

They found out all kinds of interesting things. One manufacturer had two 4-ton presses, and he asked for an 8-ton press, in the interests of economy. He used it for 1 year in the aircraft industry, and then the whole thing went over to commercial production and he was back on the two 4-tons. So that in fact in this industry, we are subsidizing some manufacturers as opposed to others, where they are really competing commercially.

This hasn't been done. This is done with defense contractors. It is not done with general and commercial contractors. Personally, I would like to find out where we are wasting the money, and I am sure that we will be able to pick up quite a lot of money and we will be able to make this change more easily.

Thank you.

Chairman PROXMIRE. I would like to ask each of you gentlemen, as professional economists, how you react to the administration's preparation, for deescalation. If hostilities should cease tonight, the administration has no contingency plans to put into effect tomorrow morning.

All of you have stressed the need for prompt action. What is your feeling about this? There is the Ackley committee that has been created that will report in September or so, but until that time, we aren't prepared. How about it?

Mr. BOLTON. I certainly would say that there ought to be advance planning. I do not know how much such planning there is in the administration. My impression is that there is not a great deal.

Chairman PROXMIRE. Our staff has checked with the various administrative agencies, and they find again and again in one agency after another—we don't have any plans.

Mr. BOLTON. Well, then I would certainly say that is unfortunate. I think that to some small extent, that perhaps our willingness to try to find a way to cut back on the defense budget at certain times would be increased if we were more confident that we could adjust in the economic sense.

I think that was perhaps especially true earlier. I don't know whether it really applies to the particular situation. But I for one would think that such advance planning might actually contribute in a small way to a situation in which the planning would have to be used.

Chairman PROXMIRE. Mr. Eisenmenger.

Mr. EISENMENGER. Are you thinking of planning in advance for the specific direction of accelerated Government spending in the case of deescalation?

Chairman PROXMIRE. Yes.

Mr. EISENMENGER. Then, if there is no planning at the administrative level, you should be very concerned. If you don't have that type of advance planning, then you are more or less forced to use generalized fiscal and monetary policy in reaction to a deescalation.

A lot depends on how important it is to you that Government spending be increased in specific areas.

It doesn't take much advance planning just to have a tax cut. But to reallocate Federal spending wisely does require planning. That is my point.