elevate military spending to the point where the Nation's resources would be hard pressed, where many Great Society programs would have to be shelved, where taxes would have to be raised, and even where wage and price controls would have to be invoked.

One great circumstance, however, should give U.S. citizens a large need of security. Barring Armageddon itself, the U.S. economy has grown so large that it can take on its world responsibilities with an astonishingly small percentage of its total effort. Just since the Korean war, the United States has added to its gross national product the equivalent of more than two-thirds of the total national production of the Soviet Union. The Nation's annual growth is now several times the annual military cost of fighting the Korean war, and its immense and growing armed power actually takes much less of its total output than it did a decade ago. The Russians are said to regard the invasion of Korea as the biggest postwar mistake of international communism because it touched off a major U.S. military buildup; for the same reason the Chinese Communists may some day regard Vietnam as a great error. Plainly the United States can maintain its might at a level sufficient for its aims and maintain it without straining its productiveness at all.

The U.S. economy should have enough excess capacity to accommodate next year's defense spending easily enough. Before the Vietnam buildup, many businessmen and a few economists believed that the great 56-month expansion would continue practically unabated through 1966. But many others, including *Fortune's* Business Roundup, argued that a slowdown of the growth rate was in the cards for next year, and believe a small one still is. This case rests on the argument that three sectors of the economy have expanded at a rate they cannot maintain: (1) consumer spending on goods has expanded a little too fast, partly because installment and mortgage credit have increased at a rate that cannot keep up; (2) inventory accumulation, owing mainly to hedging against a steel strike, has been excessive, and will probably be reduced severely; and (3) capital spending by manufacturers has been and still is rising so fast that it is bound to generate excess capacity. As all three slow down, they would tend to decelerate (not stop) the growth of the economy as a whole.

HOW MANY DEFENSE BILLIONS IN 1966?

At all events, the big question is how much and when military spending will boost business. The answer seems to be that although the plans for the buildup may give the economy a psychological lift, nothing that Vietnam will do to military spending over the next 6 months is likely to keep it growing at its recent rate of more than 4.5 percent a year. The Armed Forces, during the next 10 months or so, will be increased by some 376,000—340,000 military and 36,000 "direct hire" civilian personnel. President Johnson talked of sending only 125,000 men in all to South Vietnam, but extra Marines have already gone there, and the best unofficial estimates in Washington say that some 250,000 men will be landed before the end of fiscal 1966 (June 30). Although Johnson decided not to call up reserves, the Defense Department is taking appropriate steps to "maximize" their readiness.

Even before the manpower increases were announced last July, Defense Department spending had begun to turn up sharply from its