ECONOMIC EFFECT OF VIETNAM SPENDING

THURSDAY, APRIL 27, 1967

CONGRESS OF THE UNITED STATES,
JOINT ECONOMIC COMMITTEE,
Washington, D.C.

The joint committee met, pursuant to recess, at 10:05 a.m., in room 4200, New Senate Office Building, Hon. William Proxmire (chairman of the joint committee) presiding.

Present: Senators Proxmire, Javits, Miller, and Percy; and Representatives Bolling, Curtis, Rumsfeld, and Brock.

Also present: John R. Stark, executive director; and Daniel J. Edwards, staff economist.

Chairman PROXMIRE. The Joint Economic Committee will come to order. This morning we continue our hearings on the Vietnam war and its impact on the economy. This morning we are considering the "Vietnam Deescalation and Military Manpower Alternatives."

We are delighted to have as our first witness a very distinguished economist, a man I have known for some time. Of course, all of us know of his great reputation—Dr. Wassily Leontief, professor of economics, of Harvard University.

Dr. Leontief?

STATEMENT OF DR. WASSILY LEONTIEF, PROFESSOR OF ECONOMICS, AND DIRECTOR, HARVARD ECONOMIC RESEARCH PROJECT, HARVARD UNIVERSITY

Mr. LEONTIEF. Mr. Chairman, you have asked me a rather straightforward question, and I will attempt to give you a straightforward answer; as straightforward, I might add, as a small research group, which has no access to any privileged information, can give under the circumstances. I don't know whether it is a consolation for me or not to have found out that even on the Hill you don't have always privileged information. Apparently, information does not flow always freely along Pennsylvania Avenue from one end to another.

The question was: "What would the possible implications of deescalation of military efforts in Vietnam be under a variety of alternative assumptions concerning the allocation of resources which might be and would definitely be released from satisfaction of military needs, if these military needs of procurement were reduced?"