

AUSA POSITION PAPER

THE FISCAL YEAR 1979 DEFENSE BUDGET

AN ANALYSIS



ASSOCIATION OF THE UNITED STATES ARMY

1529 Eighteenth Street, N.W., Washington, D. C. 20036 (202)-483-1800

8 February 1978

THE FISCAL YEAR 1979 DEFENSE BUDGET

AN ANALYSIS

The Fiscal 1979 budget is an austere but adequate defense budget, which maintains and improves a strong national security posture. It's been formulated in consideration of the demands of domestic programs on the government's revenue, and in consideration of a national commitment to the security of our country, on which everything else depends.

Secretary of Defense Harold Brown
January 21, 1978

In his briefing for the Pentagon press corps on the budget submitted by President Carter for Fiscal Year 1979, Secretary Brown listed three major areas on which the defense portion of the budget is focused:

- * Preserving the strength of our strategic forces.
- * Enhancing the combat capability of our forces committed to NATO.
- * Improving the readiness of our combat forces worldwide.

Brown also told the assembled media representatives, ". . . I hope that you will remember, as we in the Defense Department do, that none of these systems or programs will work without our people. The men and women of the Defense Department, military and civilian, are the foundation of our strength, a foundation that we must keep firm."

Despite these protestations, however, the budget calls for a drop of 20,000 in active military strength, a net reduction of 14,000 military reservists and a decrease in Department of Defense civilian employment, direct and indirect, of 13,000. The active duty strength cut may actually be much more than the Carter Administration claims. In the case of the Army, the Administration alleges a cut of 2,000 but its goal for the end of Fiscal Year 1979 is 772,000 which is 15,000 short of the FY '78 strength authorized by Congress. The Department of Defense, in the meantime, had superimposed an FY '78 end strength ceiling on the Army of 774,000 which it claims takes into account Army difficulty in recruiting and other interim decisions to pare down the service's strength. The accumulation of all these actions continues a downward trend in Army strength that the Association of the United States Army considers unwise and has strongly opposed.

But, strength cuts notwithstanding, the basic force structure of the U.S. Armed Forces appears to remain the same. The Army will retain its 24-division structure (16 active and 8 National Guard) and will continue to convert two infantry divisions to mechanized configuration.

The Navy, although it loses an apparent 10,000 in active strength, will continue with a force of 13 attack aircraft carriers, and will get a few new surface vessels and submarines. The Air Force loses a reported 6,000 active personnel but will retain 26 tactical fighter wings, and will build up the strength of some wings that have been short-handed. The Marines are programmed to lose just 1,000 active people and will continue with three active and one reserve division.

BUDGET TERMINOLOGY - What It Really Means

OUTLAYS: Payments actually made.

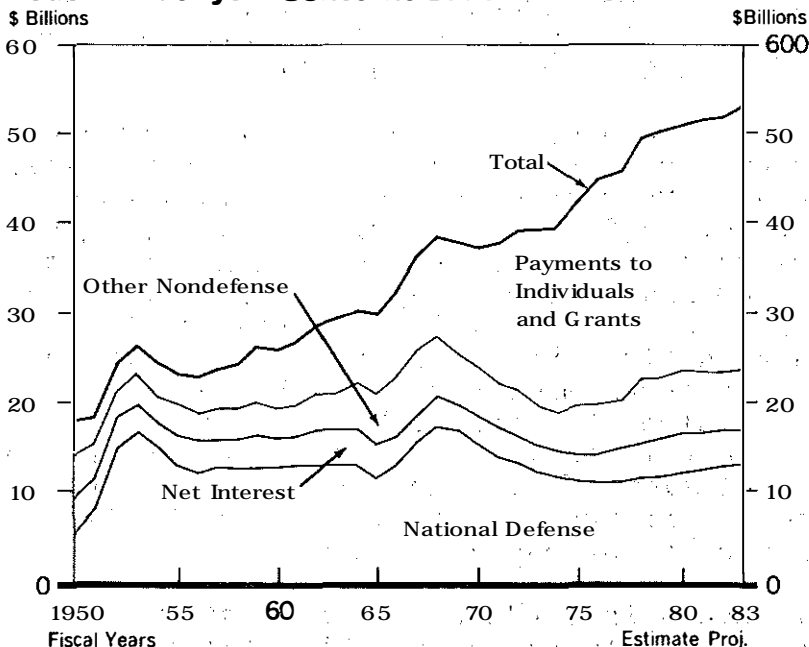
BUDGET AUTHORITY (BA): Authority provided by law to enter into obligations, usually resulting in outlays.

TOTAL OBLIGATIONAL AUTHORITY (TOA): Current budget authority enacted annually by Congress plus unspent funding authority approved in previous years that has been transferred forward for use until spent.

The Defense portion of the overall Federal Budget will be slightly higher in Fiscal Year 1979, rising from 22.8 percent in 1978 to 23.0 percent in 1979. The defense share of the Gross National Product will decline slightly, however, from 5.2 percent in both 1977 and 1978 to 5.1 percent in 1979 (the defense share of the Soviet gross national product is now estimated to be well over 16 percent).

As has been the case for several years, the fastest growing segment of the Federal Budget encompasses the social programs, with direct federal payments to individuals comprising 37 percent of the total budget.

Federal Outlays - Constant 1979 Dollars



The budget takes into account the changing composition of the All-Volunteer Force. With about 40 percent of all junior enlisted personnel married, the services have long seen the need to provide the same support for these families as they do for those of more senior members. The Defense Department has asked

for \$88 million to begin paying for overseas travel of junior enlisted families, with the bulk of the money going to the Army where the problem is most acute.

