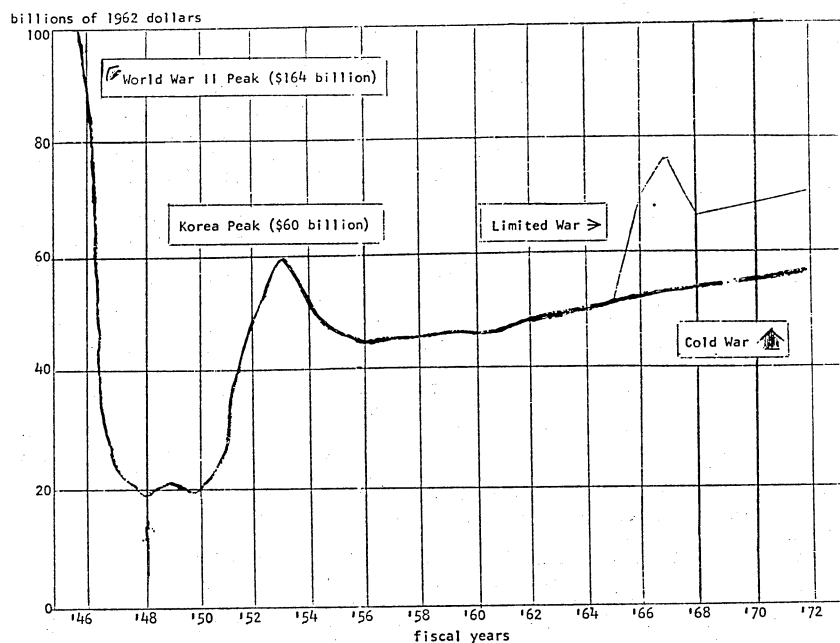


Figur 3

PROJECTIONS OF NATIONAL  
SECURITY EXPENDITURES

Source: Footnote 75

1. Consider possibilities and priorities for tax reduction.
2. Prepare, with the Federal Reserve Board, plans for quick adjustments of monetary and financial policies.
3. Determine which "high priority" programs can be quickly expanded.
4. Determine priorities for the longer range expansion of government programs, both new and existing ones.
5. Evaluate the future direction of Federal financial support to State and Local governments.
6. Examine how the transition can be smoothed for the workers, companies and communities now engaged in supplying defense needs, and the men released from the armed forces.<sup>78</sup>

A number of specific possibilities (as well as problems) come to mind in examining the Presidential list. Table 11 is a preliminary attempt to indicate the range of options and alternative policy mixes which may become available.

It is apparent that the specific and essentially short-term question of the economic adjustments to the cessation of hostilities in Vietnam also involves many longer-run and perhaps more fundamental considerations of national social, political, and economic policy.

1. *Tax Reduction.*—For example, there are various methods of reducing taxes and thereby pumping additional purchasing power into the national economy. Prior to the Vietnam buildup, there had been some public discussion of focusing the next round of tax adjustments on the lower brackets. Such action could have

<sup>78</sup> *Economic Report of the President*, January 1967, pp. 23–24.