

for the President to propose and the Congress to adopt or reject or modify. I fully agree with you on that.

Representative MOORHEAD. Thank you, Mr. Chairman.

Chairman PROXMIRE. Senator Jordan?

Senator JORDAN. Thank you, Mr. Chairman.

Mr. Director, I appreciate the thoroughness of your statement. You have pretty well reiterated the testimony we had this morning from Mr. Anthony with respect to the comparison between this war in Vietnam and its effect on the gross national product, and that of the Korean war. Both of you have said that the cost of this war is generally conceded to be about 3 percent of the gross national product, whereas the Korean conflict got as high as 121½ percent in the first quarter of 1952. My first question is, are we talking about constant dollars here?

Mr. SCHULTZE. Let me first say that the Korean war did not cost 121½ percent. Rather, total defense expenditures were 121½ percent, of which Korea itself was a part, perhaps 6 or 7 percent. There are two numbers to compare: 121½ percent of GNP for total defense expenditure during the Korean war, and 9 percent for defense now. Only 3 percent of present GNP is attributable to Vietnam. Of the 121½ percent total defense expenditures at the time of the Korean conflict, 6 or 7 percent was attributable to Korea. That is No. 1.

No. 2, in terms of constant dollars the ratio would come out about the same, the reason being that since Korea prices both of the gross national product and of defense spending have risen by very roughly the same amount.

So while you are quite right in your implication that prices have gone up, they have gone up on the numerator and the denominator both, so it would not change the ratio very substantially. It might change it a little, but not very substantially.

Senator JORDAN. To get to a point that Congressman Curtis explored with you somewhat, you say that during the first year and a half of the Korean buildup we added 2 million men to the Armed Forces, and it was almost exactly equal to the total increase in the labor force over the same period. And we would say then that 2 million men went into the Armed Forces and 2 million men went into the labor force. In the comparable Vietnam period, the size of the Armed Forces increase was only one-third as large, and you have translated that into about 750,000.

Mr. SCHULTZE. Yes.

Senator JORDAN. And the rise in the labor force was 50 percent. And then there were about the same number of people that are involved in both of these.

Mr. SCHULTZE. Maybe it would be better if I actually used the numbers rather than the percentages I did.

Senator JORDAN. All right, 50 percent of more than 3 million.

Mr. SCHULTZE. Three million, that is correct.

Senator JORDAN. What significance do you attach to that, the fact that one man is in the Armed Forces in Korea, one man in the labor force, in the case of Vietnam, one man in the Armed Services, and four men in the labor force at that ratio?

Mr. SCHULTZE. Of major significance is the fact that in the time of Korea, as I am sure you recall, we were building up from very small