

SCOPE OF STUDY

Table 1 presents a summary of total employment covered by this study and compares this coverage with the estimated total employment generated in the United States by defense obligations for fiscal year 1966. The fiscal year 1966 defense budget is estimated to generate a total U.S. employment (including military) of 5,600,000. It is estimated that this report covers 4,150,000, or 75 percent, of this total.

TABLE 1.—Coverage of estimated defense-generated employment in the United States, June 1966

Source (1)	Obligations, fiscal year 1966 (billions) (2)	Employment generated (millions)		Percent coverage, col. (4) divided by col. (3) (5)
		Estimated from col. 2 (3)	Covered by this report (4)	
Procurement including R. & D., etc.....	\$40.3	¹ 2.80	1.35	48
EIS surveyed plants.....			(.85)	
Imputed to prime contracts.....			(.50)	
Pay:				
Civilian.....	7.2	1.00	1.00	100
Military.....	8.3	1.80	1.80	100
National Guard, Reserve, retired.....	2.4	(²)	(²)	(²)
Total.....	³ 58.2	⁴ 5.60	4.15	75

¹ Estimated by using Census Bureau's value added per worker. This gross measure accounts for total employment generated from mining operations through semifinished shapes and forms to finished products including transportation, etc.

² Not available.

³ Excludes approximately \$9 billion obligations for work outside the United States.

⁴ By adding the approximate 1.2 million defense-generated employees and military personnel located outside the United States, the total becomes 6.8 million. This latter number represents approximately 8.7 percent of an adjusted U.S. labor force of 78.6 million derived by adding military personnel in the United States and personnel outside the United States and by deducting the unemployed. Although the 8.7 percent is not inconsistent with the approximate 8 percent of the gross national product devoted to defense, it should be recognized that several items may influence the accuracy of the estimate such as the use of the gross value added per worker factor mentioned in footnote 1 and possible differences in the labor intensity of items procured for defense.

Employment measured in this study is referred to as defense-generated employment and military personnel. The former consists of defense-generated industrial employment in the non-Government economy and DOD civil service employment.

Complete coverage of DOD civil service and military personnel by geographical assignment is accomplished by this study. Of the estimated 2,800,000 defense-generated industrial employees resulting from defense purchases in the civilian economy, including all "indirect" workers generated by subcontracts and vendors purchases, this study covers an estimated 48 percent, or 1,350,000, by geographical area. Coverage in this latter category is subdivided into two subgroups: the 850,000 defense-generated industrial workers employed by the 387 large defense plants surveyed by EIS and the 500,000 workers imputed, using census workers per shipment ratios, to the approximately 17,000 other plants, receiving prime contract awards. These 1,350,000 workers generated by defense procurement are estimated to account for 100 percent of those working on prime contracts and approximately 10 percent of the total indirect employment resulting from these primes. (See table 7.)