you will recommend to us later, and we still do not pass the surtax, will we strengthen the economy?

Mr. BEHRMAN. No, sir; I would not think you would strengthen the economy sufficiently.

Representative BOGGS. In other words, you are saying that the cornerstone of the whole problem is passage of the surtax and reduction wherever possible of domestic expenditures?

Mr. BEHRMAN. Expenditures and financial rectitude as well; that is, a reduction of financial pressure, inflationary pressures.

Representative BOGGS. What?

Mr. BEHRMAN. Reduction of inflationary pressures from the monetary system as well. These things have to be played together. But, Mr. Congressman, you cannot strengthen the dollar by playing around internationally. You must strengthen the dollar domestically.

Representative BOGGS. I am afraid you do not help us very much, professor.

Mr. BEHRMAN. The choice is a difficult one, Mr. Congressman.

Representative BOGGS. Unfortunately, you are dealing, as so many of us are trying to do in generalities. You have to spell these things out. You have to say where you are going to make these cuts. You know, you have had a lot of time to study this. If this is your position you should have given us some recommendations on where to cut, not just say "Cut." Anybody can say "Cut." It is like being for peace. Everybodoy is for peace, but the question is how you get it. That is all, Mr. Chairman. Thank you.

(Mr. Behrman later submitted this material for the printed record:)

In response to questions by Representative Boggs, I would like to offer three alternative approaches to reducing expenditures, in order of my own preference:

(1) Congress should promptly place a ceiling on total government expenditures for FY69—say, $2 billion above FY68. It should then appropriate only the FY68 levels for each agency, giving the increase wholly to DOD.

But, to assist the administration to expand programs which it considers highly desirable and to cut the less desirable ones, authority should be granted to shift funds from one Department or agency to another, up to (say) 5% of the agency's funds—that is, any one could obtain a 5% increase or sustain a 5% decrease. If military spending were to rise more, some other agencies would have to sustain a cut.

Further, a 10% shift of funds among bureaus of any given Department should be permitted so that higher priority projects could be expanded—but only at the cost of cutting elsewhere.

Finally, I would insist on a 5% cut in personnel levels (not payroll), within each agency, to be taken at the discretion of the agency head.

The objective of this technique is to provide a quick decision so that the public, business, and foreign countries can know promptly that the Government is acting strongly to reduce inflationary pressure. Most critics care less where the cuts come than that they come promptly. The transfers authority would reduce public criticism, as would the cuts in personnel. Of course, the administration might cut programs strongly desired by Congress, but this is a risk the Congress must take if it cannot determine itself where to make the cuts.

(2) As an alternative, I would insist that the Budget Bureau have all agencies rank their programs as to priority and then that the Bureau do the same for all programs. Congress could then focus on those of lowest priority, cutting sufficiently to keep total expenditures to only $2 billion over FY68. Again, the administration might select for down-grading the projects more widely supported by Congress, but such an action would nearly force the Congress to accept the first approach above.

The problem with this approach is that it takes time to make the determinations. I would, therefore, urge the Congress to agree quickly to a range within which total expenditures will fall—say $2 to $3 billion over FY68, so that all can see that the final result will be anti-inflationary.