

Congressman Curtis?

Representative CURTIS. After listening to this, I just wish a little more that this were a paper, and before the eyes of the task force under Chairman Ackley. I certainly hope that this task force will make its working papers available to the public, and certainly to Congress. This secrecy would seem to be a habit of executive task forces. Surely there is nothing involved in this kind of study that needs secrecy, is there?

Mr. SCHULTZE. This I have not even discussed with the task force.

Representative CURTIS. I should direct that to the task force. But I am still concerned about the executive department now having created two commissions to study manpower authorization for the military. And Congress still does not have the working papers, if there were any. In fact I am convinced by now that there were no working papers, but that they just had their conclusions and presented them.

Mr. SCHULTZE. If you will recall, for example, the one on the draft, there were voluminous appendices and statistics.

Representative CURTIS. I have read those working papers—those are conclusions.

Mr. SCHULTZE. There are also—

Representative CURTIS. I beg to disagree with the gentleman. There are practically no work papers. One has to guess where to get this information. And frankly, it is almost useless.

But there is one specific question. The Armed Services Committees and other students of the area of expenditures have said that the first phase of the Vietnam war was operated to a considerable degree on inventory in pipeline. And if this were so, the levels of expenditure would just continue on at the projected operation that we have in Vietnam, and would, I think, increase. And at the end, if that were the planning of the Defense Department, we would have to fill up inventory and pipeline. Would you care to comment on that?

Mr. SCHULTZE. I am not sure that I can comment at all in any detail, simply in terms of lack of detail. It is quite clear, of course, that when you move into any situation like this, you initially do draw down inventories until you get your pipelines running again. That is quite correct.

Representative CURTIS. What I am trying to do is direct that point to the then level of expenditure.

Mr. SCHULTZE. Quite right. What you will find is that the actual level of expenditure will at first be less than and then more than the actual rate at which you are using materials, simply because of the inventory fluctuation. You are quite right on it. And in turn, whenever you cut back you have to take into account your policies with respect to inventories—for example, the fact of having fought a conflict that lasted over some months gives us a better idea of what kind of inventory we should have. So one of the other things you must look at is the inventory policy as you start cutting back expenditures.

Representative CURTIS. You say—and I am quoting from your statement:

But there should be no doubt in anyone's mind that appropriate fiscal and monetary policies can insure an adequate level of overall demand and accomplish the transfer of resources to what ever end we as a Nation desire.