

additional output in the GNP, and that is how he got the \$17.3 billion additional Federal expenditures resulting in an increased GNP of \$32 billion.

Then he suggested that for each \$10,000 of additional GNP, there is one job, and that is how he arrived at the 3.2 million additional jobs generated by the Vietnamese war expenditures. Does this approach sound reasonable to you?

Mr. LEONTIEF. You know, a professor from Harvard should not criticize a professor from Michigan, but the statement impresses me as being rather broad. I would say it makes a very great difference whether 10,000 of additional dollars were spent on planes or on school buildings, on munitions or on wearing apparel. And the number of jobs created per \$1 million of output differs from one type of final demand to another. It is this differentiation that my analysis brings out. As a matter of fact, I would be very skeptical of the success of policies which were designed with all attention centered on the very broad averages which you quote.

For example, the total employment could remain constant, but you might have very serious unemployment in California, and at the same time run into labor shortages in the States which, like Montana, seem to be depending on civilian rather than military demands.

As you know, most transitional situations are bottleneck situations. Averages conceal bottlenecks. When you go from a peacetime to a wartime economy, it is not enough to transfer the dollars, one must have the specific industrial capacities in the right places with the right people to man them. The same is true of an anticipated shift in the opposite direction—a shift from war to peace.

This is why I say that the statement you quoted is all right as far as it goes. But my concern would not be with these average figures, but with the discovery of and preparation for dealing with bottlenecks, and there I would urge a much more detailed and specific type of analysis. Many of the practical measures aimed at securing full employment will have to be quite specific too.

I happen to believe that deficit spending is not a cure-all. As likely as not, you will run into bottlenecks, and if you are pumping out money and hit bottlenecks, what do you have? A price rise.

The difference between inflation and an orderly adjustment has its counterpart in the difference between analysis and economic reasoning which centers all attention on aggregated purchasing power, overall fiscal policies, and, on the other hand, more detailed specific analysis that takes into account the differential impact of alternative bills of goods.

Senator MILLER. May I say I agree that a more specific detailed analysis is preferable. Do you have any estimates as to how many additional jobs have been generated as a result of the \$17.3 billion additional cost, through defense expenditures?

Mr. LEONTIEF. I do not have these figures here on hand, but I would think that the number of jobs would be between two and a half and three and a half million.

Senator MILLER. If you would care to, would you do a little further research on that, put a few figures together, and submit them to the committee? Would that be feasible for you to do that.