Claiming that the continued presence of all military retirement costs as an item in the defense budget has been a source of misunderstanding and accounting difficulty the department has requested permission to establish what it calls an "accrual system" of accounting. Each year the department would pay into a trust fund the amount equal to the value of future retirement benefits for military personnel still on active duty. In Fiscal Year 1979, for example, this payment is estimated to be about \$7 billion of the total retirement cost of \$10.2 billion. If the accrual plan is approved by Congress the \$7 billion would be budgeted for by DoD and paid into the interest-bearing trust fund while the balance of \$3.2 billion needed to pay those already retired would be an item in the "income security" section of the overall federal budget--along with Social Security, Railroad Retirement and others. This recommendation addresses a problem that AUSA has been pointing out for the past several years.

The legislative program for the Department of Defense in Fiscal Year 1979 contains three major personnel-related items:

- * It will continue pressure for passage of the Defense Officer Personnel Management Act. The bill passed the House during the final session of the 94th Congress but never reached the floor of the Senate. It was scheduled to go back to the House as this paper was being prepared for printing.

- * It will renew the initiative of the Ford Administration (and supported by the Carter Administration last year) to eliminate what they consider "dual compensation" by Federal civil servants who are also military reservists. The legislation would forbid their drawing both civil service pay and military pay while on active duty for training. They would be permitted to receive an amount not to exceed their civil service pay. A substantial portion of the total reserve force is employed by either federal, state or local governments. While the federal change would not directly affect the non-federal civil servants the other governments would probably follow the federal practice. AUSA and other organizations have worked together to defeat this proposal each time it has come up in the past and will oppose it again.

- * It will try once again to get legislation approved that will bring DoD "blue collar" pay adjustments more in line with local civilian rates and practices. Similar legislation was not acted upon last year. The Department estimates a saving of \$133 million in the FY '79 budget on the assumption of congressional approval and a five-year cumulative saving of \$2 billion.

While defending his proposed budget before the Pentagon press corps, Secretary Brown acknowledged that his planning was based on the

assumption of being able to conduct one and a half wars simultaneously--most likely a full-scale war in Europe plus a war of lesser scope somewhere else. Hard on the heels of this statement the media revealed the existence of a classified memorandum from Brown to the military services which described the most likely "half war" as one in the Persian Gulf area. To fight that war Brown ordered the formation of a special force consisting of two reinforced Army divisions plus a Marine division and its air wing.

The "leaked" memorandum directed the Army to deploy improved nuclear weapons (presumably of the neutron or enhanced radiation type) to Europe and to pursue development of a longer range Pershing missile. The Air Force was told to improve the newest models of its aging B-52 fleet so they would have the dual capability to act as penetration bombers or as launching platforms for cruise missiles. The Navy was instructed to continue production (three every two years) of the new and larger TRIDENT missile carrying submarines and to prepare to phase out the older POLARIS boats.

Perhaps the most startling aspect of the memorandum was its instruction to the services to assure enough back-up forces to sustain a brief 30-day war in Europe while the Persian Gulf--or similar "half war" effort--would have to be sustained indefinitely. This was the most dramatic evidence to date of a Carter Administration conviction that a war in Europe would necessarily be a short one. Whether that conviction is truly based on confidence that NATO forces could turn back a Warsaw Pact invasion in that scant time or on an arbitrary plan to keep U.S. force structure--and the military budget--on a downward glide path is not known.

**DEPARTMENT OF DEFENSE BUDGET
FINANCIAL SUMMARY
BY MAJOR PROGRAM--CONSTANT PRICES
(BILLIONS OF \$)**

<u>MILITARY PROGRAM</u>	CONSTANT FY 1979 DOLLARS TOTAL OBLIGATIONAL AUTHORITY		
	<u>FY 1977</u>	<u>FY 1978</u>	<u>FY 1979</u>
Strategic Forces	\$10.6	\$ 9.8	\$ 9.8
General Purpose Forces	43.1	45.1	46.9
Intelligence and Communications	8.4	8.3	8.3
Airlift and Sealift	1.7	1.7	1.8
Guard and Reserve Forces	6.7	7.0	6.7
Research and Development	11.2	10.9	11.0
Central Supply and Maintenance	12.6	12.7	12.8
Training, Medical, Other Gen. Pers. Activ.	25.7	25.5	26.0
Administrative and Assoc. Activities	2.3	2.4	2.4
Support of Other Nations (Excludes Map)	.2	.3	.3
TOTAL	\$122.6	\$123.7	\$126.0

The Budget in General

Strategic Forces. The level of strategic forces remains unchanged but the following programs will be supported:

- * The development and procurement of cruise missiles for deployment on B-52 bombers and the examination of other aircraft as possible launch platforms.
- * Continued development of the M-X mobile strategic missile with the goals of improved accuracy, larger payload and a less vulnerable deployment mode.
- * Continued development of the B-1 bomber--but no production --while at the same time continuing to examine the future of strategic bomber requirements.
- * Continued research and development on ballistic missile defense systems as a hedge against possible abrogation of existing anti-ABM treaties.
- * Procurement of the eighth TRIDENT ballistic missile submarine.
- * Improvement of strategic command, control and communications systems.
- * Research and development to improve satellite surveillance, reduce satellite vulnerability and to develop an anti-satellite capability.

