

Mr. ANTHONY. You mention, of course, one phenomenon the anti-ballistic missile—just one, which would make a tremendous difference in the whole budget.

Chairman PROXMIRE. Yes.

Mr. ANTHONY. In terms of stable prices, it would seem to me that roughly what you say would be so, but it is a very complicated thing. Retired pay, you know, just goes up \$200 million a year no matter what you do today. These are obligations already on the books, so this phenomenon steps the budget figure up and up and up.

Chairman PROXMIRE. Senator Jordan?

Senator JORDAN. Thank you, Mr. Chairman.

Mr. Anthony, you go to some length to compare this war in South Vietnam budgetwise with the Korean war. You say the Department of Defense requested a total of \$164 billion for military functions for the 3 fiscal years 1951 through 1953; Congress appropriated \$150 billion, but the amount actually expended was \$102 billion.

You go on to state it took about 5 years to work the unexpended balance down to \$32 billion and that during the 4 fiscal years 1955 through 1958 no additional funds had to be appropriated for Army procurement.

The Army lived off excess funds appropriated during the war.

Do you anticipate there will be anything like that problem of phasing down when we get to cessation of hostilities in South Vietnam?

Mr. ANTHONY. Well, of course, there is going to be a problem.

Senator JORDAN. Yes.

Mr. ANTHONY. There are, of course, going to be some surpluses simply because we are not perfect. We have these tremendously long pipelines that we have to turn into inventories, but we hope and confidently expect that the problems will be much less than they were in Korea, simply because of the techniques we have tried to use in this situation.

Senator JORDAN. You have better programing, better machinery for keeping track of the expenditures in the budget and so forth.

Mr. ANTHONY. Most important, we have much better knowledge of what our inventories are and what we need to order to keep our inventories up to the level they should be. We have much better knowledge than we had during the Korean conflict and much more careful control.

Part of the budgetary process that we are using involves trying to justify each item in the budget in exactly the same detail as we would in peacetime. With that as a base, you have a much better way of maintaining control, always recognizing the uncertainties that are bound to be present in hostilities.

Senator JORDAN. What special provision is there in your budgeting procedure that would take care of another hot spot developing? Suppose Korea broke out? What provision have you made in your budget to take care of another "hot" war?

Mr. ANTHONY. The budget itself does not provide for that contingency. We, therefore, would require more funds should that develop.

Senator JORDAN. You would be right up here with a supplemental to take care of any situation that might arise.

Mr. ANTHONY. Either a supplemental or use section 3732 of the Revised Statutes, which gives us authority to spend money without appropriation in such an emergency.