
Defense Report

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Defense Spending

Press reports indicate that President-elect Carter is working hard to prepare himself for the supremely demanding job he will assume on January 20. Among the things he is doing is familiarizing himself with the realities of formulating a defense budget. There are already signs from his spokesmen that achieving the goal of a five to seven percent cut in the defense budget that is part of the Democratic Platform may be difficult to achieve.

The Carter staff has undoubtedly discovered that even a five percent cut from the spending level of the current fiscal year would translate into a cut of more than 10 percent when the impact of still-rampant inflation is considered. The 1977 budget does allow for a small amount of real growth in defense spending to meet obvious threats but there is little fat to be trimmed.

In the interest of a better perspective, here are some comparisons which may be helpful:

- Over the past 20 years non-defense federal spending has soared upward by \$270 billion or 625 percent while defense spending has climbed by \$59 billion or 141 percent.

- Over the past 10 years, including the peak Vietnam period, defense spending rose \$22 billion or 28 percent while total federal non-defense outlays ballooned by \$212 billion or 210 percent.

- The defense share of the total federal budget for Fiscal Year 1977 is the smallest it has been since Fiscal Year 1940, which ended 18 months before Pearl Harbor.

- In FY '77 the defense share of the gross national product (5.5 percent) will be the lowest in 27 years.

The defense budget is open to easy criticism because the need for its only product, security for our way of life, is not readily apparent to many. No professional military person would argue with the precept that defense should be provided as efficiently and economically as possible. They *would* argue, however, that no cut should be made without due consideration of the long term effects. A cut in the numbers of active duty military people, for example, might pay immediate money-saving dividends but it would inflict an unacceptable penalty in military capability.

One easy way to reduce the apparent military personnel cost is to take the military retired pay item out of the defense budget and transfer it to the Veterans Administration. While there would be no net saving to the overall federal budget the transfer of the more than \$8 billion retirement item would put the real defense budget in better perspective.