

Mr. BOLTON. That is true.

Chairman PROXMIRE. I am just asking that to have you justify it.

Mr. BOLTON. The people who advocate this are not really being inconsistent or anything. They express a preference that the share of the gross national product going into public goods is too small, or certainly should not be any smaller, and every taxpayer is also a citizen who shares in the benefits of air pollution control, expenditures on education, and so forth. As I say, this reflects my own value judgment.

Chairman PROXMIRE. Well, also of course, you can be more precise in your choices. You can be against air pollution and against water pollution and at the same time feel that there are areas of public spending that ought to be reduced.

Mr. BOLTON. Yes.

Chairman PROXMIRE. Like maybe the space program.

Mr. BOLTON. Yes.

Chairman PROXMIRE. And some other areas of public expenditure, perhaps roadbuilding, and maybe some of the others.

Mr. BOLTON. Yes, I would certainly agree with that.

Chairman PROXMIRE. Mr. Suits?

Mr. SUITS. I would like to endorse that last point. There are many areas of public expenditure which are, after all, critical. It is not a matter of choice whether we have a police force or do not have a police force. By the same token, I should say right now such areas as pollution control and a strong poverty program are critical. We really cannot afford to cut these back.

I am less impressed than many people appear to be with the urgency of our space program, and I would be perfectly satisfied to reduce expenditures on that score. Moreover, this is precisely the area where one would get the largest tradeoff as far as war production is concerned. The space program is certainly something that one should be prepared to sacrifice I think.

One cannot expect to fight a war without making some kind of sacrifices. The question is whether we should sacrifice new automobiles or new clothes or space programs, or whether we should make sacrifices in areas of pollution control and poverty reduction programs.

I would like to say that the economic impact of the overall effect of prospective escalation is certainly the last aspect of it we are concerned with in reality. Nevertheless, to turn our attention to the economic implications of it, I would think, on the basis of my calculations, that our economy is not now in a tight inflationary position. We are actually in a better position than we were 6 months ago to absorb an additional \$4 billion of defense expenditures at annual rates. I presume this is the kind of number that you meant, an additional \$4 billion this year above the \$12 billion that people are already—

Chairman PROXMIRE. You see there is already a big increase for defense.

Mr. SUITS. Yes.

Chairman PROXMIRE. I was just asking what was the increase for this year. I don't have it right in mind, but as you know, it is very substantial.

Mr. SUITS. Yes.

Chairman PROXMIRE. If on top of that you have the midpoint that will be \$5 billion, according to Senator Stennis yesterday, a \$5 billion