which have occurred since then, they would amount to about $61 or $62 billion next year. This compares with the $79 billion now estimated to be spent in that year. In other words a reduction of $17 or $18 billion would be possible if Vietnam operations should cease—from $79 billion to $61 or $62 billion. If, as another way of making an estimate, we assume the same percentage reduction in military spending as occurred after Korea was ended, a reduction of $15 billion would be forthcoming. These calculations would put the reduction somewhere between $15 and $18 billion. But both of these estimates ignore the fact that, unlike Korea, we will not end the Vietnam war with a huge stock of unconsumed weaponry and ordnance. Indeed we shall have to build up some depleted stockpiles and undertake some deferred construction. Moreover, we will in all likelihood be spending some funds for the civilian reconstruction of Vietnam. Taking these factors into account the reduction in military expenditures after the end of the war is likely to be less than $15 billion, compared to the almost $30 billion figure carried as the accounting cost of the war.

Even this $15 billion or less is unlikely to be made available for use in civilian programs. At the present time the Federal budget is in deficit by over $20 billion, during a period of relatively full employment. Rising prices, soaring interest rates, and a deteriorating balance of payments have been the result. The President has been trying, for almost a year, to get the Congress to enact a temporary tax increase aimed at reducing that deficit to manageable proportions, and bringing inflation under control. The issue is still in doubt as to whether the Congress will enact the tax increase. The major stumbling block has been the attempt by Congress to exact major slashes in Federal expenditures as a price for the tax increase. Even if it should be passed, the tax increase is explicitly temporary in nature, expiring on July 1, 1969. I take it as practically dead certain that this temporary tax will not outlast the Vietnam war. The current insistence of the Congress on a major expenditure slash as the price of enacting the tax increase is a good tip-off as to their attitude. In other words the less than $15 billion reduction in defense expenditures which would occur within perhaps 18 months after the end of hostilities, would just about match the reduction in taxes from the expiration of the temporary tax increase. To put the matter briefly, the ending of the war in Vietnam will not automatically make available any budgetary resources for transfer to bold new programs aimed at meeting the nation's domestic social problems.

Transfer of resources from Vietnam to civilian programs is not, of course, the only means of securing budgetary resources for domestic programs. Federal revenues are primarily derived from personal and corporate incomes, from payrolls, and from certain excise levies. As the Nation's economy grows, incomes and payrolls grow along with it. Consequently, even with no change in tax rates, a steadily growing economy produces each year a continuing expansion in Federel revenues. Under normal conditions, with inflation under control, steady economic growth will yield, each year, an *additional* $11 to $13 billion in Federal revenues.

Here, it would seem, is the answer. Even if the end of the war in Vietnam produces no added resources for the Government's social programs, economic growth will. But this, too, is only partly valid. A substantial part of the revenue increase brought about by economic growth will be used up by automatic increases in existing Federal programs. As the number of older persons grows each year and medical costs rise, expenditures for social security and Medicare will rise. A flood of veterans leaving the Armed Forces, and rightly taking advantage of the G.I. Bill of Rights, will swell the expenditures of the Veterans' Administration. Added Federal expenditures will be needed in the more routine functions of the Federal Government merely to keep pace with a growing population and rising income—more facilities and personnel in our national parks, rising workloads for the Internal Revenue Service, the Patent Office, the Passport Office, the Forest Service and the Justice Department. Increased pay for Federal employees and the Armed Forces, simply to stay in line with private wages and salaries will eat up additional budgetary funds; and so on down the line.

These nearly automatic increases in Federal expenditures are not the result of some monstrous bureaucracy which blindly and wastefully devours the taxpayer's hard-earned dollar. Rather, they occur simply because ours is a rapidly growing economy, in which public services necessarily tend to grow along with the other parts of the economy. But for whatever reason, the fact remains that a substantial part—perhaps half—of the $11 to $13 billion annual rise in Fed-