We do not want an economy based on spending for destruction. Military expenditures are a necessity for the defense of freedom; they must never be the bedrock of our national economy.

Therefore, the Government must plan at once for a rapid rise in its investment in the public services that should be instituted, expanded and improved—not only for the public good but also to provide necessary employment and consumer buying power. (February, 1966.)

Chairman PROXMIRE. Thank you for a very eloquent paper. It is great to have you gentlemen, who are both very able and who have different views on how we should adjust hopefully to an end of hostilities in Vietnam.

Dr. Madden, couldn't the adjustment to the Vietnam situation be tougher than Korea, in spite of the fact that the expenditure in Vietnam is so much less in relationship to our overall economy, tougher in this sense that both in Korea and in World War II, we had great pent-up demands.

We had controls during Korea, as you know.

You referred to the shortages during Korea. Now, there are no shortages. As a matter of fact, we are having trouble selling what we can produce. The automobile industry has been in trouble until the last few weeks. The indicators until a few weeks ago all indicated a leveling-off of production, indicated that inventories were growing rapidly while sales were level.

Under these circumstances, if you take out the Vietnam expenditure without a direct compensation either in tax reduction or in Government programs, or some kind of combination of the sort that Professor Leontief has given us this morning, aren't you likely to have a situation that could lead to a recession?

Let me just say one more thing on this, because I think you also indicated that we would have some kind of Marshall-type aid to Vietnam. In his Baltimore speech, President Johnson proposed a $1 billion reconstruction, $1 billion for us over a period of years in the Mekong River area, which as you know, is peanuts compared to what we are spending on military hostilities.

Our economic aid to Vietnam is now about $500 million. If you add these two up they are dwarfed by the strictly military expenditures over there, indicating that that source of stimulation for our economy is likely to be pretty meager compared to the stimulating effect of Vietnam.

Mr. MADDEN. Generally speaking, my answer is "No." I think that the ending of the Vietnamese war might require a reassessment of national economic policy looking toward the last third of the 20th century, and the problems that the United States faces in that last third of the 20th century.

But I think that that reevaluation would also be affected by the foreign military strategic outlook, and I think there is a real possibility that when Vietnam ends, there may be some other trouble spot in the world which might prevent the reduction of military expenditures as much as in Korea. And so I would question in my own thinking against assuming that the end of the Vietnamese war necessarily introduces a period of world stability and peace.

But leaving aside that questionary note, the study of the President's Commission on Automation and Technology, the studies of the