

Chairman PROXMIRE. Thank all of you, gentlemen, for a very, very interesting presentation. It is good to have this difference in viewpoint expressed by so many competent people.

These hearings are concerned with the impact, the economic impact, of Vietnam, past, present, and future, and I think you have discussed a very fascinating and interesting aspect and one that I want to get into with questions, as I am sure the others do.

I wonder if you have any views from the standpoint of manpower on two different problems; one, whether escalation of the kind that has been suggested by Senator Stennis before this committee yesterday, escalation involving, say, 60,000 additional troops, 50,000 above that planned on the one hand; or deescalation, with negotiations and substantial demobilization of, say, 500,000 troops over a period of a little more than a year—what kind of economic impact do these two possibilities suggest?

Will we have such a shortage of manpower, in the event of escalation, that we will have problems, or if we have demobilization of the kind I have described, will this involve serious economic problems with which we should be familiar?

I am not at all critical of what you have presented. That is fine, and I am sure we can ask a lot of questions about it, but I am wondering if any of you gentlemen would like to discuss this particular question.

Mr. Schelling?

Mr. SCHELLING. Mr. Chairman, we are still not drafting such a high proportion of draft-eligible and qualified young men that we need to worry about a national manpower shortage in connection with the kind of expansion you are talking about. There is a manpower emergency ahead for any expansion on the scale you mentioned.

Chairman PROXMIRE. Suppose we should escalate to the extent of the kind of expansion you are talking about. There is a manpower would mean 200,000 more people in the Armed Forces, on the rough assumption that you have one support man for every man you have in Vietnam?

Mr. SCHELLING. There is a problem of supplying them in the short run, if they have to be inducted in an orderly way and put through training, and made available in Vietnam, but in terms of the number of draft-eligible young men who presently are deferred for a variety of reasons, 200,000 I imagine would not cause a severe depression, even on the college campus.

With respect to deescalation—

Chairman PROXMIRE. I am sure it wouldn't cause a severe depression on the college campuses, if we continue our deferment policy.

Mr. SCHELLING. I say, reducing our deferment in order to pick up people who are presently deferred as students would not even take a great fraction of the presently deferred students. There is really no shortage there. The only question is whether there are economic losses through diverting from their education that number of young men for some period of years. I think the economic losses are slight.

Chairman PROXMIRE. How about the deescalation problem?

Mr. SCHELLING. The deescalation problem? It looks to me as though this may be a splendid opportunity, first, to take advantage of what