

Senator PROXMIRE. There are two parts of it : one is technical, which it seems to me could be precisely the effect on unemployment compensation payments and the effect on the revenue side. Obviously, if you have a slowdown in personal income, you are going to have a serious drop in revenues. That is part of it.

Mr. MAYO. Yes.

Senator PROXMIRE. The other part of it, of course, refers to the part of the uncontrollable so-called expenses which are based on contracts, many of them, for public works for which we have made commitments, but which can be postponed with small penalty payments, and sometimes without penalty payments, deferred until a later date. And it would seem to me that it might be wise to the projections here, so that in the event of increased unemployment we would have some kind of a group of projects on the shelf, and so that also we could defer these inflationary expenditures.

Mr. MAYO. We are quite aware of the extent to which deferments have already been made and the type of thing you are talking about. I am not saying we have a list, but we are aware, project by project, what the status is and the extent to which projects can be speeded up if there were demand for that, if there were need for that.

Senator PROXMIRE. Thank you very much. You have been a very responsive witness.

Senator MILLER. Will the chairman yield at this point?

Senator PROXMIRE. Yes.

Senator MILLER. I think he raises a very interesting question, and that is the matter of the impact on employment or unemployment by some of these projects.

I can see that this could entail a very close analysis of the relationship between the end item and its stimulation of employment. For example, a certain project might, if it were postponed, only have an impact, say, on 500 jobs in construction of the project; but, on the other hand, this postponement could have a negative reaction in the failure to permit development of industrial plans that would provide 5,000 jobs. So, I just make that observation. While I agree with the desirability of having it, I would hope that the analysis of it would go beyond the direct employment on the project, taking into account the end results of the project itself.

Mr. MAYO. That is a very good point. There is a multiplier effect in all of these.

Senator PROXMIRE. Thank you very much. Before we adjourn, I accept for inclusion in the record at the close of today's proceedings answers from Budget Director Mayo to questions sent to him by any of our members individually.

The committee will resume its hearings tomorrow morning at 10 o'clock, in the auditorium of the New Senate Office Building, room G-308.

(Whereupon, at 12:25 p.m., an adjournment was taken until 10 a.m., Wednesday, February 19, 1969.)