

The Cost in National Treasure

\$400,000,000,000 PLUS

By Robert Lekachman

The dollar cost is staggering, says the author; yet there is more to be reckoned: inflation, unemployment, and—worse—a diversion of public resources, attention, and commitment from domestic reform.

What has been the cost of the war in Vietnam?

A place to begin is with the official figures. According to the Pentagon, the incremental expense of the war by the middle of 1972 amounted to approximately \$110 billion. Naturally, that number drastically underestimates the war's true financial burden. The Pentagon has not yet counted the cost of massive renewed bombing. Also excluded are such items as the \$700 million that we are giving this year to the Saigon government, Cambodia, and Laos as "economic aid." The military's figure does not record CIA expenditures in support of its private army of mercenaries in Laos. Nor does \$110 billion take into consideration the connection between Vietnam and the swollen American military establishment in Thailand, Taiwan, South Korea, and elsewhere in the Pacific—the *New York Times's* Anthony Lewis has estimated this cost at \$40 billion during the Nixon administration alone.

The conventional government reckoning overlooks the still graver long-term consequences of military adventure. Benefits to veterans will be a tax burden for decades to come; a current estimate of that final bill is, incredibly, \$220 billion, under the assumption that, as has been true of our past major wars, veterans' benefits ultimately total at least twice the original cost of the war. Tens of thousands of permanently incapacitated men will linger expensively, not to mention painfully, in veterans' hospitals, some of them for the remainder of their lives. A still more grim calculation must be made. The fifty-five thousand young Americans who died in Vietnam during the last decade—forty-five thousand killed in action plus ten thousand noncombat dead—could have enjoyed the gift of life for an average of perhaps forty-five more years. Even economists hesitate to set a dollar price on existence, but something concrete can be said, all the same, about the value of the work these men will never perform. Assuming conservatively that each would have been employed for forty years at an average annual wage

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of \$15,000, lifetime earnings sacrificed in this war approximate \$600,000 per man. Multiplied by 55,000, the result is the waste of the products of \$33 billion of human labor. The country will be the poorer permanently, not merely temporarily, because of these deaths.

The much larger number who survived their year in combat more or less intact wasted their energies while they were in uniform. So did the civilians who facilitated their activities. At the 1968 peak of our Vietnam commitment American military personnel physically in Vietnam numbered 536,100. An additional 263,900 were either in training or manning lines of communications. A civilian contingent of 250,000 was directly engaged in the conflict. Altogether 1,050,000 men and women that year were doing destructive instead of useful tasks. It is one of the several idiocies of the way government experts calculate the Gross National Product that the wages of these 1,050,000, like other Vietnam outlays, were solemnly computed in year-to-year expansion of national output. No wonder that people of average income were certain that their own economic situation was stagnating or even deteriorating, even as national-income estimators were reassuring one and all that real per-capita income was on the increase. The rise consisted, in dreadful part, of the bombs raining on our friends and foes and the craters that now speckle the lunar landscapes of Indochina.

Adding up the dollars thus far, the total cost of the war reaches \$400 billion—and that is a conservative estimate.

Yet Vietnam has consumed still more. Federal Reserve Board Chairman Arthur F. Burns, intermittent friend and adviser of President Nixon, observed in 1968 that "a mere count of numbers . . . does not convey adequately the drain of the defense establishment on the nation's work force." This celebrated nonradical noted that "men



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differ in quality, and we need to take account of the fact that those involved in the defense effort are, on the average, superior from an economic viewpoint to workers engaged in civilian production." War managers in modern times have a taste for soldiers with skills, and the defense industries have similar preferences for the better engineers, technicians, and scientists. At the height of the war, still according to Dr. Burns, "One out of every five of the nation's electrical and mechanical engineers in civilian jobs, two out of every five airplane mechanics, two out of every five physicists outside of teaching, and three out of every five aeronautical engineers were employed on defense goods." Because Dr. Burns's conservative credentials are in such splendid order, his summary judgment deserves special attention: "During the decade from 1957 to 1966, our nation spent approximately \$520 billion on defense and space programs. This sum is almost two-and-one-half times as large as the entire amount spent on elementary and secondary education both public and private. It is two-and-three-quarters times as large as the amount spent on the construction of new housing units. It exceeds by over a fourth the expenditure on new plant and equipment by the entire business community."

