

men in there. It could. But it would require a considerable escalation I think to make it go that high.

Thank you very much, gentlemen.

Chairman PROXMIRE. Thank you, Senator Stennis.

Our next witness is a man who should certainly get credit for his patience as well as his great ability, Mr. Archibald Alexander of the U.S. Arms Control and Disarmament Agency.

Mr. Alexander, we are very happy to have you come before us from a Government agency which is of extreme interest to all of us. I understand you have been doing some real studies in this area of what happens to the economy when the defense is reduced. We are very happy to have you.

**STATEMENT OF HON. ARCHIBALD S. ALEXANDER, ASSISTANT
DIRECTOR, U.S. ARMS CONTROL AND DISARMAMENT AGENCY**

Mr. ALEXANDER. Thank you Mr. Chairman. If it is agreeable to you, I will read quickly through my statement, which will take about 10 minutes.

Chairman PROXMIRE. Fine.

Mr. ALEXANDER. Mr. Chairman, we thank the committee for the opportunity to appear before it in connection with its current hearings on the effect of the Vietnam war on the U.S. economy. As suggested in your letter inviting me to appear today, I shall address myself primarily to the arms control and disarmament aspects of the broad subject you are considering, since these are the aspects in which we were given responsibilities by the act of Congress which set up our Agency in 1961.

Our Agency's special interest in the Vietnam war is that upon its termination, the domestic economic consequences may be expected to be instructive as to the consequences that would follow an arms control and disarmament agreement resulting in reduced defense spending.

Section 31(h) of the Arms Control and Disarmament Act gives the Director of our Agency authority to conduct research and other studies on the "economic and political consequences of arms control in disarmament, including the problems of readjustment arising in industry and the reallocation of national resources."

The research in this field is necessarily directed at a moving target. No positive postulations can be made as to the time and kind of a future arms control agreement. Thus, the objective must be to examine a variety of possible future contingencies, and to arrive at suggestions for methods of dealing with their economic consequences. Since 1961, most of the arms control agreements have resulted in little impact on defense spending. However, when the Vietnam cease-fire occurs, it should provide an excellent sample, in real life, of what happens in the economy, and of the efficacy of what is done by remedial action. Thus our Agency is bound to follow this aspect of Vietnam with the utmost attention.

It so happens that a certain amount of research has been done, for or by our Agency, which may be useful to our Government in deciding what to do in order to minimize dislocation and make maximum use of