

immediately into added expenditures. One way or another, we may assume, all costs will result in either added expenditures or reduced readiness, and in the reckoning of the costs it does not matter which, or when, or how.

Fortune's first objective was to arrive at an approximation of annual costs at the early-1966 level of 200 000 U.S. servicemen in South Vietnam. The results of that analysis can serve, in turn, as a basis for calculating costs at higher levels of buildup. In what follows, costs are divided into standard categories—military personnel, operation and maintenance, and procurement—that the Defense Department uses in its budgeting. To outsiders, the department's assignment of expenses to these categories sometimes seems a bit arbitrary. Some clothing is funded under personnel and some under operation and maintenance; ordinary repair parts are funded under O. & M., aircraft "spares" under procurement.

INSIDE AND OUTSIDE THE THEATER

Military personnel. As noted, the fiscal 1966 defense budget, submitted in January 1965, projected a moderate *decline* in total uniformed military personnel ("Active Forces"), from about 2,663,000 at that time to 2,640,000 as of June 30, 1966. Actually, the decline proceeded so briskly that the total got down to 2,641,000 in May 1965. Since then the Defense Department has announced plans to *increase* military personnel to 2,987,000 by next June 30, and to add on another 106,000 by June 30, 1967; by the latter date, the total would be 452,000 above the May 1965 low point. In addition the Department is expanding the civilian payroll by about 100,000 during fiscal 1966, and many of these civilians will take over work previously done by servicemen, freeing them for other duties.

It might appear that these figures could serve as a basis for calculating the personnel costs attributable to the Vietnam war. But it is impossible, without knowing the Defense Department's classified plans and assumptions, to relate the announced personnel increases to any particular force level in South Vietnam. And to have any meaning, statements about the cost of the Vietnam war must be related to specified force levels. Here we are trying to get the cost of the war at a particular level—200,000 U.S. servicemen in South Vietnam. For this reckoning, the war personnel costs may be taken as the combined personnel costs of (1) the 200,000 men in Vietnam, (2) the peripheral supporting forces in southeast Asia, and (3) the required backup forces. The Defense Department defines personnel costs as pay and allowances, subsistence (chow), personal clothing (the "clothing bag" issued to each recruit), plus certain other expenses. Average personnel costs in the armed forces run to \$5,100 per man per year, but the men in South Vietnam get "hostile-fire pay" of \$65 a month, and other war costs boost the average to about \$6,200. So, 200,000 men at \$6,200, or \$1,240,000,000.

The peripheral supporting forces—mainly aboard 7th Fleet ships and at bases in Thailand—numbered at least 50,000 last winter, when the U.S. force level in South Vietnam reached 200,000. That's 50,000 men at \$6,200 a year, or \$310 million.

Each thousand U.S. servicemen stationed overseas under nonwar conditions have on the average about 600 other servicemen backing