
Defense Report

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A Seven Percent Cap on Federal Pay Adjustments—It Holds Little Joy for Those Who Need More

To compensate for inflation, President Carter has decided to let military and federal civil service pay adjustments rise to the same limit he hopes all other segments of our economy will observe—seven percent a year. Until barely 24 hours before the law required him to announce the federal/military adjustment ceiling the President had been clinging to a limit of 5.5 percent.

While the President may be convinced he has made a large concession by letting federal pay adjustments taking effect on October 1, 1979 rise to the seven percent level, he has done little, if anything, to assuage the concern of members of the armed forces who find themselves continuing to fall further behind the upward spiral of living costs. The ceiling imposed by the President last year fell at least 3.5 percent behind the actual growth in price levels. This year, even with the ceiling raised to seven percent, the federal pay adjustment will fall another 5.5 percent behind the most conservative estimate of inflation and, if less optimistic estimates prove to be correct, that gap could rise even further. In just two years, then, federal pay will have fallen a minimum of nine percent behind the rate of inflation. The gap becomes much worse if one considers the cumulative effect of pay caps imposed earlier by the Nixon and Ford Administrations.

Certainly the President was aware of this widening gap when he made the decision to let the ceiling rise to seven percent. The Joint Chiefs of Staff had made their alarm over this growing inequity abundantly clear to the Commander-in-Chief. The Association of the United States Army had sent letters directly to the President and to the Secretary of Defense pointing out the detrimental effects of the pay cap on buying power and, consequently, on morale. The Secretary of Defense had, in return, expressed his own concern but acknowledged that he could have very little influence on the President on this subject. The response from the President merely restated his known position.

The prices that military personnel pay for their food, clothing and gasoline have risen at a rate exactly equal to those paid by every other citizen of our country. There is no magic that isolates people in uniform and their families from the economic realities of today's world. One begins to wonder, however, if there is some unfortunate isolation between the men and women in uniform and their commander-in-chief.

If the nation is truly committed to the volunteer concept in maintaining effective armed forces the attractiveness of military service must be restored. Adequate compensation is the cornerstone of that attractiveness. Military pay must at least match inflation.