

I do hope you stick by it. This is an inviting year to do, because you have a smaller deficit of course, but certainly from the standpoint of economic analysis, it is enormously helpful, recognizing, as you properly point out, that there are still defects here.

I also commend you on the results of budgetary policy in recent years, which you have spelled out, in terms of growth, in terms of employment, in terms of real income, after allowing for inflation. After all, this committee is a critical committee and should be, but we tend to overlook the good things about the economic progress, and you properly point them out.

The other commendation I would like to make is in regard to the PPBS. This is one of the most encouraging developments, I think, in Government budgetary policies.

The Defense Department has made wonderful progress in developing systems for comparing costs and benefits, being in a position for the first time, I think, in the history of our Government, really, to determine properly how best our resources can be allocated to meet particular goals with the lowest dollar cost. We have not done this before.

I hope this committee can explore this in detail, to determine how we in Congress can contribute to it, because with a more critical view, I think we can make a much greater contribution than we would if we did not really understand what this PPBS thing is. And I do not think we understand it nearly well enough today, so I hope you can help us on that line.

These are the things I think you are primarily involved in, and, therefore, I think you deserve a lot of commendation.

You can't be held responsible for the position the Congress and the President takes on how much of our resources the Federal Government should spend. You are a champion of that position; you have to be, but I think in these areas of efficiency, you have done well.

There is one other aspect of this efficiency that I would like to mention that I think you might give more attention to, and that this is this measuring productivity in Government departments. Kermit Gordon, when he was your predecessor, published a book in this area which is most encouraging.

Mr. SCHULTZE. That is correct.

Chairman PROXMIRE. We can measure productivity in some Government departments which are doing amazingly well. We make the ridiculous assumption that Government employees do not improve their productivity, as I understand it, in our economic assumption, and yet we find vast improvement in some areas. If we can put a little more stress on this and have this developed in more departments than it has been, I think that this is a very promising avenue.

Now, let me get into an area where I am a little more critical.

Yesterday, we developed an argument that the Vietnam war in this fiscal year had been underestimated by \$10 billion. That the estimates had been a year ago that there would be a \$10 billion cost for the Vietnam war, and it is \$20 billion for this fiscal year.

Of course, this had a devastating effect on our economic policy. We failed to increase taxes as perhaps we might have done; however, I would have been opposed to that.