From this point of view, I am rather confident that if the type of analysis presented in our statement is elaborated upon, worked out in full detail and made public, so that the people know what they are facing, it will be possible to maintain the confidence of the private sector and its full readiness to play its part in the simultaneous realization of both private and public goals.

According to our computations, in many industries, we can expect a considerable increase in demand, in output, and employment.

The result of that will be that private business will have confidence, and whenever private business has confidence, and faces increasing demand, it will naturally turn to private sources of credit, and since the bankers will have confidence they will readily provide the money.

Here, indeed, the posture which the Government will take in formulating and revealing its plans—and in answering the type of questions which you have raised—will affect the chances of a smooth transition, too.

In presenting the two possible alternatives, I gave only an illustration. Other more effective variations could be worked out.

Chairman PROXMIRE. Congressman Bolling?

Representative BOLLING. No questions.

Chairman PROXMIRE. Senator Javits?

Senator JAVITS. Mr. Chairman, I have just arrived to find the witness and the charts and the testimony which he prepared already underway. If I ask a question which has been asked before, I hope that he will so inform me.

Did the witness make any estimate of the increase in the unemployment rate—which is now roughly a little under 4 percent—which would result by a cessation of the Vietnam war?

Chairman PROXMIRE. He made the assumption, in response to a question which I asked, that it would be the same level.

Senator JAVITS. The same level of unemployment.

Mr. LEONTIEF. Senator Javits, the presentation which I made is based on the assumption—suggested to me by the chairman of this committee—that all necessary measures will be taken to reemploy the resources released from military uses in supplying to a greater extent our pressing civilian needs, so that full employment will be maintained.

If we simply dropped the military part and did not provide for an increase in other demand, we would have, of course, a rather substantial increase in unemployment. However, even if we maintain full employment, a considerable change in the employment pattern and a shift from one region to another will have to be expected.

There will be some parts of the country in which, despite the fact that the total employment for the country as a whole is maintained, a considerable drop is bound to occur. California is a very typical case.

As you can see on exhibit 4, in many regions the downward looking bar is larger. In other words, there will be a net loss in employment. Let us see what happens in New York. New York apparently still has a civilian-oriented economy. So far as New York is concerned, under the first assumption, you see that this block directed upward, which measures the increase in employment, is longer than the downward stretching bar that measures losses in employment. However,