

petitive defense contracts. Only in times of war has the Department of Defense seen fit to requisition strategic materials at below market prices.

Chairman PROXMIRE. Mr. Oi, could I just interrupt for a minute to say that as I understand it, you are going to abbreviate the article you have here.

Mr. Oi. Yes, I am.

Chairman PROXMIRE. The entire text will be printed in the record, and in addition, of course, your summary which you will give orally.

(The complete prepared article of Mr. Oi, above referred to, follows:)

THE DUBIOUS NEED FOR A DRAFT

(By Walter Y. Oi, University of Washington)

The Selective Service System through compulsion and coercion has supplied the Armed Services with personnel for over twenty-five years. In times of war when nearly all qualified men must serve, Americans willingly accepted the compulsion of a draft as a practical short-run means of obtaining enough men to insure the defense of the nation. However, as the draft became more selective (due to smaller demands by the Armed Forces), the inequities of involuntary military service became apparent. The Marshall and Clark Commissions were both established in the last ten months to study these inequities and to recommend possible changes in the draft law. The reports of both Commissions conclude that a military draft is *needed*. In previous papers (some of which have been reproduced in the Congressional Record),¹ I have argued that the economic cost of a draft is substantial, and the inequities are largely borne by men in the lower-middle classes of the socioeconomic strata. Moreover, my studies of the military manpower problem lead me to the conclusion that conscription is *unnecessary*. In the light of the postwar population growth, military manpower needs can be fulfilled on a voluntary basis.

The first issue is to identify and estimate the real economic cost of the draft. If a draft is continued into the decade ahead, a minority of youths will be forced into involuntary military service. The hidden tax which is placed on them is conservatively estimated to be three times greater than the Federal income tax burden placed on all citizens. The inequity of this hidden tax could be mitigated by enacting pay legislation to raise the entry-level pay of enlisted men.

In Part IV, attention is directed to the feasibility of meeting our military manpower needs without the compulsion of a draft. Pay, living conditions, and fringe benefits would all have to be enhanced to attract enough recruits to sustain prescribed military manpower objectives. I estimate that the cost of staffing an active duty force of 2.7 million men is around \$4 billion a year.

The lower personnel turnover of an all-volunteer force has two salutary effects. One is that fewer men are in a "training" status; consequently, the same effective strength (of men not in training) can be achieved with a smaller overall strength. The other benefit is that fewer initial recruits are demanded to maintain a given strength. Under a draft, with its high personnel turnover (only 7 per cent of draftees reenlist), it is estimated that 27.0 per cent of all males must be demanded by the Armed Forces. However, a voluntary force with greater personnel retention will demand only 19.3 per cent of all youths. In Part V, we briefly examine how adoption of the lottery system of induction is likely to influence the involuntary participation rate of youths in active military service. Finally, Part VI presents some recommendations for a military manpower procurement bill.

¹The papers which I have written include (a) "The Costs and Implications of an All-Volunteer Force" (Congressional Record of March 9, 1967) pp. H2442-52; this paper was read before the Draft Conference at the University of Chicago, Dec. 8, 1966, and is to be published by the University of Chicago Press (May 1967); (b) "The Economic Cost of the Draft," Papers and Proceedings of the American Economic Association (forthcoming, May 1967); this paper was presented to the meetings of the American Economic Association on Dec. 27, 1966, San Francisco, California; and (c) "The Hidden Tax of the Draft," a comment on an article by Congressman Thomas E. Curtis; my comment appears in the appendix to the Congressional Record of March 12, 1967, pp. A1236-7.