We have accompanied Dr. Burns beyond Vietnam to an evaluation of the general burden of the defense establishment upon the economy. Suppose we return to the Pentagon's modest \$110 billion, where we began, and brood for a spell over what we as a nation might have purchased without Vietnam. For a start, financial poverty might have been completely eliminated. Who now recalls Lyndon Johnson's unconditional war against poverty, circa 1964? Only eight years later it has become

something of a national sport and a social-science fashion to blame the poor for their own plight. Nevertheless, for the nostalgic, the poverty gap—measured as the income deficiencies of families below the current \$4,000 poverty line—varied between \$11 and \$14 billion annually during 1965–1972. That \$110 billion would have paid the poverty bill with something to spare.

Consider a less altruistic use of the money. This year the candidates crisscrossed the land, promising property-tax relief. In the aggregate, property taxes amount to about \$40 billion each year. In the absence of the Vietnam incubus these levies could have been reduced by about two-fifths in *each* of the last seven years.

In 1968 the housing census, using restrained criteria, identified six million substandard dwellings. With \$110 billion the construction industry could have built each family incarcerated in urban slum or rural hovel an \$18,000 house and, incidentally, conferred upon the hardhats of the United States utterly unprecedented affluence. Instead, the higher interest rates generated by the necessities of war finance severely crippled residential and public construction and cost the nation each year as many as 750,000 units of housing. Anyone can compile his own list of the hospitals, schools, parks, prisons, and mass transportation of which Vietnam has robbed us.

It is legitimate to wonder whether a country that in 1966 ranked eighteenth in infant mortality, that in 1967 rejected 28.5 per cent of potential draftees because of physical defects, that accepted a drop in the ratio of physicians to population of from 109 per 100,000 in 1950 to 98 per 100,000 in 1966, that in 1969 allowed ten million Americans to go to bed hungry, and that



The bombing "is something like the repetitive strokes of a jackhammer, if you will. At some point, the concrete begins to break up."

—Gen. Harold K. Johnson

I-Feel-Like-I'm-Fixin'-To-Die Rag

by Country Joe McDonald

*Well come on all of you big strong men
Uncle Sam needs your help again
Got himself in a terrible jam
Way down yonder in Viet-Nam
Put down your books and pick up your gun
We're gonna have a whole lot of fun*

CHORUS:

*And it's one-two-three what are we fighting for
Don't ask me—I don't give a damn
The next stop is Viet-Nam
And it's five-six-seven open up the pearly gates
Well, there ain't no time to wonder why
Whoopce, we're all gonna die.*

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countenanced (any year) the physical decay of its major cities, was really rich enough to afford an unnecessary war. Especially a war whose "benefits," in Richard Barnett's words, "have gone for the most part to the owners and managers of contracting corporations, high-salaried engineers and scientists, better-than-average-paid bureaucrats, military officers, and those who service them."

The war generated another set of costs less easy to measure than the resources wasted, skills misapplied, poverty undiminished, and homes unbuilt. Until the middle part of 1965, when President Johnson commenced his escalation of the conflict, the American economy was experiencing an unusually stable prosperity. Kennedy-Johnson policies of fiscal stimulus and monetary ease, buttressed by a reasonably effective incomes policy, which featured wage-price "guideposts" but not controls, had steadily reduced unemployment until it approached the 4 per cent interim target set by the Council of Economic Advisers, promoted modernization of industrial plants through the investment tax credit, revived economic growth rates, and improved the competitive situation of American businessmen in world markets.

