
Defense Report

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Promised Growth in Spending for National Defense — It's Fading Fast

In his State of the Union address to Congress in January, 1980, President Carter announced his plan to submit a "strong" defense budget for Fiscal Year 1981 ". . . encompassing a five-percent real growth in authorizations *without any reductions*" (italics added). Even before the President spoke, Defense Secretary Harold Brown told members of the press assembled for the annual briefing on the defense budget that it contained proposals for "real growth" of 5.4 percent over the current budget.

It took very little scrutiny to find holes in these statements. The most obvious hole was in the form of deliberate underestimation of what the armed services will have to pay for the things they need next year. At a time when inflation was acknowledged to be at the 13-plus percent level and climbing rapidly, a limit of 8.9 percent was placed on the amount the services could program for inflation in setting their budgets. In spite of Administration arguments that defense purchases were not as heavily impacted by inflation as other elements of the economy, there was little doubt that the armed forces would have to absorb the difference between real inflation and what they were permitted to allow.

Still another device was used to make sure that the amount of money committed to the defense of the North Atlantic Alliance reached the promised level of a three-percent increase over last year. When it was discovered that NATO-related expenditures planned for Fiscal Year 1981 did not amount to three percent over 1980, the amount we are spending in 1980 was reduced by \$82 million so the planned FY '81 amount *would* amount to a ~~three~~-percent increase.

The military services are in money trouble before the new fiscal year begins—indeed before the Congress has a chance to put the budget into final form. Inflation and the burgeoning cost of fuel are the biggest contributors to their predicament. Barely through the first half of FY '81 the services found themselves in need of large supplemental appropriations to buy the gasoline, black oil and jet fuel it takes to keep them operational. Quite obviously, the bigger the supplementals for 1980 had to be, the smaller would be the 1981 increase above the earlier levels. Congress, despite its understandable drive to balance the budget, seems to be in the mood to be more realistic with national defense. The members know, certainly, that every poll of public opinion taken so far in 1980 has shown strong public sentiment in favor of improved defense capabilities. But, as inflation continues its relentless rush, there is less and less chance that the new defense budget will represent more than one percent of real growth in purchasing power. It is a pity that the forecasts of early 1980 could not have been more pragmatic. The facts of life were available then.

The perils we face in the world will not diminish. Our taxes will not shrink. We simply will not be getting as much defense for our money as we were led to believe.