

understand it—and you remarked about it in your statement today—the Chairman of the Council of Economic Advisers, Mr. Askley, is coordinating that program.

However, could you tell us on the basis of your own role what has been accomplished specifically to date?

Mr. ANTHONY. I think there are others more competent than I to talk about the total Government effort. But talking about the effort in the Defense Department, we are working out various sets of what we call scenarios, possible things that might happen when hostilities terminate.

I do not personally regard individual scenarios as very important, because there are so many different ways in which hostilities might terminate. But some specific activities which are part of this whole effort and which were going on much before this coordinated effort started are, I think, quite significant.

In the first place, we have a posthostilities plan; our 5-year defense program always has a year of peace assumed in it, and so we know at any moment of time what we are aiming for when hostilities cease.

In the second place we are working out policies, i.e., what our policies will be under various posthostilities circumstances. We are also getting people to understand these policies and to discuss them.

In the third place we are working out procedures—that is, ways of making certain that we can take quick action when the need for action arises.

Another very important part of this planning process is having accurate information. We have major efforts underway to get up-to-date information on our most important inventory items so we will not be in the dark as to what to do about those items when hostilities cease.

I think all of these things are important parts of the effort to make a smooth transition to the post-Vietnam situation.

Senator JORTAN. You remark that the pattern of spending is not absolutely stable, and this we know, and you said, “In the early 1960’s we shifted away from the cost-plus-fixed-fee type of contract toward an incentive type, and there was a definite effect on expenditure patterns,” when this was done.

This committee has been very much interested over the years in moving from cost plus to other types of procurement. Could you tell us for the record how fast that progress has been? What percent of our present purchasing is on an incentive or bid basis and what percent is still cost plus?

Mr. ANTHONY. I am sorry. I do not have those figures; I will be glad to put them in the record, but the increase has been dramatic over this period of time.

(The following information was later supplied for the record:)

In fiscal year 1961, 37 percent of our contracts were of the cost-plus-fixed-fee type, and 63 percent were fixed-price, cost-plus-incentive-fee, or some other incentive type. The cost-plus-fixed-fee type dropped to 32 percent in fiscal year 1962, to 21 percent in fiscal year 1963, to 12 percent in fiscal year 1964, and to 9 percent in fiscal year 1965. In fiscal year 1966, despite the pressures of the buildup, the percentage was still only 10 percent.

Senator JORDAN. For that we commend you. This has been a major concern of this committee. Thank you.