

a year during fiscal years 1962-64 with about \$30 billion of unexpended balances.

Although we still have no way of knowing when the conflict will end, it is perfectly clear that we must take whatever measures are necessary to ensure our ability to support our forces in the event the conflict does continue beyond June 30, 1967. Indeed, when it became apparent last summer that this was likely to be the case, we continued the buildup of our military personnel strength beyond the level anticipated in the fiscal year 1967 budget and took action to ensure that deliveries of long lead time items would continue beyond June 30, 1967, without interruption. The Congress was informed of these actions through the reprogramming process and related hearings.

But, while it was clear even last summer that additional funds would be required for fiscal year 1967 if the conflict in southeast Asia were to continue, the timing and the amount of the additional request posed a problem. With regard to timing, we had essentially two alternatives: request an amendment to the fiscal year 1967 budget in the summer of 1966, while it was still before the Congress; or wait until early the following year and request a supplemental appropriation. Each of these alternatives had certain advantages and disadvantages.

The major disadvantage of waiting for a supplemental has been the need to reprogram, on a rather large scale, available fiscal year 1967 funds to meet our most urgent longer lead time procurement requirements, pending the availability of the additional funds. We recognize that this extensive reprogramming has placed an extra burden not only on the Defense Department but on the Armed Services Committees and the Defense Appropriations Subcommittees as well. Some of these reprogramming actions required the prior approval of this and other interested committees; all of them have been reported to the committees concerned. However, in order to facilitate your consideration of the fiscal year 1967 supplemental request we have prepared a recapitulation of all of the major procurement program adjustments affecting that fiscal year, which will be furnished separately.

Now, with a year and a half of combat experience in southeast Asia behind us, I believe that we have a much better understanding of our future requirements. In October 1965, when the fiscal year 1967 budget was being developed, we were in the midst of an explosive buildup in South Vietnam; it was then that we moved over 100,000 men 10,000 miles in less than 120 days. The future was impossible to predict with accuracy. In contrast, in October 1966, at the time of the preparation of the fiscal year 1968 program, we could look ahead to the time when our forces in southeast Asia could be expected to level off.

Since we can now project our requirements for the conflict in southeast Asia with far greater confidence than last year, we have changed our basic approach in preparing the fiscal year 1967 supplemental as well as the fiscal year 1968 budget. Sufficient funds are being requested in both the fiscal year 1967 supplemental and the fiscal year 1968 budget to protect the production lead time on all combat essential items until fiscal year 1969 funds would become available. Thus, if it later appears that the conflict will continue beyond June 30, 1968, we would be able to use fiscal year 1969 funds to order additional