

in the defense effort. This is the primary tool now available for that purpose. We hope to perfect still other tools in the future, but it's the primary tool today.

In other words, it's important to almost every part of our work in that it gives us official insight into what the workloads and tasks are going to be within the department and among our contractors, looking ahead at least a year-and-a-half to two years, and with some certainty, beyond that to five years.

QUESTION: Mr. Morris, would you explain what is done with the \$1.4 billion saved last year; how much was turned back to the Treasury, if any; and how do you program the \$4 billion you expect to save for 1967?

MR. MORRIS: That's a very good question. The most important first answer is that Secretary McNamara, in his posture statement which he has just presented to Mr. Vinson's Committee, has documented the fact that the 1965 budget now presented to Congress is less by \$2.5 billion approximately, than it would have been had these actions which we reviewed this morning not taken place. That 2.5 obviously includes all the 1.4 achieved in 1963 plus what we hope to additionally achieve in 1964, plus certain projections into 1965.

So, the major impact of these savings as they're occurring in the current year, will appear in a future year budget. Now, as they're generated in the current year, and had not been anticipated in the budget for that year, they become eligible for re-programming under the regular rules of finan-