

Mr. MADDEN. I don't understand the last part of your question.

Senator MILLER. What I am getting at is this: If, for example, you should agree that use of a percent of GNP as a basis of comparing the relative demands upon our economy with the war in Vietnam, the war in Korea, and after World War II, if you would agree that that is not particularly helpful or meaningful, might you agree that to use a comparison on the basis of the relative percentages of real increased GNP per year would be more meaningful?

Mr. MADDEN. Real increases in GNP that are allocated to the war?

Senator MILLER. The percentage, yes. It might even be more than 100 percent, but assume that it is a percentage, assume that real increased GNP was \$30 billion, and the cost of the war in Vietnam was \$15 billion. Then you say that was 50 percent of the real increased GNP that went to the war in Vietnam, and make a similar comparison for the Korean war, a similar comparison for World War II.

Don't you think that would be a more meaningful approach than to just talk glibly about 3 percent of GNP for the war in Vietnam and 8 percent for the Korean war? I have a feeling that a percentage of GNP is not giving us anything that is particularly meaningful.

Mr. MADDEN. I agree that I think both comparisons are useful. The first comparison measures the relative size of the war and the current GNP; but the second measure which you suggest, it seems to me, takes into account the timing of the shift from peacetime to wartime production, and that timing question is very important, as I tried to bring out in the testimony, by saying that the Korean war was much more sharp and sudden than the Vietnamese war has been.

Senator MILLER. It also takes into account the inflation factor, which can be quite large, and it seems to me that that ought to be taken into account.

Mr. MADDEN. I agree.

Senator MILLER. If we are going to get into a meaningful comparison.

Mr. MADDEN. I would agree with that.

Senator MILLER. Mr. Goldfinger?

Mr. GOLDFINGER. I would agree that both of these comparisons are important, but I wouldn't push aside or ignore the relationship of the Vietnam expenditures to the GNP itself.

I think that the point you are making is an important addition. As Dr. Madden indicated, it is an important comparison when you are looking at the economic impact of the step-up, the escalation in military expenditures, and perhaps we should have addressed ourselves to it. Perhaps we should have addressed ourselves to the same kind of comparison in terms of a decline in military expenditures, and the impact of such a decline on GNP in a given year, although such exercise would be guessing at this point.

But I think that on an overall basis, Senator Miller, the ratio of some 3 percent or so of GNP being affected by the Vietnam war is an important comparison, in terms of the size of the overall aggregate impact. I am not suggesting that it is more important than that.

Senator MILLER. Just as a layman, it would seem to me that if that 3 percent were translated into 50 percent of the increased GNP, the real increased GNP, then that would be more important.