

Mr. Wool. Yes, the cost in the sense that if one were to say let us experiment, quite apart from any pay raises on equity grounds, let us experiment with what an increased pay level would do above that level and see what happens; as you gentlemen know far better than I do, pay is something you can't experiment with on the downside. You can on the up side. And you are building in therefore the possibility of a very high pay level which would then have to be continued, and of course, the actuarial implications in terms of retirement benefits, and so forth. So there is a very grave fiscal risk.

Representative RUMSFELD. In clarifying your answer to Senator Proxmire, you said if we are taking away the authority there might be risk, but if it were not taking away any authority for the compulsory system, then there is not risk.

What sort of authority are you thinking about that might be taken away, and what sort of risks could flow from the taking away of such authority? I was a little unclear there. Are you suggesting that one of the results of such a proposal might be that for the administration to trigger in the draft it might require coming before Congress?

Mr. Wool. At the present time, there is a legislative proposal which has certain very specific provisions. One of them is the extension of the authority to induct men into service, which expires this coming June.

Representative RUMSFELD. Right.

Mr. Wool. Now if there is no change in that authority and related legislation, and simply an expression of sense that it would be a good thing if we could get as many volunteers as possible, all volunteers, or if there were accompanying pay legislation which increased pay, then in fact the Department of Defense with appropriate guidance from the Congress would continue its efforts to maximize its use of volunteers.

That is what they have been trying to do anyway. The only other thing we are talking about as I see it is the possibility of a major increase in pay. Maybe I misunderstand what you are talking about.

Representative RUMSFELD. No.

Mr. Wool. So on a technical basis, the answer has to be something along the lines of what I have indicated.

Representative RUMSFELD. Dr. Oi, could you comment on Mr. Wool's discussion on the Australian situation? Is that appropriate?

Mr. Oi. Yes, it is.

Representative RUMSFELD. Are there different factors?

Mr. Oi. I have not examined the Australian situation. I believe he is correct. Australia has a smaller force than Canada on a per capita basis. This is due, I believe, to the hyperlabor shortage coupled with a largely immigrant population—a significant in-migration of Europeans who are not really Australians yet. If we were to reach that sort of situation of a hyperlabor shortage, I think we would have the same difficulties of staffing.

Representative RUMSFELD. Dr. Schelling, what studies do you feel could be usefully undertaken by Congress or the executive branch, assuming the ones done by the executive branch were made available to the Congress and the public, dealing with national military manpower policies? Are there specific gaps in here that from your studies