V. Concluding Observations on Further Research

The same analytical scheme that permitted us to assess the economic implications of a hypothetical step toward disarmament, implemented by the same body of factual data, also can be used for evaluating the probable effect of specific measures of economic policies intended to mitigate the stresses of the transitional period. Such measures are usually designed to modify directly or indirectly the level, the composition and the regional distribution of the new civilian bill of goods. To assess their effect on the interindustrial and interregional distribution of outputs and employment, it will be necessary only to repeat the sequence of computations described above with these readjusted versions or the final bill of goods. Whenever information on specific military budget cuts becomes available, this information can replace the hypothetical assumption of the proportional 20-percent cut in military spending and the compensating 2-percent increase in civilian purchases.

The following two refinements can be introduced into the procedure described above without changing the analytical basis of the general approach. The admittedly rigid assumption that whenever the total output of a national good goes up or down, it increases or decreases in the same proportion in all regions can be relaxed. After completion of the three-stage computation described above, the new regional distribution of consumption of each national good can be determined and then compared with the old. Some regions will turn out to be increasing their relative shares at the expense of the others. Accordingly, the geographic distribution of the output can be expected to be affected by this, at least to some extent. If the demand for steel were to contract in a western but to expand in the eastern regions, the share of the latter in the total output of steel might be expected to increase somewhat and the share or the western mills to fall. To take account of this, a second round of multiregional input-output computations can be undertaken in which the set of the regional distribution coefficients applied to each of the national industries would be revised in the light of the numerical results of the first round.