A high rate of economic growth, accompanied by stable prices, was a genuine achievement of the New Economics practiced by Walter Heller and his colleagues on the Kennedy-Johnson Council of Economic Advisers. Even after the sharp 1964 tax cut the economy was strong enough to increase the actual amount of taxes flowing into the Treasury. This fiscal dividend from economic growth financed such New Frontier-Great Society programs as the War on Poverty, Medicare, Model Cities, the Elementary and Secondary Education Act, and a dazzling array of other health, education, housing, environmental, and urban-renewal programs. The implicit social compact between President and people that made the whole operation viable was the delivery of a dollar or two of tax relief for every dollar freshly devoted to the alleviation of the poor.

Lyndon Johnson's devotion to the Great Society was beyond any doubt. Unhappily for him and for his constituents, however, he added as a second hobby the Vietnam War. In the middle of 1965 the course of candor for the President would have been to inform the American people about the scale of their new imperial responsibilities and then seek from Congress the sort of tax increase that body had routinely enacted in response to previous military emergencies. As the Pentagon Papers amply documented, few of the war managers really believed that victory in Southeast Asia would be either speedy or cheap. Nevertheless, Lyndon Johnson pre-

"We cannot assert that a policy of sustained reprisal will succeed in changing the course of the contest in Vietnam. It may fail and we cannot estimate the odds of success with any accuracy—they may be somewhere between 25% and 75%. What we can say is that even if it fails, the policy will be worth it . . ."

McGeorge Bundy, in a memo to President Johnson, February 1965

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ferred to disguise the scale of the impending American effort well into 1966. The budget message early in that year included no call for more taxes. The President's Council of Economic Advisers, increasingly worried about the prospect of incipient inflation, was soothed by an underestimate of a cool \$10 billion in Vietnam outlays for the new year. Although prey to growing doubts about ultimate American victory, Secretary of Defense Robert McNamara either deliberately concealed the facts from his own colleagues in government or indulged himself in the sort of wishful thinking that this master of computers was widely advertised to avoid.

Why was deceit so long continued? Harry McPherson who worked for Johnson both in the Senate and the White House, claims that "he was trying to summon up just enough martial spirit and determination in the people to sustain a limited war, but not so much as to unleash the hounds of passion that would force him to widen it." The course of presidential prudence was to hide the facts from Americans who might associate higher taxes with wider wars. For Vietnam was not like other and more popular wars. After Pearl Harbor Franklin Roosevelt announced to general public acclaim that for the duration Dr. Win-the-War must supersede Dr. New Deal. He promptly sought higher taxes. By contrast, the war in Asia commanded so little support that in his own memoirs Lyndon Johnson justified delay in asking for money to pay for it by arguing that "we had no chance of winning" congressional assent. The familiar coalition of Republicans and southern Democrats, which by 1966 was reasserting its influence, would have compelled the President to choose between the war and the Great Society if he had leveled with them and the nation over the scale and cost of the conflict. Accordingly, Johnson decided to retain both the war in Vietnam

2500 Ministers, Priests and Rabbis Say:

MR. PRESIDENT:

In the Name of God, STOP IT!

We are aware of the awesome responsibilities you carry, as can imagine the difficulties of making important decisions in the face of conflicting advice from many sources; nor do we doubt your devotion to this nation or to the great goal of peace among all nations. Yet in offering our concerns over American involvement in Vietnam we must be as blunt as honesty requires us to be.

Mr. President, every one of us is deeply, personally dismayed by the role the United States is playing in Vietnam.

It is not a light thing for an American to say that he is dismayed by his country's actions. We do not say it lightly, but soberly and in deep distress. Our government's actions in Vietnam have been and continue to be unworthy either of the high standards of our common religious faith, or of the lofty aspirations on which this country was founded.

Now the United States has begun the process of extending the war beyond the borders of South Vietnam, with all the attendant dangers of precipitating a far greater conflict, perhaps even on a global and nuclear scale.

Mr. President, we plead with you to reverse this course. Let us admit our mistakes and seek for an immediate cease-fire. Let us call a conference of all the nations involved, including China, not alone to conclude peace but to launch at once a major and cooperative effort to heal and rebuild that wounded land.

