

investment decisions in the favorable direction even if capacity temporarily would be a little on the ample side.

Representative WIDNALL. It seems to me that Government is the one that should show the way in the reduction of this planned spending and hold the line or to decelerate the inflation that had been taking place, and I think that Senator Proxmire made some very valid comments in this connection, calling attention to the amount that was contemplated for public works by the Government.

Mr. McCracken. Yes.

Representative WIDNALL. The report of the Cabinet Coordinating Committee on Economic Planning for the end of Vietnam hostilities estimates that of the \$29 billion currently being spent on Vietnam \$10 billion would be required for other military uses in peacetime.

Is it true that one-third of the peace dividend has already been committed for military programs?

Mr. McCracken. This is a matter that we want to look into very carefully, and a subcommittee of the Cabinet Committee on Economic Policy has just been formed, as we indicated in our statement here, to review the planning which has already been done, and to carry it further. One of the claimants for the elbowroom that would be provided once the Vietnam conflict is resolved would be non-Vietnam defense spending. Just how it would fit in and what its priorities would be relative to the other claimants is something that we want to explore.

Representative WIDNALL. I heard some testimony not long ago which seemed rather valid that about \$20 billion of the \$29 billion has actually already been put in the pipeline in one way or another to take effect immediately. Part of that was by the military, and part by other agencies of the Government which have postponed action on programs where they did have authorizations. I hope that the American people have not been sold on the idea that with peace in Vietnam there is going to be a pot of gold just waiting there to be dipped into to carry out every conceivable kind of idea that people of good will have for the future of the United States.

Do you know what the military programs are that will be considered as necessary to continue military spending? I understand some of them would be in connection with naval vessels, airplanes, updating of various types of equipment, and that these programs are already in the wind, and downpayments have actually been made in many instances. Are you familiar with any of those as yet?

Mr. McCracken. Not in detail. This is an aspect of it which we shall want to be exploring carefully.

Representative WIDNALL. We have been through a period in which I feel the American people have been promised too much. We have had some great goals, sort of pie in the sky, and yet the performance has never measured up to the promise, and I am terribly worried that we might continue to do that and especially with the idea if we reach a peace in Vietnam all our troubles are over and we can then concentrate on many different directions to which we have applied no real large effective spending in order to cure our city problems, and other problems facing the country.

Which do you believe would be more effective in restraining an inflationary economy, increased Federal taxes or restraints on Federal spending?