formation and knowledge will have to be backed by advance planning and a will to act promptly, when military spending levels off or declines.

Even a leveling off of monetary spending will require some changes in national economic policy if full-employment expansion is to be reached and sustained. At present tax rates and under conditions of high employment, Federal revenues are expected to increase by about $8 billion to 12 billion or more per year in the coming decade.

But increased social security payments, salary increases for Federal employees and the normal development of existing Federal programs probably will account for expenditure increases of approximately $5 billion to $6 billion per year. During the course of the next decade, therefore, the fiscal dividend from high employment economic expansion will build up at a rate of some $3 billion to $6 billion or more per year, if international tensions subside enough to permit a leveling off of defense expenditures.

Here is an opportunity to improve the quality of American society—to expand and improve public facilities and services, to rebuild our cities, to provide greater equity in the tax structure—while, at the same time, providing the foundation for balanced full-employment expansion of the economy.

At this point, no one can predict the course of the Vietnam conflict, the timing of any change in direction of military expenditures or the magnitude of such change. However, we should be prepared with some guides and priorities.

The AFL–CIO Executive Council declared on February 27, 1967: "America must be prepared with detailed plans to substantially step up Government investments for public facilities and services as soon as the objective of an honorable settlement of the Vietnam conflict becomes a reality." Top priority should be given to stepped-up Government investment.

If the magnitude of the change in direction of defense expenditures is great enough to warrant tax reduction, as well as stepped-up Government investment, major emphasis should be placed where it is most urgently needed in the tax structure—to reduce the relative tax burden of low- and moderate-income families, as well as to eliminate whatever Federal tax liability still remains on the poor.

In addition, an improvement of the unemployment insurance system, with the inclusion of more adequate Federal standards, is long overdue. And an improvement in the GI bill, adopted last year—to increase the educational assistance allowance and extend the time period for such allowance, as well as inclusion of provisions for apprenticeships and on-the-job training, such as were included in the GI bill after World War II—would greatly assist veterans, and upgrade the education and skills of the work force.

Additional measures should be adopted to assist workers who wish to move to jobs in other parts of the country—through improved inter-area operations in the U.S. Employment Service and an expansion of Federal financial assistance to unemployed workers who wish to relocate their jobs and homes.

In the longer run, however, if we are fortunate enough to enjoy a reduction of international tensions, the fiscal surplus provides the op-