Let us declare our intention to withdraw our troops, calling on other states to do the same, thereby allowing the Vietnamese the right of self-determination. We cannot dictate their course, and we may well regret it, but the risk is to be preferred over the certainty that the moral bankruptcy of our present policy is setting the stage for the ultimate victory of totalitarian forces, and even of thermonuclear war.

The prophets and teachers of our Judeo-Christian faith admonished the people of their day, and of all times, to go beyond the old restraints by which injuries might be exactly recompensed, and instead to deal with their enemies with love and good deeds. Yet in Vietnam this nation, so proudly self-described as "under God," is not content even with "eye for an eye" retaliation, but returns evil for evil on a multiplying scale.

No nation has ever saved either its life or its soul by such methods, and ours will not be an exception. As men and women who have committed their lives to the attempt to explain and interpret the will of God, we have no alternative but to assert on every occasion and in every way open to us our conviction that these methods are not God's methods, but will bring the judgment of God upon our nation.

Mr. President, we plead with you with the utmost urgency to turn our nation's course, before it is too late, from cruelty to compassion, from destruction to healing, from retaliation to reconciliation, from war to peace.

Clergymen's Emergency Committee for Vietnam

of the Fellowship of Reconciliation

and the Great Society at home and hope for the best.

In so doing, he accepted the prospect, and shortly the reality, of inflation. (Inflation usually accompanies war because in wartime great numbers of productive workers are diverted from their normal pursuits to become soldiers and defense workers. Such persons continue to receive wages but no longer produce goods. As a result there are soon too many dollars chasing too few goods. Prices increase. Wages spiral up to keep pace. And the purchasing power of the dollar diminishes accordingly.) One of the hidden effects of inflation is the way in which it enriches the already rich and adroit and penalizes the weak and vulnerable. The 1966–1968 bull market, memorably detailed by ‘Adam Smith’ in *The Money Game*, was a wonderful period for conglomerateurs and promoters of special situations in ecology, leisure, geriatrics, and high technology. The young financial wizards, whom ‘Smith’ calls “gunslingers,” appeared to possess the magical touch that attracts money just as presidents collect sycophants. Things were not so lovely for everybody. Unions like the UAW, which had bartered away cost-of-living escalator protection in reliance on continued price stability, shortly discovered that they were locked into three-year bargains that left their members suddenly vulnerable to ascending food, housing, and service prices. The elderly, particularly the families compelled to subsist on private pensions, suffered severe erosion in already meager stipends. Even the increased benefits usually voted in election years to social-security recipients came belatedly and in amounts too small to compensate for past price increases.

When Richard Nixon entered the White House in January 1969, inflation was eroding the dollar at an annual rate of 6 per cent, but unemployment, significantly, stood at only 3.4 per cent—lower than it had been at any time since the Korean War. Surveying this situation, the Nixon administration promised to halt inflation without increasing unemployment and causing a recession.

There is a trade-off, as economists but not politicians routinely concede, between inflation and unemployment. For when an administration rushes to slow inflation by reducing public spending on social programs, tightening credit, and thus reducing profits, an increased rate of unemployment inevitably results.

In modern economics the medicine is exceedingly slow to work its wonders. The first two Nixon years, influenced by the advice of the University of Chicago’s Milton Friedman to curtail the expansion of the money supply, reduced the advance of inflation only infinitesimally, although unemployment nearly doubled and the restrictive monetary policy severely pinched home builders, local governments, and small businessmen, who found it more and more difficult and expensive to borrow money. Powerful corporations and the stronger unions simply refused to accept a check in the rate at which they raised their prices and paychecks.

