

more realistic but I am of the opinion that the overall picture would not be greatly modified if some details were changed in this list.

With a large expenditure for munitions, replacement of lost aircraft, and so on, the product mix in it is typical for active military operations, as contrasted to a peacetime maintenance of military forces where the product mix is different.

Chairman PROXMIRE. How did you arrive at the \$19 billion, the assumption that deescalation in Vietnam or a cease-fire in Vietnam—

Mr. LEONTIEF. This is a figure which we received from Washington. Prevailing here, the opinion seems to be that this is about the magnitude which might be involved in case the Vietnamese operations were deactivated. Actually, the net reduction dealt with in our computations amounts to \$18 billion not \$19 billion, because we cut the Vietnamese operations by \$19 billion but added \$1 billion to other military expenditures.

If a different figure were given, one could recompute the whole thing in accordance with it, too. The same applies, of course, to alternative assumptions concerning the composition of the civilian bill of goods.

Chairman PROXMIRE. You make a basic assumption, as I understand it, that these figures reflect the notion that we would have about the same level of employment that we have at the present time?

Mr. LEONTIEF. Yes. The idea is that we will maintain the same level of employment as we have at the present time. My feeling is that this will be the very firm objective of the policy pursued by our Government under all possible circumstances.

Chairman PROXMIRE. What are the total real costs of our Vietnam hostilities? You lived through the Russian revolution. You saw the Chinese revolution. My staff informs me you will soon be going to Greece as a neutral observer. With your broad theoretical economic background and your broad practical experience, will you attempt to place our Vietnam commitments in broader perspective in the "short and long run," as you economists say?

Mr. LEONTIEF. Yes, Mr. Chairman; as I said in my statement, we are engaging here in a cost-benefit analysis of the Vietnamese war. The question I myself would like to ask is this: Of the two sides of the ledger spread before us on my graphs, which represents the costs and which the benefits?

I suppose, as things go now, the benefits are the war in Vietnam. At least, the State Department acts as if these were benefits. What then are our costs? Our costs are a nearly 2-percent reduction in the standard of living of the average American, and a nearly 11-percent, \$12-billion cut in funds allocated to the satisfaction of all kinds of urgent public needs. These are the direct immediate prices that we pay for the benefits which this country allegedly derives from the Vietnamese war.

It is my own personal opinion that, in addition to this, we are paying other terrifically high costs which ultimately will also be translated into material burdens that we will have to carry for years to come. As you know, this is a war supported by the people whose support, under ordinary circumstances, we wouldn't wish to have at all, and which, on the other hand, has alienated, throughout the world,