

to a number of people that have been in the budget in the past, some in very high positions, that the Defense Department has had a peculiar relationship with Presidents in the past, that the Defense Department and the Presidents seem to work together on this, without the very useful discipline and the wholesome discipline of a forceful Budget Bureau, making the kind of independent critical analysis. After all, the Defense Department has its own interest and its own reason for wanting to fight for a higher budget, as every department does. So I am delighted to hear that you have made this appointment, and that you have this view that every dollar spent by the Defense should be as carefully scrutinized as nondefense dollars. And I do hope that you will have just as forceful an attitude toward waste in Defense as you have anywhere else.

Mr. MAYO. That is my intention, sir.

Senator PROXMIRE (presiding). Mr. Widnall?

Representative WIDNALL. Thank you, Mr. Chairman.

Mr. Mayo, I was really delighted by your answer to Senator Proxmire's last question. And I think it promises us a wholesome approach in the future toward military spending.

I have heard former Budget Bureau Director Charles Schultze speak on several occasions about projected spending for the military. And he has estimated that post-Vietnam military spending will rise to \$70 billion for fiscal 1971, and \$76 billion for fiscal year 1974. He characterized these projections as conservative, and said that they assume a significant stretchout and deferral of the number of existing weapon systems procurement programs. Do you agree with his projections?

Mr. MAYO. I haven't had the opportunity, Mr. Widnall, to look into those figures. I share the concern that I think is Mr. Schultze's message here, that there are built-in increases in Defense program costs. We have undertaken, as Mr. McCracken may have told you yesterday, a careful study of the post-Vietnam economy to consider not only transition within industries, and so forth, but also possible uses of what has been loosely called the peace dividend. This latter aspect of the study will be concerned with the choice between public expenditures and private sector tax reduction—not just the surcharge, but other possibilities as well. Careful attention must be given to the various claims that will be put on the so-called peace dividend—not only increased military spending, but also the needs of our cities, of science, and of other programs of the Government.

Representative WIDNALL. What is very interesting, of course, in the projections of Mr. Schultze, is that the Defense spending exclusive of Vietnam support in the current fiscal year is about \$52 billion. And his estimates have gone to \$70 billion for fiscal 1971 and \$76 billion by fiscal year 1974, a very large increase.

Mr. MAYO. They are, sir, if I may observe, estimates that are based on weapons systems that were approved by the former administration. I have no knowledge at this point as to whether that context is still appropriate for us. These are all being reexamined, too, as you know.

Representative WIDNALL. Do you think that such a large increase in the next 2 to 5 years is inevitable?

Mr. MAYO. I do not think it is inevitable; no.