Possibly shaken by the disappointing Republican performance in the 1970 congressional elections, early in 1971 Mr. Nixon announced that he was, after all, a Keynesian, concerned like other members of that tribe about unemployment and willing to stimulate the economy by resorting to more government spending and lower taxes. When the new magic worked little better than the old, on August 15, 1971, the President summoned in effect a new medicine man—without, of course, ever mentioning his dreadful name. This latest prophet was John Kenneth Galbraith, who for years had been advocating wage and price controls as the only way to tame the market power exerted by giant corporations and aggressive unions. And thus by mid-1972 Mr. Nixon and his economic managers at length succeeded in approximately halving the rise in the cost of living, though it is dangerous to retail this information to a shopper just returned from a morning at the local supermarket.

But the really disastrous failures of Nixon policy concern unemployment. After covertly engineering a recession that shoved the measured rate of unemployment (a serious underestimate of the true figure) up to 6.2 per cent, his election-year drive toward a new boom has resulted only in a trimming of that rate to 5.5 per cent. This figure of course, does not represent the far more serious costs of protracted unemployment among blacks, teen-agers, women, and inner-city residents. This is a matter not only of the lost output, curtailed profits, retarded economic growth, and the postponed public improvements already noted; more alarming, it is a toll of human despair, incitement to violence, and further alienation of groups that do not lack for grievances against an American celebration that traditionally has excluded them.

Arthur Okun has accurately summarized the Nixon record: “. . . consumer prices have already risen 18 points since the beginning of 1969, more than in the previous Kennedy-Johnson 8 years combined; the accumulated product gap between full employment is mounting to over \$175 billion; the total of unemployment above early 1969 levels represents over 6 million man years of labor; corporate profits after taxes in 1969–72 are actually down from 1965–68 totals, marking the first 4-year period of stagnation since the thirties; the federal deficits for 1970–73 are exceeding \$75 billion, more than the combined deficits of Johnson, Kennedy and Eisenhower

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over 16 years; the annual growth of GDP under the Nixon Administration has been 2½ per cent, which puts us along with the United Kingdom in the cellar of the world growth league."

Boom or no boom, again in Dr. Okun's words, "Twenty months after the end of the recession, manufacturing output is barely back to its level of mid-1969; and factory jobs are below those levels by more than 1 million; productivity stands at least 4 percentage points below its normal trend; and the nation has a 5½ per cent unemployment rate and a 3 per cent inflation rate." A partisan Democrat but a careful economist as well, Dr. Okun judged that "by the accepted standards of grading U. S. economic performance during the last generation, the position of the economy today has to receive a failing grade."

I come now to the loss of public morale, which, after actual Vietnamese and American deaths and injuries, is the gravest of all the penalties imposed by the war. Like rich empires of the past, the United States usually is in a conservative mood. Public support for substantial social change occurs infrequently and only after an accumulation of group grievances and flagrant injustices has built up pressures for change powerful enough to overcome congressional sabotage, bureaucratic resistance, and self-satisfaction on the part of the beneficiaries of existing social arrangements. Woodrow Wilson's first term capitalized on such an opening. But another two decades and the largest of all depressions were needed to create the New Deal. That untidy but creative episode continues to shape American life. Among Franklin Roosevelt's bequests are social security, unemployment benefits, deposit insurance, stock-exchange regulation, mortgage guarantees, and farm subsidies.

As Lyndon Johnson acutely perceived, he held in his hands the first chance since the New Deal to enact significant social legislation. Favoring circumstances included an unusually liberal Congress, which arrived after the Goldwater debacle, a rising tide of activism among the poor and the black, and the highly serviceable Kennedy mystique. Lyndon Johnson's Great Society was a hastily improvised collage of strategies, among them better services for the poor, medical care for the elderly, man-power retraining, increased income maintenance for pensioners, and sporadic attempts to redistribute power from city halls to community groups.

Model Cities was an experiment in urban improvement through coordination of social and public services. The Community Action Programs were exercises in the promotion of grassroots leadership and the enhancement of the political influence of usually passive low-income urban constituencies. Some of the Great Society programs were no better administered than they were drafted and coordinated. Strategies were eclectic rather than consistent. Too often the programs of the Office of Economic Opportunity fell into the hands of local ide-

logues or timeservers or, even worse, as in Mayor Richard Daley's barony, into the control of the conventional politicians whom they were intended to countervail.

