

#### APPENDIX

The following answers to Senator Javits' written questions were subsequently submitted by the Budget Director:

*Question 1. The previous Administration's budget for fiscal 1970 anticipates that defense expenditures for Southeast Asia will drop almost \$3.5 billion below their estimate for fiscal 1969. Is this reasonable, in your opinion?*

*What assumptions about military activity in Vietnam form the basis for this decline?*

*I note that the number of military personnel in that area will actually rise a bit, according to the budget; what other factors would lead to a reduction in defense spending there?*

Answer. The entire defense budget, including expenditures for Southeast Asia, is currently under review. Until this review has been completed, this Administration will reserve judgment about the estimates contained in the budget of the outgoing Administration.

The previous Administration's estimate of outlays in support of Southeast Asia was based on the assumption that current force levels and activity rates would continue through fiscal year 1970.

The principal factors which the budget assumed would lead to the decline in defense spending in Southeast Asia are: reduced aircraft attrition, a significant reduction in the consumption of air ordnance and ground ammunition, and the completion of a large part of the Southeast Asia construction program.

*Question 2. The Report of the Cabinet Coordinating Committee on Economic Planning for the End of Vietnam Hostilities estimates that of the \$29 billion currently being spent on Vietnam, \$10 billion would be required in other military uses in peacetime. Is it true that one-third of the "peace dividend" has already been committed for military programs? What are these military programs?*

Answer. A special post-Vietnam study group within the President's Cabinet Committee on Economic Policy has been established to look into the whole range of post-Vietnam adjustment problems. This group will study, among other things, the magnitude and timing of the post-Vietnam peace dividend and the alternative uses of the total peace and growth dividend.

Until the study has been completed, the magnitude of the dividend will not be known, and its proposed allocation to specific uses will not be made.

*Question 3. The excise tax cut of 1965 called for phasing out the Federal excises on automobiles and telephone services, but this has been continually postponed to help meet the Federal need for revenue. Is this Administration committed to eventually allowing these taxes to expire, as the previous Administration appeared to be?*

Answer: It is this Administration's intention to allow these taxes to expire as soon as conditions permit.