

**EXCERPT FROM REPORT OF THE COMMITTEE ON THE
ECONOMICS OF DEFENSE AND DISARMAMENT, JULY
1965**

Chapter 5

INITIAL CONCLUSIONS ON GOVERNMENT POLICIES

During its review of existing Government programs—other than general fiscal and monetary policies—which assist in the economic adjustment to changes in defense and related activities, the Committee agreed on certain modest but useful improvements that it could recommend. Also, it agreed to reject, at least for the present, other changes suggested to it. And it agreed that certain suggested lines of approach deserve further study.

This chapter summarizes the Committee's conclusions under several headings: Federal Government organizations and procedures, aids to workers, aids to communities, aids to defense firms, and support of research and development. In practice, many of the activities discussed under each heading serve one or more of the other purposes.

The Committee also makes some general recommendations to States and communities and presents some conclusions regarding the future of its own work. Recommendations relating to the collection of further data and to research that is needed are included in chapter 6.

In conducting its study and formulating its conclusions, the Committee has been guided by several basic criteria:

1. Consistency with national economic policies—promotion of full employment and rapid economic growth;
2. Consistency with standards of fairness and equity among various sectors of the economy and regions of the country—avoidance of singling out particular groups for special benefits not available to others in similar circumstances;
3. Consistency with efficient allocation of the Nation's resources—avoiding the creation of longrun inefficiencies in the economy when dealing with short-term problems?
4. Consistency with local and private initiative—encouraging and assisting rather than replacing the efforts of those State and local governments and private organizations which are attempting to offset adverse economic consequences of shifts in defense spending;
5. Consistency with the national security—maintaining the capability of the Nation to respond effectively to changes in the requirements of national security programs, whether total defense spending is increased or reduced as a result of arms control and disarmament agreements or other causes.