

ECONOMIC EFFECT OF VIETNAM SPENDING

TUESDAY, APRIL 25, 1967

CONGRESS OF THE UNITED STATES,
JOINT ECONOMIC COMMITTEE,
Washington, D.C.

The joint committee met, pursuant to recess, at 10:05 a.m., in room 5302, New Senate Office Building, Hon. William Proxmire (chairman of the joint committee) presiding.

Present: Senators Proxmire, Sparkman, Symington, and Percy; and Representatives Curtis, Rumsfeld, and Brock.

Also present: John R. Stark, executive director; and Daniel J. Edwards, staff economist.

Chairman PROXMIRE. The committee will come to order.

Today we continue our hearings on the economic effect of spending for the war in Vietnam.

As indicated previously, Budget Director Schultze has agreed to supply this committee with revenue and expenditure data in July so that we may take full cognizance of any changes in the fiscal situation in our own appraisal of economic developments. When we have the benefit of those figures, and Mr. Gardner Ackley also does, this committee intends to have him before us as a witness to give us the benefit of his latest appraisal of the economy. I think it is most important that this committee conduct a midsummer review and form its own judgments on the subject.

Regrettably, the administration's review of the problems of deescalation of the Vietnam war—by the so-called Ackley committee—will not be available by midsummer. We understand that it will be available some time in late August or early September. At such time as it is available, we also want to hear from Mr. Ackley on the administration's findings and conclusions about the economic transition at the end of Vietnam hostilities.

I want to stress that this committee is not only concerned with the effect on the economy of deescalation. We are also just as deeply concerned, of course, with the effect on the full range of possibilities, including greater commitment, continuation of the war at present level, and so forth.

The committee is privileged to have as today's opening witness one of the most knowledgeable people in the world on the subject of U.S. military preparedness: Senator John Stennis, chairman of the Armed Services Subcommittee on Preparedness. In the course of yesterday's hearings, I had occasion to quote from Senator Stennis' incisive statement of October 13, 1966, examining the disparities between the administration's original estimates for the Vietnam war for 1966 and the final figures. He can help us greatly in our present inquiry and we are delighted to have him here.