General Purpose Forces. There will be no increase in the size of the General Purpose Force but the following actions were proposed to improve their capabilities:

- * Initial procurement of the Army's XM-1 tank.
- * Purchase of improved fire control equipment and anti-armor munitions.
- * Initial procurement of tooling for the PATRIOT air defense system and increased procurement of the ROLAND air defense system developed jointly with the French and Germans.
- * Increasing ammunition stocks for forces deployed in Europe and gradually increasing prepositioned equipment stocks there to support the deployment of five divisions by 1983 (present stocks are now barely adequate to equip two divisions).
- * Deployment to Europe of the F-15 air superiority fighter, the A-10 close support aircraft and the F-16 multi-purpose, high performance fighter.

* Initiation of procurement for 14 naval vessels with general purpose missions.

* Modernization of the Navy and Marine Corps tactical aviation forces by initial procurement of the F-18 fighter and continued procurement of the A-4M light attack aircraft.

Airlift and Sealift Forces. No additional capability is planned for the sealift forces. Airlift forces will be improved as noted below but there is no planned augmentation.

* Funds will be provided to extend the service life of the C-5 transport aircraft.

* The long-haul capability of the C-141 transport aircraft will be improved.

* Funds will be provided for continued modification of the Civil Reserve Air Fleet to improve conversion from passenger to cargo configuration.

* Initial procurement of an advanced tanker-cargo aircraft for the support of deployed forces will be undertaken.

Guard and Reserve Forces. The budget claims to support improvements in the capabilities of the National Guard and Reserve forces and the closer integration of those forces with their active counterparts. Nevertheless the Administration is once again attempting a sizable reduction (35,000) in the strength of the Naval Reserve. Plans to increase the Army reserve component strength by 21,000 will bring about a net reserve reduction of 14,000. It is difficult to understand how this increase in Army Reserve components can be accomplished in view of current recruiting and retention difficulties and the absence of an effective incentive program.

Selective Service. Since the draft ended in 1973 the Selective Service System has shrunk from a working force of 8,000 to a very slender skeleton of just 100 employees. It is in "deep standby." During the intervening years the Individual Ready Reserve, without input from former selectees with a residual service obligation, has dropped to a point over 400,000 short of meeting mobilization requirements for unit fillers and combat replacements. The Selective Service machinery is incapable of providing trained replacements for about seven months after a mobilization order, leaving both active Army and Reserve component units with no source of trained manpower during the early, violent stages of combat. We cannot now meet any realistic mobilization goals.

The Fiscal Year 1978 budget for the Selective Service System (not included in the DoD budget) was \$6.7 million, less than one tenth of its 1973 budget of about \$90 million. The Fiscal Year 1979 Selective Service Budget proposed by the Carter Administration allows for a slight increase to \$9.5 million, all of which will be used to hire

more personnel. This budget will not permit pre-registration of 18-year olds (in fact, the acting director of the system told the AUSA staff that the notion of pre-registration is abhorrent to the Carter Administration and that no registration would be done in advance of M-Day). The director claims the added money will permit delivery of the first selectees to training stations within 30 days of the mobilization order, the requirement imposed by defense planners. Considering the fact that the previous director of the standby system admitted that M + 110 was a realistic planning date for the arrival of the first selectees, it is difficult to see how this miniscule increase in the Selective Service Budget will decrease the response time by almost three-fourths. Nothing short of pre-registration and classification of all 18-year olds, both male and female, can realistically be expected to bring about the timely induction of sufficient numbers of trainees. The existence of a workable Selective Service mechanism is, in the final analysis, a major contributor to deterrence.

**FY 1979 DEPARTMENT OF DEFENSE BUDGET
MAJOR PROCUREMENT ITEM QUANTITIES**

	FY 1977 PROGRAM	FY 1978 PROGRAM	FY 1979 PROGRAM
AIRCRAFT--ARMY	117	161	223
NAVY AND MARINE CORPS	214	160	120
AIR FORCE	219	356	390
TOTAL--AIRCRAFT	550	677	733
HELICOPTERS	138	147	237
FIXED WING AIRCRAFT	412	530	496
MISSILES--ARMY	18,102	14,668	10,260
NAVY AND MARINE CORPS	15,714	22,382	3,864
AIR FORCE	3,195	4,624	4,736
TOTAL--MISSILES	37,011	41,674	18,860
SHIPS--NEW CONSTRUCTION	15	18	15
CONVERSION	1	--	--
TOTAL--SHIPS	16	18	15
TRACKED COMBAT VEHICLES--ARMY	2,501	2,752	1,907
MARINE CORPS	45	113	28
TOTAL--TRACKED COMBAT VEHICLES	2,546	2,865	1,935
TORPEDOES--NAVY	994	1,422	1,882
OTHER WEAPONS--ARMY	7,299	7,462	7,500
NAVY AND MARINE CORPS	2,897	69	852
AIR FORCE	1,725	--	1,055
TOTAL--OTHER WEAPONS	11,921	7,531	9,407

The Budget and the Individual Military Services

The Navy and Marine Corps. While both President Carter and Secretary Brown defended the 1978 budget in terms of its support for conventional forces and the nation's ability to react to emergency situations, the program for the next fiscal year does very little to improve the Navy's capability to perform one of its basic missions--the projection of power into overseas areas. In terms of Secretary Brown's "one and a half wars" the Navy has a marginal capability to project Army and Marine combat power ashore anywhere and an even more doubtful capability to support those forces once they are ashore.

