bers were here—I will do my best to discuss it with them—is so far-reaching that I am very skeptical that I will be in a position to persuade a substantial number to accept it.

We have a modified Friedman approach on monetary policy, 2, 3, and 5 percent for the Democrats, and 2 and 4 percent for the Republicans.

Now you are suggesting a Ture approach on fiscal policy which would neutralize fiscal policy the same way.

The trouble is, you make us feel so impotent to cope with whatever may happen in the economy. In other words, you are telling us that we ought to simply rely on automatic stabilizers, but it is hard for the Members of Congress to sit by and watch people be thrown out of work, or watch inflation ruin too many people without any action at all, saying there is nothing you can do about it.

It is a kind of Herbert Hoover approach.

Mr. TURE. We might see how good the past performance in economic stabilization policy has been.

Chairman PROXMIRE. Maybe Herbert Hoover was right.

Mr. TURE. I think the problems you would have to cope with under what I am posing to you are vastly greater, vastly more serious, and vastly more deserving of your attention than the shortrun economic stabilization.

Chairman PROXMIRE. That is right, but shortrun economic stabilization is important, too.

Mr. SCHULTZE. During this period when fiscal policy was ineffective, we had an $18 billion drop in the rate of inventory investment, and $5 billion drop in rate of consumption spending caused by a change in the consumer saving rate.

In that same period, the economy did pause, but to say that facing an $18 billion drop in rate of inventory investment in two quarters, and a $5 billion autonomous drop in consumer spending, which is a $23 billion drop, and all you got out of it was essentially a pause, to say that this, therefore, shows that fiscal policy which was expansionary was ineffective, seems to me to miss the point.

I am not saying this automatically indicates this was the fiscal policy, and not the monetary policy. This does not allow you to change between the two. You cannot use the fact that the economy did slow down during the period when fiscal policy was becoming more expansive.

Mr. TURE. Following the period. The slowdown in economic activity was not coincident with the change.

Mr. SCHULTZE. It was coincident, and one quarter late.

Mr. WESTON. A minor theme on this musical number.

We seem to be playing a number of themes that do not all come at the same time.

With regard to the three areas where you suggest tax expenditure cuts might be made, Mr. Schultze has already commented on public works, and indicated this really boils down to being a decision on which Congress bears at least a considerable measure of responsibility.

Chairman PROXMIRE. I agree with that.

Mr. WESTON. With regard to cutting down military expenditures in Western Europe, I certainly agree with this proposal, except that it is the whole complex of military-diplomatic considerations, and again