

These still are not going to be right, you know; even our current estimate of attrition rates are certainly not going to be exactly right, but it is a lot easier to make meaningful estimates now than it was a year ago.

I think that is essentially the difference.

Senator JORDAN. But are you not shifting from one extreme to another? In the first instance you planned on cessation of hostilities by June 30, 1967, and now you are planning that the war will go on indefinitely.

Mr. ANTHONY. I do not think it is quite right to say that in either case we are planning such and such a thing. We are—

Senator JORDAN. You are budgeting on that premise.

Mr. ANTHONY. We are building a budget on a certain assumption.

Senator JORDAN. Yes.

Mr. ANTHONY. I think really those are the only two ways you can build a budget. Those are essentially the two choices. You either build it on the assumption that hostilities will terminate at the end of the budget year or you build it on the assumption that they will go on indefinitely.

Senator JORDAN. When the Vietnam war does terminate, do you anticipate that the U.S. forces and defense spending will be reduced to pre-Vietnam levels?

Mr. ANTHONY. I think it is very premature to make any estimates of what will happen. Studies are going on. One cannot know in the actual world what period of time we are talking about. What expenditures will be reduced to is the level needed to support the Defense Establishment at that time.

That level will depend on our commitments at that time, force requirements to meet those commitments, and on the prices of those, taken altogether, which is an unforeseeable set of facts.

Senator JORDAN. Over how long a period of time do you anticipate the conversion to peace will occur? You talk about going from "hot base" to "cold base" levels, and how long a time do you anticipate that transition might take?

Mr. ANTHONY. I think it useful to split this period down into two parts. The first period is when hostilities have ceased but you are uncertain as to whether they have ceased for good. The length of this period is completely unpredictable.

Then the other period—and I think that it is this second period you are talking about—

Senator JORDAN. Yes.

Mr. ANTHONY (continuing). Is when we are convinced that they have ceased for good.

I think the Korean war indicates that the time required to get down to the peacetime level is 2 years or so. It is certainly not as short as 1 year, and it may be longer than 2 years. It is, say, approximately 2 years. If we work things right, we will be able to carry out, not an abrupt termination but a gradual phasing down.

Senator JORDAN. A gradual phasing down?

Mr. ANTHONY. Yes.

Senator JORDAN. Last January President Johnson called for a major coordinated effort to review our readiness for peace, and, as I