During 1976 (calendar year) the annual REFORGER exercise moved a single Army airmobile division to Europe at the expense of tying up a major portion of the Military Sealift Command's scant assets (a total of 37 ships). Air movement of troops for that division required a maximum effort for the Military Airlift Command. Neither the ongoing Fiscal Year 1978 or the proposed 1979 budget include any substantial improvement in those capabilities. Secretary Brown's reported instruction to prepare for a reinforced three-division effort in the Persian Gulf while still providing support for a full-fledged NATO war greatly overstates our lift and support capabilities.

For Fiscal Year 1979 the Navy requested authority to begin construction of 30 new ships, including a new attack aircraft carrier. This would have kept the Navy on its path toward return to a 600-ship fleet from its present size of just over 400. The net addition to the fleet, by the time all these ships were built, however, would have been something less than 30, since several older ships would have been retired in the interim.

The new aircraft carrier fell by the wayside early in the decision-making process, a victim of a decision to study the future of aircraft carriers before proceeding with a new one. Also, when the carrier was put in limbo, several ships that would have been part of its support force were also suspended. In the final budget the Navy got 15 of its requested 30 ships, an attack submarine, eight frigates, three submarine-detecting sonar ships and two fleet auxiliary ships, plus the TRIDENT submarine mentioned earlier. The first twelve ships contribute to clearing the sea lanes for cargo and troop ships but add nothing to the sealift capability in terms of troops or cargo.

The 1979 budget effectively kills a Navy project that might have had important benefits in both sea-clearing and troop support--the surface effects ship. In his Pentagon press briefing Secretary Brown referred to it as "a very interesting idea . . . (that) may have at some time some useful and important applications." About \$300 million has been spent on S. E. S. development so far but the item was "zeroed out" of the new budget with no plan to revive it in the foreseeable future.

One of the most vexing aspects of the Carter Administration plans for the Navy in Fiscal Year 1979 is its announced intention to cut 35,000 paid drill spaces from the Naval Reserve. The plan was announced in the face of repeated Congressional refusal to approve similar cuts in recent years. It is too early to tell if this most recent proposal will fare any better than the earlier ones but if it is approved the Naval Reserve will shrink to a strength of 51,500 in paid drill status and the 35,000 spaces cut will be converted to the category which draws pay only for annual two-week training. Navy personnel managers expect a mass exodus from the ranks of those reservists transferred out of paid spaces if the reduction is ultimately approved by Congress.

The Marine Corps, of all the military services, is probably least affected by the proposed budget. While any strength cut hurts some-

where, the scant reduction of 1,000 Marines should be readily absorbable. If the Corps suffered any significant blow in the budget cycle it would probably be the decision to stop procurement, at least for the next year, of the HARRIER VSTOL aircraft. Marine enthusiasm for the British-designed aircraft remains high, despite its alarming accident rate. In the meantime research and development on VSTOL concepts with the goal of developing a tactical fighter for the 1990's and later is funded by \$52.5 million in Fiscal Year 1979.

The Air Force. Fiscal Year 1979 budget proposals place the Air Force personnel managers in much the same situation found in the Army in recent years--a mission to improve the capabilities of combat units while, at the same time, absorbing a personnel strength cut. The Air Force must find ways to round out its 26 tactical fighter wings with 6,000 fewer people than it now has and, unlike the reduction assessed on the Army, the Air Force cut is more specific, imposed on numbers of people actually on board rather than on a target strength.

For the devotees of the manned penetrating bomber the B-1 is still wiggling a little, even if only in the R&D arena. Despite President Carter's decision against production, there is still strong sentiment in Congress for a new generation of manned bombers.

The budget does fund a second production increment of cruise missiles to be launched from B-52's. According to the Department of Defense the cruise missile ". . . expands the lethal footprint of penetrating bomber forces by providing additional targeting coverage and flexibility by stressing enemy defenses and reducing bomber exposure to defenses." It is a winged, subsonic, turbo-fan powered missile with a highly sophisticated guidance system capable of following the earth's contours.

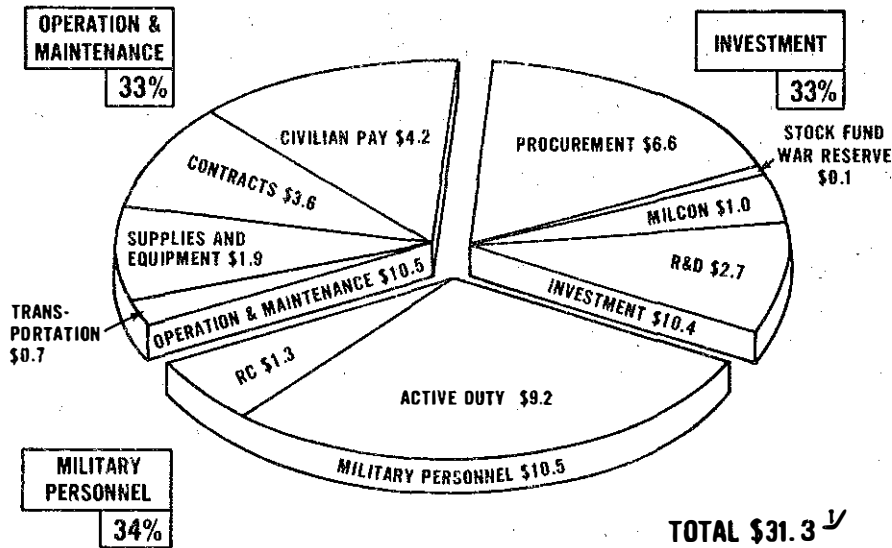
Funding is recommended for continued production of the F-15 EAGLE air superiority fighter and for the F-16 light multipurpose fighter. The F-15 will eventually replace the interceptor version of the F-4 while the F-16 will replace several aircraft, including the tactical fighter version of the F-4.

