infantry munitions expended by or for the protection of each American soldier fighting in Vietnam. For example, in the fiscal year 1966, 5.1 million tons of supplies and other cargo were shipped from the United States to South Vietnam.[68] This comes out roughly to almost 16 tons per U.S. soldier stationed there at the end of the fiscal year. In comparison, the Vietcong is fighting a very labor-intensive war. The result of this different emphasis is two-fold. Primarily, of course, it indicates *a fundamental decision to use up equipment and supplies in order to save the lives of American soldiers*. The secondary result then is the costliness of the war to the American economy and the Treasury in dollar terms (in real terms, in effect we are trading dollars for American lives). One very crude indication of the great capital-intensity of the war effort is the 82 percent increase in military procurement expenditures during the same three-year period as the 56 percent overall increase in military spending.

Detailed breakdowns of the military procurement budget are useful in order to illuminate the regional and company impacts of the fundamental budget changes. Table 8 shows the shifting product mix of all military procurement (on an obligations basis). Three major shifts are taking place: (1) a more than doubling in the amount of funds going to tanks, weapons, ammunition and similar conventional battlefield ordnance, (2) a massive reduction in the relative as well as absolute importance of missiles, and (3) the reorientation of the military aircraft budget away from long-range strategic bombers and to tactical aircraft, particularly supersonic fighters and helicopters. The latter point of course only emerges from analyzing the details of the budgetary reports (see Appendix Tables for details). In general, *the military budget is looking much more like it did during the Korean War and less than during the more recent period of cold war confrontation with the Russians.*

TABLE 8.—*The changing product mix of military procurement*

	Amounts (in billions)			Percent of total		
	Korea (fiscal year 1952)	Cold war (fiscal year 1962)	Vietnam (fiscal year 1967)	Korea (fiscal year 1952)	Cold war (fiscal year 1962)	Vietnam (fiscal year 1967)
Sophisticated equipment:						
Aircraft	$13.1	$6.4	$9.8	45.7	35.7	39.8
Missiles	.4	4.7	2.1	1.4	26.3	8.5
Electronics	1.3	1.5	1.2	4.5	8.4	4.9
Subtotal	14.8	12.6	13.1	51.6	70.4	53.2
Conventional equipment:						
Ships	1.8	2.2	2.4	6.3	12.3	9.8
Ordnance	9.2	2.3	6.5	32.1	12.8	26.4
Other	2.9	.8	2.6	10.0	4.5	10.6
Subtotal	13.9	5.3	11.5	48.4	29.6	46.8
Total	28.7	17.9	24.6	100.0	100.0	100.0

Source: Department of Defense data on obligations incurred.

Hence, the Nation is witnessing a reversal of the shift that occurred in military purchasing in the mid-1950's. Once again, the automotive, mechanical, textile, clothing, and rubber companies are becoming important suppliers of war material. The most dramatic increases have occurred in ammunition (up 270 percent during the past fiscal year), clothing and textiles (up 240 percent), tanks and vehicles (up 80 percent), and food (up 60 percent).[69] The large aerospace and electronics firms, although still significant defense contractors, are finding their shares of the military market to be declining. For example, the ten firms with the largest amounts of defense contracts in the fiscal year 1966 (nine out

[68] U.S. Senate, Committee on Armed Services, *Investigation of the Preparedness Program*, Report by Preparedness Investigating Subcommittee on Airlift and Sealift to South Vietnam, March 1967, p. 2.

[69] U.S. Department of Defense, *Military Prime Contract Awards and Subcontract Payments*, July 1965–June 1966.