There are many possible shadings of these two approaches, but between them lie the potential courses of action.

In the Korean war, the Department of Defense attempted to make immediate best guesses as to the size and duration of the conflict, even during its earliest stages. This procedure led to severe estimating problems. At first, it was assumed that the war would be of quite short duration, and fund requirements were adjusted accordingly. Several months later, Red China entered the war, and this required a substantial revision of the estimates of the extent of our financial requirements. In fiscal year 1951, the first year of the war, the Defense Department came to the Congress with three separate supplemental requests. Supplemental requests were also made in each of the following 2 years. Each of the initial budget submissions was based on an assumption that the war would end at the conclusion of the fiscal year being budgeted for.

These estimates of funds needed turned out to be considerably overstated. The magnitude of the overstatement is readily apparent from the following figures: The Department of Defense requested a total of about $164 billion for the military functions for the 3 fiscal years 1951–53; the Congress appropriated a total of $156 billion; the amount actually expended was $102 billion; and the unexpended balances rose from $10.7 billion at the end of fiscal year 1950 to $65 billion by the end of fiscal year 1953. It took 5 years to work the unexpended balance down to about $32 billion. During the 4 fiscal years 1955–58 no additional funds had to be appropriated for Army procurement; the Army lived off excess funds appropriated during the war.

A major problem with such a financial planning policy is that it is much harder for both the Congress and the executive branch to exert effective budgetary control when the outstanding amounts available for obligation far exceed actual needs.

In order to avoid problems of the sort encountered during the Korean war, we consciously tried to learn from that experience, and we chose a very different approach for financing the current conflict in Vietnam. Our commitments for Vietnam began a rapid expansion early in fiscal year 1966. In less than 4 months we deployed 100,000 men to Vietnam. During the fiscal year, we added 439,000 men to our Armed Forces. During the same period, the Vietcong and North Vietnamese military strength was also rising rapidly. At the time, it was virtually impossible to estimate how rapidly our commitments would rise, or when they would level off. Against such a background, estimation of financial requirements and calculation of resulting expenditures could not be made with any degree of confidence for more than the few months in advance for which relatively firm deployment plans did exist.

And yet, it was just at this time that the fiscal year 1967 budget request had to be prepared. The problems in selecting assumptions on which to base this budget were manifold. Meaningful planning as much as 18 months in advance was most difficult, given that we were then still on a sharp buildup curve in our deployments to Vietnam. The eventual requirement for forces was still quite uncertain. The scope of the air activity rested on still unmade military/political decisions.