

Mr. ACKLEY. Could I just make another couple of points on defense expenditures?

Chairman PROXMIRE. Yes, indeed.

Mr. ACKLEY. The difference between the original estimate and what now appears to be the total of such expenditures in fiscal 1967 has two parts. It has one part which reflects the fact that the budget was based on the assumption that the war would terminate by June 30. This accounts for something like half of the difference between the original estimate and the current estimate. The other half reflects the fact that there was a more rapid and efficient buildup of forces in Vietnam than had been initially considered possible, and second, increased requirements resulting from more intensive hostilities than had been initially assumed.

Chairman PROXMIRE. Now, let me—

Mr. ACKLEY. Let me point out that in a period of hostilities it has always been difficult to estimate the volume of defense expenditures. Even in a period without hostilities, it is difficult to do so.

Chairman PROXMIRE. It is difficult, but let me just say that to miss it by 50 or a hundred percent—to say 10 when it is 20—is not just being off by a billion or two. It is being off by a fantastic amount, and it seems to me we should know why the error was made to be in a position to correct it in the future. We have had very able Members of the Congress saying the very same mistake is being made this year. We want to find out what the assumptions are in the present estimate, and we also want to find out what we can do to prevent the kind of error made before so that we are fully informed as the situation changes. You told us that we got no revision, no figure other than the initial figure, on what the war was going to cost.

Mr. ACKLEY. Mr. Chairman, I have been trying to—

Chairman PROXMIRE. I know, and you have been doing a good job of explaining. I think the reason why you make mistakes is because it is in wartime. I am trying to find out how we can correct that. We still have the Vietnam war. We have the serious problem. We want to have economic policies that can prevent inflation if that is going to develop but we cannot have the right kind of policies unless we get the right kind of intelligence.

We want to know what the Defense Department has done to prevent this kind of a major economic policy blunder in the future.

Mr. ACKLEY. Let me say that defense estimates for fiscal 1968, even indeed the defense expenditures currently estimated for fiscal 1967, undoubtedly will be wrong. I do not know in which direction they will be wrong. It is in the nature of war that it is difficult to forecast such expenditures. As I recall, there were seven supplemental appropriations during the Korean war, which suggests again the difficulties of estimating such expenditures. But I do think the possibility of making a reasonable estimate of defense expenditures in the year ahead is substantially better than the possibility a year ago.

At that time the war was rapidly escalating. Our forces were being moved there at a very rapid rate. Today the situation is far more stable.

Obviously we cannot forecast precisely what may happen but the plans of the Defense Department for deployment of forces, the nature of the conflict, are now settled plans on the basis of the current situa-