

portunity to speed up the Nation's progress toward greater social equity and improved facilities and services.

Such potential expansion of Federal funds will permit increasing investments in human and material resources, as well as some reduction of the relative tax burden on low- and moderate-income families, if the international situation does not require a substantial further boost of military spending. Indeed, unless Federal fiscal policy moves in that direction, the Government will take too much money out of the spending stream and the Nation will not be able to achieve and sustain high-level economic activities.

Top priority should be given to stepped-up Federal investments in job-creating measures to improve and expand facilities and public services—rebuilding the cities, for example, education, health care, pollution, recreation. Government investment is the most effective means the Government possesses for lifting economic activity and creating jobs. Moreover, as Prof. Alvin Hansen, of Harvard University, states, "Social priorities unmistakably tell us that we should rely more heavily on increased expenditures than on tax cuts, if we wish to pursue the rational road to full employment and our potential growth goals."

And, as we move ahead in this direction, a complete overhaul of our woefully inadequate public assistance system should be undertaken and the development of contributions from Federal general revenue to the social security trust fund for a system of adequate social security retirement benefits.

There is a need for more detailed information on the economic impact of defense expenditures. Such greater detail is required for advance planning for a leveling off or decline or military spending or for the possibility of a step-up, as well.

At present, our information is essentially in the form of aggregate dollar amounts. However, there is a need, if advance planning is to be effective, for greater detail on regional, industry and occupational impacts.

For example, where is the industry and employment impact, at present—by region, industry, skill, and occupation? Which areas, industries, skills, and occupations would probably be affected most by a leveling off or decline of defense expenditures? It seems to me that such estimates can be developed by Government agencies and made available to State and local government authorities, as well as to private groups.

While advance planning at the national level is a prerequisite, community planning is also essential—not only in terms of the defense impact, but also in terms of future needs for facilities and services to provide a sound base for sustained full-employment growth. In this regard, the Federal Government should step up its planning assistance to local governments.

The AFL-CIO is convinced that advance planning is essential for sustained full-employment expansion of the economy. More than a year ago, when defense expenditures were accelerating at a considerable pace, the AFL-CIO Executive Council stated:

Just as the Government should be prepared for the contingency of a rise in military expenditures, it should also be prepared to offset a weakening of business investment and a leveling-off or decline of military spending.