August amendment, will make a total of $1,404 million available for construction in support of southeast Asia in fiscal year 1966, $355 million more than the entire appropriation for military construction in fiscal year 1965.

The explanation for this large request lies in the nature of the military operation we have undertaken in southeast Asia. South Vietnam itself is primarily an agricultural country; the only major port is Saigon. The deployment of large U.S. military forces, and other friendly forces such as the Korean division, in a country of this sort requires the construction of new ports, warehouse facilities, access roads, improvements to highways leading to the interior of the country and along the coasts, troop facilities, hospitals, completely new airfields and major improvements to existing airfields, communications facilities, etc. We will be prepared to house and support additional units if their deployment should be required in the future. Since construction is a long leadtime activity, the great bulk of this requirement has to be financed in the fiscal year 1966 supplemental. In order to provide some flexibility in the utilization of these funds, we are requesting that $200 million of the $1,238 million total program be appropriated to "Military construction, Defense agencies," for later transfer to the military departments as required.

Although I cannot assure you that the funds requested in this supplemental will complete our construction program in southeast Asia, since we do not know how the conflict there may evolve, I can tell you that the amount included in the fiscal year 1967 budget for military construction is very much smaller.

Financial Requirements

Table 4 summarizes our financial requirements for the current fiscal year. The first column shows the amounts thus far enacted, less the $1.7 billion amendment which is shown in the second column. The third column shows the net additional amounts required in fiscal year 1966 to defray the costs of the pay raises enacted last year. The fourth column is the supplemental for southeast Asia which I have discussed, and the fifth column shows the total, $63,308,175,000 in new obligational authority, which would be available for the current fiscal year if the military and civilian pay supplemental and the southeast Asia supplemental are enacted as requested.

I should point out that we have included in the southeast Asia supplemental for the military personnel accounts of the Active Forces a total of $440 million which, last January, we had planned on obtaining by transfer from the working capital funds of the Department of Defense in lieu of new appropriations. You may recall that the total amount planned for transfer last January was $470 million—$30 million from the cash balances of the Army Industrial Fund and $440 million from the cash balances of the Army, Navy, Marine Corps, Air Force, and Defense Stock Funds. Because of the expansion of the forces and the higher rates of activity, the stock funds have had to increase their inventory levels, thus decreasing their balances to a point where no excess cash is available for transfer to the military personnel accounts. Indeed, we are proposing a new general provision which would relieve the stock funds of the present requirement that their cash balances must be at least equal to the amount of