

\$21.9 billion or 28.5 percent of the defense expenditure. The present annual cost of the Vietnam war is estimated to be from \$25 to \$30 billion.

The impact of the Vietnam war can also be measured by year-to-year changes in defense spending. Whereas between 1966 and 1967 defense spending would have edged down 1.5 percent in the absence of Vietnam, instead it rose 21.9 percent. Between 1967 and the January estimate for fiscal 1968, the increase in defense spending without Vietnam would have been 6.0 percent. With Vietnam included in the January estimate, plus a \$4 billion additional war expenditure since then, however, total defense spending in 1968 is 13.5 percent above 1967. The war fraction is now 32 percent of total defense outlay.

There can be no question that defense costs, the bulk of which are devoted to missions other than Vietnam, are very substantial and represent a tremendous burden for the country. On the other hand, as this discussion has developed, the sharp increases in nondefense expenditures not only are having a potent effect on budgetary problems but they are in danger of being obscured by discussions directed to defense expenditures alone.

Federal employment.—While not a separate budget category, it is interesting to look at the data for federal employment. Federal civilian employment rose from 1.6 million in 1950 to 2.6 million in 1966 while the average compensation of federal employees increased from \$3,504 to \$7,115 per year. This represented a 62.5 percent increase in federal jobs and a 103 percent hike in wages over this sixteen-year period. By way of comparison, total government employment, including state and local, was at 6.0 million in 1950 and 10.9 million in 1966.

CONCLUSION

As noted at the outset, we have limited this memorandum to a review of past and present expenditures. A look at the future would call for detailed analyses of each program of a type not attempted here. Further, it would require—on the basis of the record—some major assumptions as to the growth in present programs and the scope and number of new ones. This much can be said: Unless both the philosophy and fiscal control procedures behind government expenditures change drastically, the numbers can only grow larger with all that implies in terms of the redirection of resources and the resulting shift in benefits and burdens.

Mr. HERLONG. Thank you very much, Mr. Stewart, for your thoughtful presentation to the committee.

Are there questions?

Mr. BYRNES. Mr. Chairman.

Mr. HERLONG. Mr. Byrnes.

Mr. BYRNES. I want to compliment Mr. Stewart for the study that the Machinery & Allied Products Institute has made in this instance. There is no question but what it is a very valuable document both for the committee and the various Government agencies—and particularly the Commerce Department—which are trying to administer the President's program.

I don't know where they are going to end up. They might get some very fruitful information from the study you have prepared and I would hope they would pay some attention to it.

Mr. STEWART. Thank you. We would be glad to make it available.

Mr. HERLONG. Mr. Curtis.

Mr. CURTIS. I want to join in Mr. Byrnes' commendation for the work that has been done here.

Mr. STEWART. Thank you, sir.

Mr. CURTIS. I have had a chance to go over this and my feeling is strong because I agree so basically with the main point that you are making.

Let me ask, What has your organization done to publicize these views? It is important to present them here before the committee, because this is representative government. We are a committee of the