one, the problem of jobs has been given top priority in terms of its overall budgetary and fiscal recommendations, very high priority—in terms of millions of jobs, not hundreds of thousands.

Secondly, if you look at the budget this year, you will find—in a budget in which at least I believe we have, within the domestic side, some pretty sizable restraints—a significant expansion in the job training programs. These programs do not amount to billions of dollars; they are handled with millions of dollars. But we have put, for example, into the OEO budget a large expansion of programs for jobs in urban ghettos. These are now being much more closely combined within the Department of Labor in administering these programs. So I would say a combination of the fiscal policy pursued and the specific