

Mr. TROWBRIDGE. I think so. I think you have to remember, though, that a great percentage now, and I think it is close to 90 percent of our procurement under the foreign aid programs, is tied to the United States. Your net loss factor there of the foreign aid program that may total in budget terms over \$2 billion has considerably less outflow as far as dollars go.

Representative RUMSFELD. Yes, but I am unconvinced on that. In the first place, the foreign assistance programs total overall a lot more than \$2 billion, and, in the second place, I am not persuaded that these programs do not have an effect on the gold situation and balance of payments overall. They do. They have to, even though it may be less than the total assistance figures.

Mr. TROWBRIDGE. Right, than the budget figures.

Representative RUMSFELD. I will grant that.

Mr. TROWBRIDGE. Yes.

Representative RUMSFELD. There was a question on which Mr. Paradiso made a comment. He said that you anticipated a slowing down of the rate of defense expenditures. Did you mean that or did you mean that you anticipated a slowing down of the rate of increase of defense expenditures?

Mr. PARADISO. It is a slowing down in the rate of increase.

Representative RUMSFELD. Of the rate of increase.

Mr. PARADISO. The rate of increase. I am sorry if I gave the other impression.

Representative RUMSFELD. How many years before you are going to be bringing that model before congressional committees to testify?

Mr. PARADISO. This model is still quite an experimental model. It is certainly for the Government. We don't want to put out any results from an econometric model which we haven't tested over a period, and there is still a considerable amount of research being done in getting much better relationships.

For example, two of the relationships that there is a great deal of work going on now are, what is a good relationship for inventories, and what is a good relationship for housing.

Representative RUMSFELD. And you are able to "war game" economic problems, is that right?

Mr. PARADISO. That is right. Once we are satisfied that we have had reasonably good results over a period of years, and these relationships stand up, then at that point we can say, "all right, here it is for public consumption," not before.

Representative RUMSFELD. Was this developed in the Department or contracted out?

Mr. PARADISO. No. This came about in the following way. Professor Klein, from the University of Pennsylvania, had been working on a very similar model for about 3 or 4 years. About 3 years—

Representative RUMSFELD. I don't need—

Mr. PARADISO. I will go very quickly. He gave it to us.

Representative RUMSFELD. So it was developed outside and brought in and adapted.

Mr. PARADISO. And brought into our office and we updated it and have worked on it since.

Mr. SHAW. May I add, Congressman—