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# Defense Report

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## The Proposed Defense Budget for Fiscal Year 1981 – Many Claims But Not Much Real Improvement

With a backdrop of embarrassment in Iran and impotency in Afghanistan, President Carter has proposed a defense budget for the next fiscal year which is claimed to support “. . . significant increases in U.S. defense capabilities.” That claim is open to question. There is no single initiative in the 1981 Defense Budget that was not already underway before the budget was announced.

Development of the M-X strategic missile system will begin, but that was already planned as an assurance of maintaining the weapons balance under the now-defunct SALT negotiations. The Navy will build some new ships and submarines and will order some new aircraft but all of them will be bought under a previously set plan. The Army will be permitted to purchase a larger number of its new XM-1 tank but the higher number was forecast at least two years ago.

There are more dollars in the defense budget for FY '81 than there are for the current year but much of it does nothing more than compensate for inflation. Even the assumed rate at which our dollars are being inflated, and from which the budgetary adjustments are made, are questionable. Inflation assumptions for military and civilian pay are held to 7.4 and 6.2 percent respectively, in full knowledge of an actual 1979 inflation rate that exceeded 13 percent. Assumed inflation in purchases from industry is pegged at 8.9 percent, lower than the assumed rate for the current year and with no basis to predict that manufacturing costs will decline next year. The budget even underestimates the cost of fuel for the next year. In his briefing for the press on this budget Secretary of Defense Harold Brown acknowledged that a supplemental appropriation of about \$2 billion would have to be requested to pay for this vital commodity.

Other comparisons make administration claims of “significant increases” suspect. As a portion of the Gross National Product the new budget amounts to 5.2 percent compared to 5.1 percent in the current year, hardly a “significant” increase (The defense budget in the early 1960's used between 8.0 and 9.0 of the GNP). The defense portion of federal outlays is 22.7 percent in FY'80 and 23.2 percent for FY'81, only one half of one percent more. The defense share of all public spending in FY'81 will be 15.6 percent compared to 15.3 percent this year. In both 1978 and 1979 national defense occupied 4.9 percent of the nation's workforce. That percentage dropped to 4.7 in the current year and will rise to just 4.8 next year. The most notable thing about these comparisons is the lack of significant differences.

Public opinion polls and statements from influential members of Congress indicate strong support for greater defense efforts. In this supportive atmosphere the administration should have asked for what was really needed to begin to close some of the gaps in our defense capabilities. There was no need to sell a budget that doesn't do the job.