The A-10 close support aircraft will continue in production. The budget also provides for a first buy of the advanced tanker/cargo aircraft, a military conversion of "off the shelf" DC-10 wide-bodied transports.

The Army Budget for Fiscal Year 1979. The United States Army in 1978 is probably the best peacetime ground combat force the nation has ever had. It is well trained, well led, adequately equipped and well motivated. It is a professional army of the highest caliber.

That is not to say that the Army does not have any problems. It is too small, to begin with. There are problems in the availability of equipment suitable to the high intensity battlefield that would be expected in a future war. There are problems related to stockpiles of ammunition sufficient to sustain the Army on that battlefield. And there are problems that impact heavily on the Army's dearest, most vital and most expensive commodity--people.

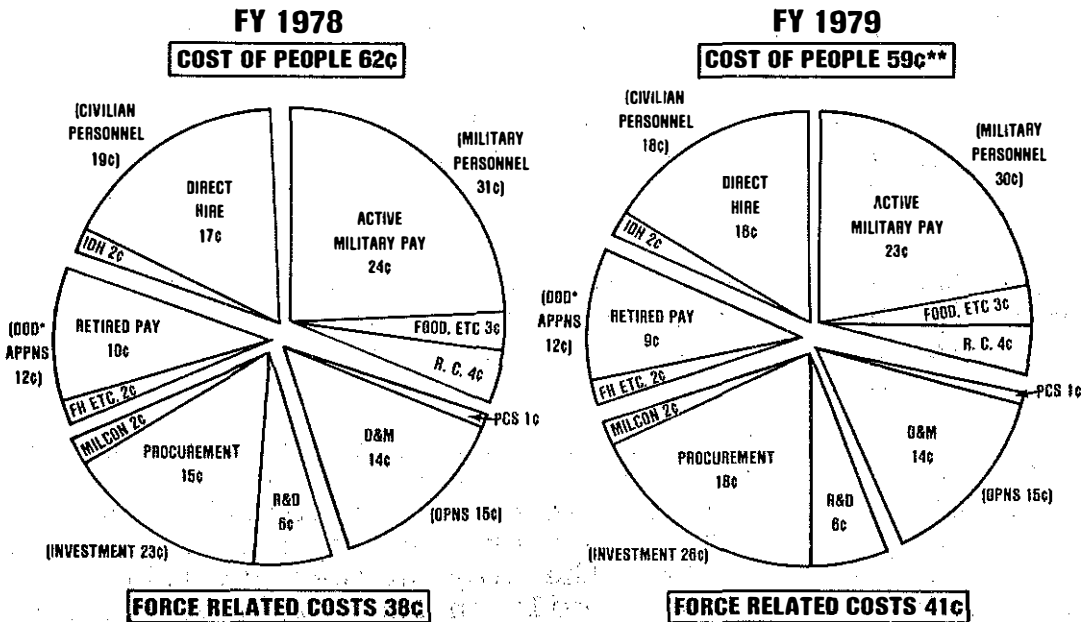
COST OF MAINTAINING THE ARMY FY 79 TOA REQUEST (\$ BILLION)



1/EXCLUDES \$0.8 BILLION OSD PAY RAISE CONTINGENCY
2/TOTALS WILL NOT ALWAYS ADD DUE TO ROUNDING

The Army's share of the 1979 Defense Budget is \$31.3 billion in total obligational authority and \$29.0 billion in outlays. These amounts continue financial support for the Army on a very gradually rising path with the biggest increase found in the procurement account. Personnel costs, while rising in the total amount of dollars involved, actually dropped from 62 percent of the Army budget to 59 percent-- a function of declining Army personnel end strength.

