

volunteers, so that the total of reluctant service participants (draftees plus reluctant volunteers) will rise quite substantially. The difference in voluntary service participation across educational groups is likely to be smaller.⁷ The Marshall

	Percent
Less than high school graduate.....	36.4
High school graduate.....	54.2
Some college no degree.....	28.6
College graduate.....	18.9
Total	38.5

Commission's lottery entails a higher overall involuntary participation rate because the loss of one regular enlistment (who serves an initial tour of 3.5 years) necessitates drafting at least two more men.

THE HIDDEN TAX OF THE DRAFT

In his statement before the House Armed Services Committee, Assistant Secretary of Defense T. D. Morris stated that the additional budgetary cost of an all-volunteer force of 2.7 million men would be between 4 to 17 billion dollars per year. This is just another way of saying that the present low level of military pay ($M_0 = \$2,500$ per year in Fig. 1) is too low to attract enough men on a voluntary basis. The implication of Morris' statement is that we as a nation *cannot afford* the additional cost of a voluntary force and must instead rely on conscription to meet our military manpower requirements.

At sufficiently high levels of military pay, a majority of youths could be induced to become true volunteers for active military service. There is, in principle, some minimum supply price for each individual M' at which he would be willing to volunteer for the Armed Services even without the threat of a draft. The supply price M' would clearly be higher the greater is the individual's aversion for the discipline and related conditions of military service life. Moreover, the higher is the alternative civilian pay C which he could command, the higher will be his minimum supply price M' . The supply curve of Fig. 1 is a convenient way of summarizing the schedule of supply prices.

To fix ideas, attention is directed to projections of future manpower demands and supplies. According to DOD projections, if the present draft is extended into the years ahead, 1970-75, the annual demand for new accessions to enlisted ranks will be 472 thousand men (assuming a force strength of 2.7 million men and unemployment rate of 5.5 percent.) Given the threat of being drafted and the growth in the population base, it is estimated that $B = 416.7$ thousand men will volunteer as regular enlistments. However, $CB = 153.7$ thousand regular enlistments can properly be regarded as draft-motivated enlistments who would not have enlisted in the absence of a draft. In a sense, these men were coerced to enlist at the low level of military pay M_0 . If we assume that these reluctant volunteers had the lowest supply prices in the absence of a draft (i.e. they were next in line above the point F in Fig. 1), the cost of involuntary military service for these men is given by the triangle FEG . To amplify, Mr. X might have been willing to volunteer even without a draft liability if first term pay were $M' = \$3,000$. However, with a draft liability, he is coerced to enlist at a pay of $\$2,500$ lest he be drafted. The differential of $\$500 = \$3,000 - \$2,500$ is the cost to X of involuntary military service. If these costs are summed for all reluctant volunteers, a lower bound estimate is given by the area FEG in Fig. 1. Using a liberal estimate of the supply elasticity, the area FEG is seen from Table 3 to be \$141 million. This cost is surely an implicit or hidden tax that is levied against those reluctant volunteers who were coerced to serve by a draft liability.

The implicit cost of involuntary service by draftees is harder to assess. The Selective Service System does not overtly try to draft men with the lowest supply prices. Hence some individuals with high alternative civilian incomes C or with great aversion for service life pay a substantial implicit cost when they are inducted. A lower bound estimate of this implicit cost, can, however, be obtained by assuming that drafters had the lowest supply prices above the point G in Fig. 1. The annual implicit cost borne by draftees is thus given by the quadrangle $GEDH$ or 175 million dollars.

⁷ The percentage of involuntary service participants in relation to the base of qualified males indicates the incidence of involuntary service. Under a continued Selective Service System draft, these percentages will be: