Mr. WEIDENBAUM. I have a high regard for Professor Suits' econometrics work. I have no reason to question the accuracy of his figures. However, I question the relevance of the results.

Chairman PROXMIRE. He did not offer this as an indication that Vietnam was preventing unemployment. In fact, he takes a very sharply contrary view.

But just as a way of measuring, you know, to reduce to a comprehensible basis an understanding of what Vietnam means in terms of jobs, in terms of the effect on the economy, and so forth.

Mr. WEIDENBAUM. Oh, from that point of view I think that is a very good indicator of how much of the economy is directly or indirectly affected by the Vietnam spending. But I have rephrased it that way.

Chairman PROXMIRE. Yes.

Mr. WEIDENBAUM. It doesn't indicate the decline in the economy, if we weren't——

Chairman PROXMIRE. Yes, he said that. He was very, very specific about that, and he agreed, as did all the witnesses, that, of course, the economy is infinitely better off in all kinds of ways, if we can have negotiations and a cease-fire in Vietnam. There would be no problem in finding policies of tax reduction and progressive spending programs that would take up the slack.

We would be better off in every sense, but this was simply a way of measuring it. Now, how about the multiplier? Have you had any opportunity to study that?

Mr. WEIDENBAUM. No, I haven't. In fact, I have used Professor Suits' estimates in some of my own work. I have no reason to try to improve on them.

Chairman PROXMIRE. This brings us to the question, when we get this information, and we have some understanding of what it is doing, what do we do. What policies would be most appropriate for the Joint Economic Committee to recommend to the Congress in terms of taxes and spending?

I realize you have to put in all kinds of value judgments to come down precisely on any side, and I am just wondering from a technical standpoint if you can help us to suggest, in view of the rapidity with which this acts on the economy, this increased defense spending, what counteraction in terms of either spending or taxes or both, do you think would be most appropriate?

Mr. WEIDENBAUM. I think in terms of three general kinds of actions, but specifically the kind that can be implemented rapidly. In other words, in general, tax reduction, Government spending increases, and changes in monetary policy are the three basic ways of doing this.

However, my guess would be that the great majority of specific actions in these three categories would not be appropriate. They wouldn't take hold fast enough.

My guess would be that on the tax side, a simple, straight percentage across-the-board change in tax rates, plus or minus, would be, if any, the only really effective way of probably offsetting whatever change was noticeable in, say, the military budget.

On the expenditure side there would be essentially transfer payments, such as unemployment compensation, veterans' pensions, OASI programs.