

indicated, there has been a rise of defense and nondefense expenditures in total.

Chairman PROXMIRE. This is why I wanted to mention that although Mr. Schultze, of course, disagrees with me, and he is the ablest advocate, I am sure, that one could find—I feel very, very strongly that we could cut a billion dollars more out of the space program.

I think we can cut \$5 billion or \$6 billion out of the public works program, including cutting the roadbuilding program, sharply. I do not think this would be a bad thing. I think it would be a good thing.

We have done this kind of thing before. The President slowed down the public works program very greatly in December 1966 to March 1967, and he can do it again.

I think we can withdraw four to six divisions in Europe.

These are specific cuts, not a matter of throwing darts. These are matters that I think could be cut without hurting our antipoverty program, or educational effort, our investment in human resources that pays off so fast.

The public works program is so fantastically inefficient in our Government.

Let me give you one quick example. The Defense Department requires a return or discount rate, depending on how you want to figure it, of 10 percent on all their projects, except the Corps of Engineers. There they are only required to have a $3\frac{1}{4}$ percent or one-eighth percent return.

It is a mistake. It is wrong. What can you do about it? The President can do what President Roosevelt did, what President Truman did, which is to say we are going to stop this kind of program at the present time.

This is the kind of thing that you can shift rapidly.

Mr. SCHULTZE. I just wanted to make one technical point.

Whatever one feels about public works, and as a Budget Director I have had my feelings, too, you are not going to cut them sharply in a hurry unless you literally want to leave dams half built.

Chairman PROXMIRE. I would.

Mr. SCHULTZE. There is a difference in judgment.

Chairman PROXMIRE. How did the President do it from December 1966 to March 1967? He saved \$3 billion at an annual rate.

Mr. SCHULTZE. Looking at the total amount of the expenditures, the expenditure cut of the \$3 billion was relatively small in public works.

Moreover, I think in all realism, I would insist whatever success you are going to have in reducing the impact of this program, it is going to be ruined by trying to go at it by leaving projects half built.

I think that would politically ruin any good you might do in terms of stricter criteria on your new projects.

Chairman PROXMIRE. We did this in World War II.

Mr. SCHULTZE. Sure, in World War II. I admit in World War II, you would do it, but this is not World War II. There is a big difference.

Chairman PROXMIRE. Did we slow down in the Korean War? We are slowing down now.

Mr. SCHULTZE. Are we slowing down?

Chairman PROXMIRE. We are being asked by the President for \$10.2 billion for public works for fiscal 1969 which is more than we spent last year. It has gone up each year in the last 3 years.