of any significant change in our commitments in Southeast Asia and in the state of our economy, however, we continue to support extension of the surcharge as an appropriate and necessary fiscal policy in our efforts to stem the forces of inflation.

The January budget estimated a $3.4 billion surplus for fiscal 1970, the difference between receipts of $198.7 billion and outlays of $195.3 billion. The element of uncertainty is, of course, greater with respect to these estimates than for the 1969 estimates.

Outlays. The outlay estimates for fiscal year 1970 also appear to reflect considerable restraint and, again, some of the estimates seem to be at the lower end of a reasonable range, thus making budget reductions that much harder. Here again the intensive review of programs now underway should produce savings which can be used to finance our redirection of programs, and, hopefully, will add to the much-needed surplus. I would expect, of course, that the effect on the composition, if not the total, of 1970 outlays will be significantly greater than on 1969 outlays. We look forward to working closely with the Congress in this redirection of programs.

I should point out that the 1970 budget assumption that the personnel appointment limitations required by section 201 of the Revenue and Expenditure Control Act of 1968 would not be effective beyond June 30, 1969. This asssumption is being maintained for purposes of our current budget review. But I have asked for views of the department and agency heads on this point to aid the administration in developing its own position on this matter. I am expecting constructive suggestions from the agency heads about the personnel ceiling, not just negative expressions. The President is firm in his conviction that there must be strict control of personnel in the executive branch of the Government. I have so instructed the department and agency heads to do what they can to keep personnel under strict control.

As we look at 1970, we must also remember that achievement of the estimated surplus rests to a considerable extent on legislation proposed by the prior administration. Outlays will be over $1 billion higher if several major proposals are not enacted, specifically: $500 million in postal receipts—an offset against postal service costs. I refer specifically to the half billion dollars in postal receipts in the budget, which, of course, is an offset against postal service costs.

Three hundred million dollars in Farmers Home Administration outlays, which would be saved by shifting some of the direct farm operating loans to a proposed insured loan program.

Another $300 million in outlays for education, the saving to be achieved by adjusting entitlement for school assistance in areas affected by Federal activities.

And another $100 million in veterans benefits and services resulting from elimination of some duplicate burial benefits and compensation for arrested tuberculosis benefits and reduction of pension payments by the amount of railroad retirement income received.

These and other legislative proposals included in the 1970 budget totals are being studied as part of this administration's budget review preparatory to determining our position on them. We must also note that here again higher interest costs threaten to shrink the 1970 estimated surplus, and by a larger amount than in 1969 if present interest rates continue.