Mr. SCHULTZE. In the first place, it is what you define as public works.

Chairman PROXMIRE. It is 10 times what it was 30 years ago.

Mr. SCHULTZE. In every case, the rate of construction is being held to the minimum without stopping work in process.

The key thing I want to get across is that the real place you can get at public works is in the new starts, and politically speaking, if you want to get some restraint on the economy, I don't care whether you agree with that or not, you will not. Every year, in the last 3 years, the President has sent up a very, very thin new start public works bill, and every year it is doubled, tripled, or quadrupled.

I am not putting blame on anybody. I am saying if you are looking for a realistic way of putting restraint on the economy, however desirable it might be to keep pressing at this one or the other, it is not going to do it.

I am not arguing you could not cut technically. Of course, you could.

Chairman PROXMIRE. This is asking a lot of the President. This is a sensitive area. It is an area where Senators and Congressmen are elected or defeated.

I think if the President takes a firm position, we are going to cut back on public works. We must stop everything we possibly can. I think it is going to be respected, in the present atmosphere. That is the attitude of the chairman of the Ways and Means Committee, the attitude of so many people in the Congress.

Mr. SCHULTZE. My comment is that you would not get much expenditure reduction right away. No matter how the President has pushed on this in the past, and he has on the new start end of it, it has not done any good.

Mr. TURE. Mr. Weston a few moments ago made reference to the policy mix question.

Referring to the monetary crunch in 1966, he uses that for the explanation for the slowing down of economic activity in the first half of 1967, in response to your probing. In the same period of time, during which the monetary crunch was going on, that is to say, a zero rate of expansion of the money stock, in fact, some very miniscule decline, this was a period when the national income accounts surplus moved from a surplus of 3.2 to a deficit of an equal amount, and the full employment surplus change was about the same.

It is obvious in that period of time that highly expansionary development in fiscal policy did not preclude, did not prevent a material slowing down in the basic economic activity.

I do not want to offer any of these things as really strictures, as absolutely firm precepts about what does what in the economy.

Part of the exchange we had a few moments ago was attributing to me a firmer view about the nearness of the relationship between changes in the money stock and changes in GNP that I would really subscribe to.

Let me simply say on the basis of the entire war experiences, including this nice recent chunk of it, do not predicate the surtax that is proposed on the basis of a short-term constraint on the increase in aggregate demand.

Chairman PROXMIRE. You see, Mr. Ture, what you are suggesting to the committee, which is very interesting, and I just wish other mem-