COST OF PEOPLE

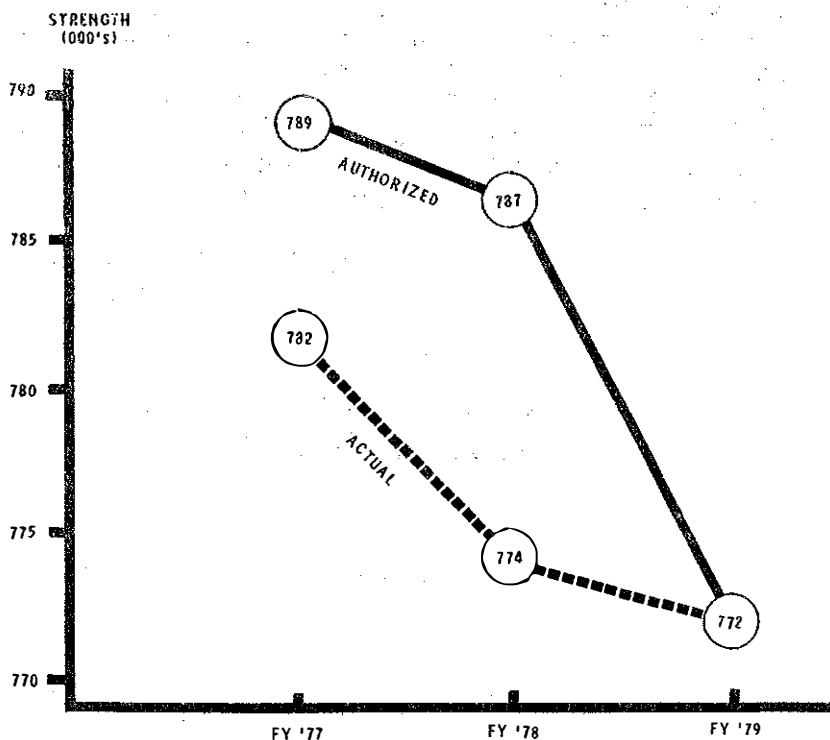


* INCLUDES ARMY SHARE OF DOD APPROPRIATIONS FOR MILITARY RETIRED PAY, FAMILY HOUSING, HOMEOWNERS ASSISTANCE AND CLAIMS. THE PEOPLE COSTS OF THE MILITARY ASSISTANCE PROGRAM ARE ALSO INCLUDED.
** INCLUDES OSD CONTINGENCY FOR 1979 PAY INCREASES.

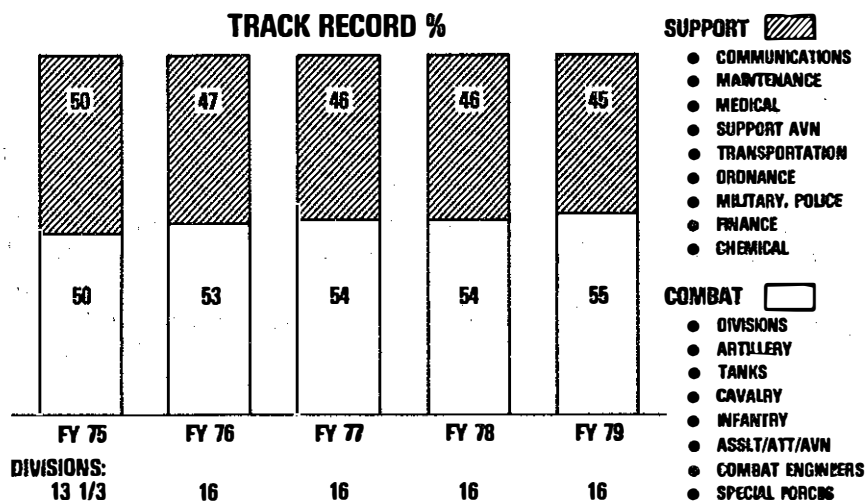
The issue of personnel strength is a perplexing one. The Army can take considerable pride in its efforts to squeeze more combat units out of ever-declining numbers of people but there have been some trade-offs that are worrisome indeed and may seriously influence the Army's combat staying power.

These trades--shifting major responsibilities for both combat and support to the reserve components and putting the Selective Service machinery in "deep standby"--are looking bad in hindsight but not for the same reasons. The politically-motivated Selective Service decision (above and beyond the shift to an All-Volunteer concept) was bad because it was ill-advised to begin with and subsequent events have proven the point.

The shift of greater early mobilization responsibility to the Army National Guard and the Army Reserve was not a bad decision and, had it been properly supported over the intervening years, should have developed the Total Army into a highly-capable fighting force at a cost far less than maintaining an active Army with parallel capabilities. But sometimes it is necessary to spend money in order to save more later, and the Total Force concept never got that kind of support.

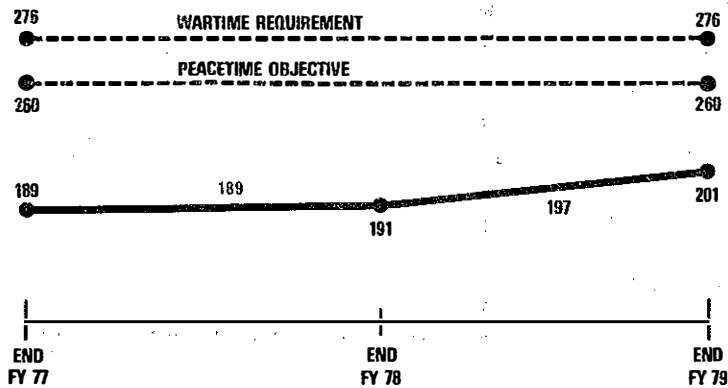


DISTRIBUTION COMBAT TO SUPPORT

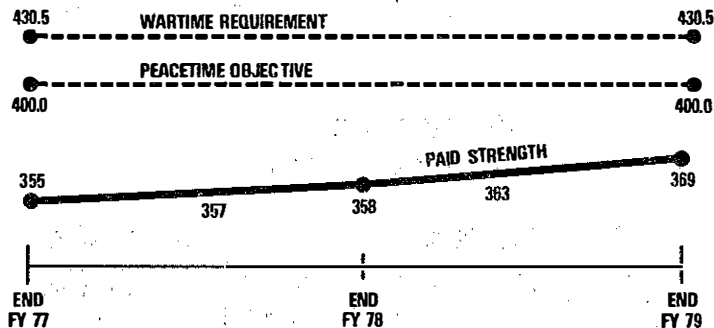


Much of the improvement in the combat-to-support ratio in the Active Army has been made possible by assigning mobilization support responsibilities to reserve units. The Active Army does not have enough residual support capability to tide it over the post-mobilization period required to get the reserves deployed. Reserve Component strength has been declining and Army plans to institute a new series of enlistment and reenlistment incentives for reserves have brought nothing greater than a paltry (\$5 million) test of reenlistment bonuses in a few units. The test is still in progress and there is no money in the Fiscal Year 1979 budget to either broaden it or extend its life. The charts showing a hoped-for increase in reserve strength unfortunately reflect Pollyanna-like overconfidence based on recent experience and budgetary support.

