

The time-phasing of the transition and the time scheduling of the detailed impacts is of course a very important determinant of the efficiency of the transition. Here again the detailed flows are necessary for analysis since averages are not very useful for this purpose.

It is in this respect that the strongest recommendation for future research in the application of input-output analysis to the economics of disarmament concerns the design and implementation of time-phased regional models.

SUMMARY

To investigate some of the major structural problems which might arise from disarmament, an input-output model was constructed specifying three full-employment patterns of end product deliveries which might reasonably be expected for the year 1970. The purpose of the model was to measure the impact of varying compositions of final demand accompanying a reduction in defense expenditures on the production capabilities of 66 processing sectors. Each disarmament pattern was stipulated with respect to a specific level and composition of defense expenditures in conjunction with a compensating policy offset.

The relative impact on total industry requirements was discerned by comparing the derived output levels of each industry under the alternative policy formulations. An analysis of the computational results lead to the following five major conclusions:

1. A 50 percent reduction in defense outlays, offset by compensating increase in expenditures within either the private or public sector, will affect the industries producing weapons substantially but will have little effect on supporting industries.
2. The magnitude of the shift in final demand postulated was not large enough to pose structural problems.
3. The derivation of the indirect requirements indicated that the processing sectors are quite consumer oriented. Indeed, this dependence was so strong that substantial shifts between other major categories of final demand were dampened considerably.
4. Industry sensitivity to variations in final demand patterns was diminished markedly by the pattern of accompanying intermediate demands.
5. The effect of public policy was not significant to the output levels of industries supporting the military oriented industries.

ZUSAMMENFASSUNG

Der vorliegende Artikel behandelt an Hand eines Input-Output Modells die wichtigsten Strukturprobleme, die sich im Zuge der militärischen Abrüstung ergeben können. Das Modell bezieht sich—unter der Annahme der Vollbeschäftigung—auf drei verschiedene hypothetische Niveaus der Produktion von Endprodukten im Jahre 1970; es soll die Auswirkungen der als Folge der Abrüstung variierenden Endnachfrage in 66 verarbeitenden Sektoren untersuchen. Jedem "Abrüstungsniveau" entspricht eine bestimmte Höhe und eine bestimmte Struktur der Verteidigungsausgaben in Verbindung mit einer entsprechenden Politik.