

19

tion that later on they could be revised and McNamara could ask for supplemental appropriations.

Supplemental appropriations have come to be viewed as natural in wartime. And McNamara's policy of asking for funds "at the last possible moment," as he puts it, has its merits. By following that policy he hopes to avoid "over-buying" and any pile-up of surplus matériel at the end of the war. (When the Korean war ended, the military establishment had billions of dollars worth of excess goods in stock or on order.) But the policy implies that the Defense Department will have to ask for more funds before the end of fiscal 1967 unless there is some unexpected abatement in the war.

Of necessity, the 1967 defense budget was constructed upon working assumptions about how big the war will get and how long it will last, and given all the uncertainties, these cannot be expected to coincide with the realities. In estimating expenditures and appropriations for fiscal 1967, the Defense Department assumed that U.S. "combat operations" in Vietnam will not continue beyond June 30, 1967. In keeping with that assumption, the 1967 budget does not provide funds for orders of aircraft or other military goods to replace combat losses after that date. Here again the assumption implies that the Defense Department will need supplemental appropriations in fiscal 1967 if the war continues at even the present rate.

McNamara has not said in public what U.S. force level in South Vietnam is allowed for in the 1967 budget, and the explanations he has offered at congressional hearings have been deleted by Pentagon censors. But at a Senate hearing in January, General John P. McConnell, the Air Force chief of staff, indicated that, for the Air Force at least, the appropriations requested so far allow for little or no expansion of the war beyond the 200,000-man level. Said McConnell in reply to a question concerning the adequacy of the funds requested: "We don't have any problem if the war continues at about the same rate as now, Mr. Chairman."

10 Fortune

4-66

These budgeting assumptions expressed and implied McNamara and other Pentagon witnesses lead to a strong inference: by next January, if the war continues unabated until then at even the present rate, the Defense Department will have to ask for supplemental appropriations for long-lead-time items required in fiscal 1968 and shorter-lead-time items required in the last months of fiscal 1967. Some months before next January, indeed, perhaps this summer, the Department will have to begin ordering very-long-lead-time items in anticipation of fiscal 1968 combat losses.

#### Mounting astonishment at the bad news

It follows that if the U.S. buildup in South Vietnam proceeds to a much higher level, the supplemental requirements will run into many billions before the end of fiscal 1967. And since the military establishment will have to procure a lot of additional equipment and supplies and bring in a lot of additional men, defense expenditures will rise billions of dollars above the estimate submitted last January.

So the 1967 budget barely begins to suggest the level of Vietnam war spending that probably lies ahead. The budget is not misleading once its rather sophisticated underlying assumptions are understood; but the assumptions are widely understood, and the Administration has not made much of an effort to see that they are. There is likely to be mounting astonishment this year and next as the bad news about the war's costs and the implied message about the economy and inflation sink in. It's a good bet that Americans will consider the war worth winning. There is no reason for them not to know its cost.

✓