ARMY RESERVE STRENGTH (IN THOUSANDS)



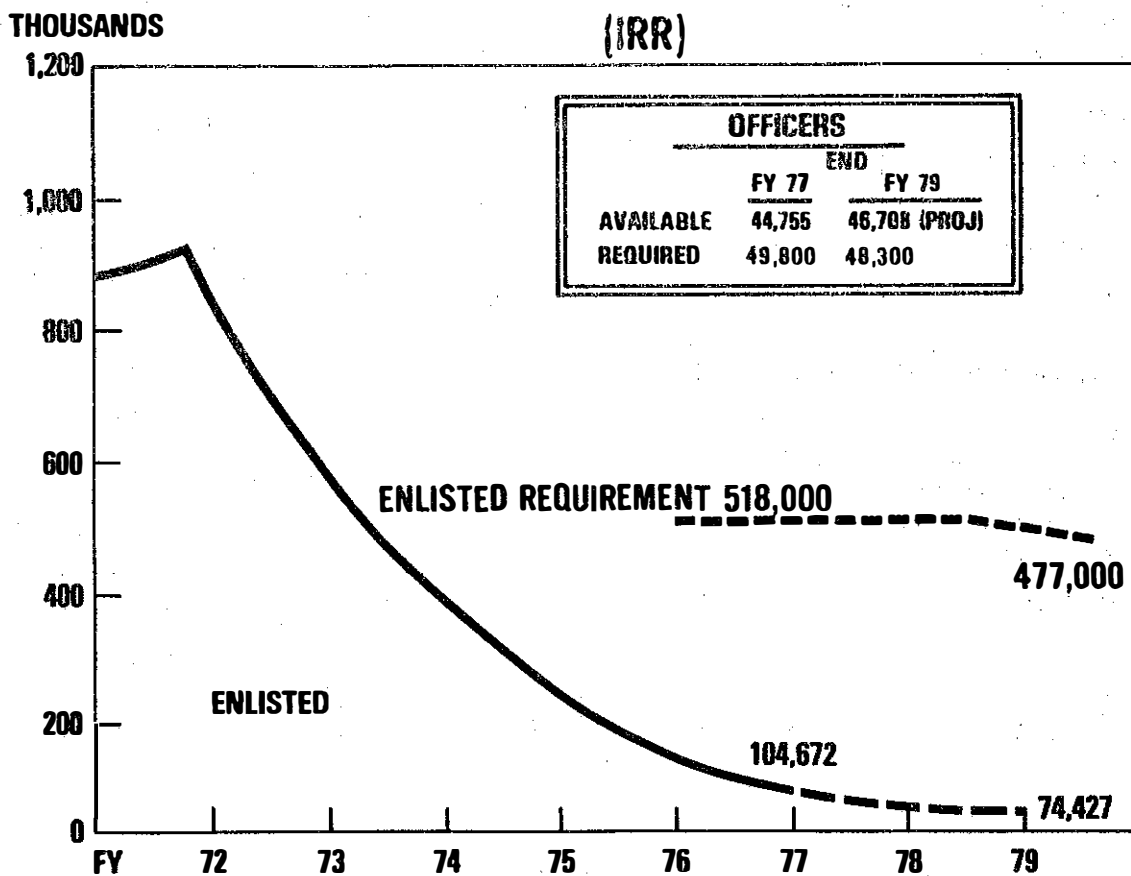
NATIONAL GUARD STRENGTH (IN THOUSANDS)



The lack of draft pressure contributes to the difficulty being experienced by the reserve components in enlisting enough people. The inability of the remaining Selective Service machinery to produce draftees (noted earlier in this paper) exacerbates the problem presented by the declining strength of the Individual Ready Reserve. This valuable pool of trained manpower is the only source of individual fillers for Active Army units being committed to combat and for

reserve units being mobilized. Short of stripping units, the IRR is also the only immediate source of replacements for early combat losses. As was said earlier, the miniscule increase in the Selective Service budget for Fiscal Year 1979 cannot alleviate the problem of producing trained manpower in timely fashion. There is no further margin for delay. The civilian managers in the Defense Department must press the White House for immediate action to raise Selective Service capabilities and to bite the political bullet by authorizing pre-registration and classification.

STRENGTH - INDIVIDUAL READY RESERVE



The 1979 Budget holds more promise for the members of the Active Army, particularly for the junior enlisted personnel. Funds are being requested to permit movement of the dependents of junior enlisted people to authorized overseas stations. The Army has estimated that it costs the average young family about \$1,375 to move to Germany, pay deposits on an apartment on the local economy and make it livable. The family immediately finds itself in a financial bind with nothing to look forward to for the next three years but hardship. It appears there is enough sentiment in Congress--even Representative Les Aspin supports it--to sell this program. It will be a boon to morale and retention.