After this is said, it remains the case that the Great Society gave new benefits, in particular to the poor. Possibly even more important, it accorded a measure of recognition to women, blacks, welfare recipients, and other neglected or persecuted groups. The devoted young lawyers who turned Neighborhood Legal Services into the most successful of Great Society innovations fought important test cases to the Supreme Court. Their frequent victories substantially enhanced the rights of welfare recipients, women, blacks, migrant farm workers, and public-housing residents.

It is essential to measure accurately the promise as well as the actual performance of the Great Society because the current intellectual vogue, conservative and liberal, is extreme humility about the possibilities of social change through government action. Conservative tradition emphasizes the inflexibility of human behavior, the durability of institutional arrangements, the pervasiveness of class and racial differentiations, and the consequential modesty of the results reasonably to be anticipated from government efforts at social meliorism. For the time being at least, the tacit allies of the conservatives are former New Frontiersmen and Great Societarians, particularly the economists among them, who have been passing their political exile in such havens as the Kennedy Institute at Harvard and the Brookings Institution in Washington. These toilers in the statistical vineyards are rediscovering the limitations of the resources available to the federal government and reassessing glumly the impact of liberal Democratic efforts during the 1960s to diminish poverty and deprivation. The Brookings study, *Setting National Priorities: The 1973*



June 29, 1966—North Vietnam's capital Hanoi, and its main port, Haiphong, are bombed by U.S. planes for the first time.

Budget, published last spring, included a confession, topic by topic, of liberal remorse. According to the authors, no man alive can say whether compensatory education, racial integration, community control—or an appropriate mixture—represents an acceptable, let alone the optimum, way to help the children of the poor enough to survive. All that the housing experts currently claim with conviction is that urban renewal and public housing are complete or partial disasters. The health specialists have not yet designed a plausible scheme to combine such vital objectives as delivery of good medical and hospital care to everyone, protection of the victims of medical catastrophe from penury, and limitation of soaring hospital and physicians' charges. So it goes. Whether job-training programs actually help their clients get and keep better jobs is anybody's guess. And almost nobody, not even the social worker, appears to believe that social services have substantially benefited large numbers of welfare recipients.

This mood, I emphasize, is a major Vietnam cost.

Great Society programs, barely launched before the war escalated, have been fiscally stunted. Far more seriously, they have been deprived of adequate congressional and public attention. Any rational observer would have expected a decade or more of modification, experiment, and improvement before Great Society innovations operated with something of the smoothness of the Internal Revenue Service or the Social Security Administration. But the politics of Vietnam dissolved that implicit social contract that allowed Lyndon Johnson to emulate Franklin Roosevelt—tax cuts for the prosperous and help for the poor. Once benefits for the vulnerable had to come from the incomes of the public at large, the general mood turned sour and became suspicious both of the conduct of the beneficiaries of social programs and of the politicians responsible for those programs.

Taking all of these costs into account—the strictly monetary, as well as the social and political—Vietnam has fair claim to being the most costly war in American history. □

The Effect on Social Programs

THE GREAT SOCIETY WAS NEVER A CASUALTY OF THE WAR

By Nathan Glazer

Conventional wisdom has it that the cost of the war necessitated a cutback in social programs. Not true, says the author, in contrast to the preceding essayist. The funding of most such programs has shot up right along with the increase in military spending. He explains how.

There is reason enough to decry the war in Vietnam for itself—for the lives lost, both Vietnamese and American; for the damage done to Vietnamese property and land; for the costs to the American economy; and for the drastic and tragic transformation of America's image—as a basically good nation—in the world at large and among its own people. But *should* we also blame the war, as so many have lately urged, for the destruction of an epochal American commitment to attack the nation's social problems—including poverty, urban decay, ill-health, and racial inequality? Is it true that the Great Society was among the first casualties of Vietnam?

Certainly, this assumption has become the conventional

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