

preliminary answer to the question raised by you, has been presented elsewhere (see appendix to this statement). Now it suffices to say that these methods permit us to translate any "bill of military final demand," that is, any given combination of planes, helicopters, munitions, and so on, into thousands of man-years employed in all the different sectors of the U.S. economy that do in fact contribute either directly or indirectly to the production of these goods.

To measure the possible alternative, non-military uses of these resources, we have computed in the same way the manpower requirements generated by typical bundles of non-military, civilian demand. Among these, distinction was made between final deliveries to the private sector (comprising consumption expenditures of private households and investment of private business) on the one hand, and deliveries to the public sector, that is, to the Federal and local government. These are intended to serve so-called public needs, such as health, labor and welfare, education, highways, public housing, and so on. Veterans' expenditures, space, and last but not least, defense expenditures belong, of course, to this later group.

The bar chart in the upper part of exhibit 1 shows by how much private consumption would have been increased if the man-power resources released by a 19 billion dollars, i.e., by an hypothetical 26% cut in the 1967 military expenditures, were used exclusively to satisfy increased private civilian demand, while deliveries serving non-military public needs remained the same as they were before.

This picture is, of course, based on an extreme and quite unrealistic assumption: While some rise in the level of private consumption would be obviously desirable, pressing public needs should and most likely would have the first call on tax dollars now spent on the Vietnam war.

The picture on the lower part of Exhibit 1 shows that by keeping the extra dividend paid out to the private sector to 1.3%, it would be possible to increase the deliveries serving the so-called public sector by 11.2%.

Exhibit 2 gives a close-up picture of advances in various Great Society programs which would become possible in this second case. The particular distribution between the different types of public expenditures shown on that chart is incorporated into it only for illustrative purposes. The implications of any other allocation could, of course, be computed in the same way.

III

While the choice among alternative uses of productive resources released through reduction in military spending leads directly to the essentially political questions of cultural, social and economic national goals, the shift itself from one allocation pattern to another is bound to be accompanied by all kinds of strains and stresses. The fact that these difficulties can be called transitional does not make them less painful.

All that I have said up to now and what I will say from now on, is predicated on the assumption that full employment must and will be maintained. The computations, the results of which constitute the gist of this statement, are based on the assumption that the man-power released from direct or indirect military uses as a result of the hoped for de-escalation of the war in Vietnam should be fully re-employed in the service of increased civilian demand. This does not mean that jobs will not be lost. It only means that an equal number of new jobs has to be created. These new jobs will, however, appear in different industries, in different occupations, and in many instances they will be located in a different state. This means that many blue collar, white collar and professional workers will have to look for a new job in another region.

The input-output computations referred to above permit us to estimate the changes in distribution of the total U.S. labor force by industries and regions that would have to accompany any given pattern of shift from military to civilian demand.

Exhibits 3a and 3b show which industries can be expected to expand and which to contract if and when some of our resources will shift from the production of swords to the manufacture of ploughshares, or should one say, from napalm to cosmetics.