

side of the Federal Government's program which I think is terrifically important.

Mr. CURTIS. I wasn't necessarily including that because I notice whenever people like myself do suggest we should cut back in other than Vietnam war expenses they immediately say, "Well, you mean education or poverty."

Well, let's just set them aside.

Mr. MEANY. What do you mean?

Mr. CURTIS. I mean, for example, foreign aid. I mean, for example, agriculture. We are talking in terms of billions, each one of those I have mentioned. Don't you see any reason for cutting back here?

Mr. MEANY. That leads to a question of the overall national policy. Can we afford to cut back as a nation in foreign aid? Can we afford to abandon the so-called space race?

Mr. CURTIS. You are right, it is a question of establishing priorities and that is why I raised the question.

I think the greatest priority that faces us is solving this fiscal problem because, as I say, if we do nothing about cutting the size of the deficit—and I don't care whether we finance the deficit through increased taxes, through new debt, or through selling off capital assets—I think we are going to have a meat axe cut in every one of these programs, including poverty, education, and defense in Vietnam, through inflation. If the inflation continues at its present rate it would mean a \$7 billion cut out of a \$144 billion expenditure program. I would argue that what you are saying is right, that we have to consider these on a priority basis, but let's put in as one of the priorities the solution of the fiscal problem.

That is why I say that I think it is necessary to cut back in some of these areas. Many of them you and I probably would agree that we hate to cut, but on a priority basis we need to, at least for a year or two.

However, you don't recommend anything of this nature, of establishing expenditure priorities with the object in mind of reducing the expenditures from \$144 billion.

Mr. MEANY. I would like to point out, Mr. Curtis, that we are dealing with a measure proposed by the administration which is a temporary tax increase. We are not dealing with the whole question of the monetary policy and these other things that you mentioned and I don't know why you think there is certain great significance because I don't specifically recommend cuts in the space or foreign aid.

Mr. CURTIS. Simply this: That any fiscal problem has two sides. One is revenue. The other is expenditures. And if you can cut your expenditures, then you don't have to tax the people additional amounts. Maybe you still do, but that is why I raised the question of whether or not you felt that cutting expenditures might be preferable to increasing taxes.

Mr. MEANY. Well, I think I am for cutting any nonessential expenditures, but certainly the programs you mentioned I don't think are in the nonessential class.

Mr. CURTIS. Well, in other words, contrasting the \$144 billion expenditure level of this administration with a \$77 billion level in 1960, you don't regard anything in the \$144 billion as less important in the