MILITARY CONSTRUCTION FY 79 ARMY HIGHLIGHTS (\$ MILLIONS)

● MEDICAL FACILITIES	\$154.5
- INCLUDES:	
● FT STEWART HOSPITAL	\$39.3
● FT HOOD HOSPITAL	47.7
● DENTAL/HEALTH CLINICS	23.2
● MAINTENANCE FACILITIES	114.8
● SUPPLY FACILITIES	135.9
● UTILITIES, POLLUTION ABATEMENT, ENERGY CONSERVATION	204.6
● OPERATIONS/TRAINING	40.6
● TROOP HOUSING	38.4

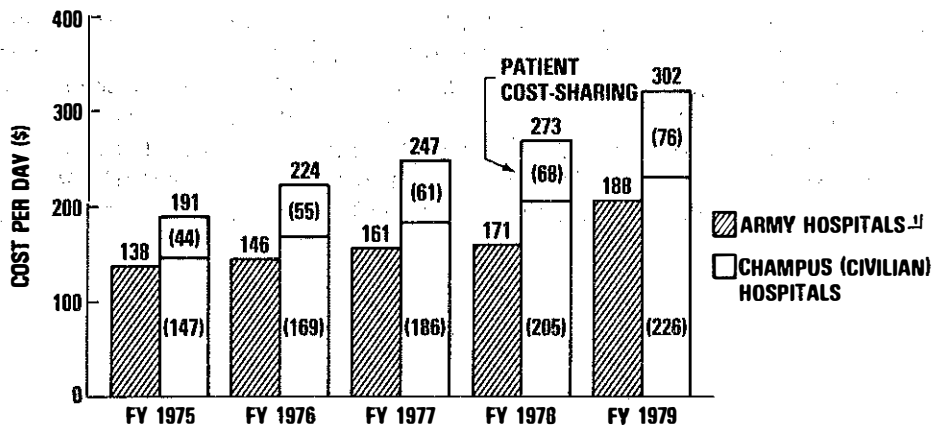
The Army is requesting funds to support child care centers operated by Army Community Services--a benefit to parents working to supplement the family income. There will also be a large increase in the number of new family housing units requested--852 compared to just 100 in FY '78--and in improvements to existing quarters--1624 compared to 975. The number of housing units to be leased would increase from 12,096 to 12,978. The new quarters would be built at Forts Polk (160), Ord (560) and Stewart (132).

EUROPEAN COMMAND (INCL NATO) ^{1/}	
INCLUDES:	\$350.8
● CONVENTIONAL AMMO STORAGE/UPLOAD	75.3
● POMCUS FACILITIES	56.9
● MAINTENANCE FACILITIES	56.7
● LANDSTUHL HOSPITAL	30.3
^{1/} FUNDING INCLUDED IN OTHER FACILITY CATEGORIES	

New hospitals are being requested at Forts Stewart and Hood and new dental clinics at several locations but the basic shortcomings of the medical service will probably continue unabated. The shortage of military physicians will get

worse before it gets better and more military families, both active and retired, will find themselves using CHAMPUS and paying a share of the cost that many of them cannot afford.

AVERAGE COST PER PATIENT DAY US ARMY HOSPITALS VS CHAMPUS WORLDWIDE



During Fiscal Year 1979 the Army plans to complete the mechanization of the 24th Infantry Division and make the following additional force improvements:

* Activate these units--

- Two tank battalions
- One attack helicopter battalion
- One HAWK air defense missile battalion
- One tube field artillery battalion

* Increase the manning of the 5th and 24th Divisions to 100 percent.

* Increase the manning of divisions with equipment pre-deployed in Europe to 105 percent.

* Increase the manning of units deployed in Europe.

* Begin to expand the amount of equipment deployed in Europe for reinforcing divisions.

* Increase electronic warfare, communications and chemical warfare defense capabilities in Europe.

In spite of recent difficulties in reserve recruiting and inability to meet manpower goals, the Army has requested and the Defense Department has approved a modest increase in the authorized strength of the Army National Guard and the Army Reserve. The increases, if achieved, will bring the combined paid drill strength of the Army's reserve elements to 569,000 which is still 20 percent short of the wartime requirement and 94,000 short of the peacetime requirement. Early deploying units (130 reserve units are scheduled to be deployed between M Day and M+30) will get additional technician help and full time readiness NCO's to improve unit and individual training.

In order to cut down on the number of soldiers tied down in training, about three percent of advanced individual training will be shifted to units in the form of on-the-job training, with an accompanying loss of unit readiness. The number of officers engaged in long-term schooling will be reduced by shrinking the size of classes at the Command and General Staff College and the Army War College by 15 percent, an undesirable sacrifice in professionalism. Most of the personnel assets needed to fill out units and accomplish other improvements will come from the training bases and from base support operations.

For the Army's hardware account Fiscal Year 1979 has some good news, some bad news and some uncertainties. Perhaps the best news is approval by DoD to request the first production increment of the XM-1 tank--110 for the year. As this paper was being prepared Secretary

of the Army Clifford Alexander announced that agreement had been reached with the Federal Republic of Germany to standardize on a German-designed 120mm gun for both the XM-1 and the German Leopard II. Early models of the XM-1 will be armed with the U.S. 105mm gun while Army in-house ordnance facilities are tooling-up to produce the German gun under license.

The XM-1 is generally considered the best tank in the world and should remain a superior weapons system for years. The Army hopes to buy more than 7,000 between now and the late 1980's. While XM-1 production is building up the Army will continue to buy M60A3 tanks, now the standard and a solid match for the Soviet Army's latest tank, the T-72. Four hundred eighty M60A3's are programmed for procurement in FY '79.

PROCUREMENT HIGHLIGHTS—QUANTITY

	<u>FY 1977</u>	<u>FY 1978</u>	<u>FY 1979</u>	<u>FY 1980</u>
BLACK HAWK HELICOPTER	15	56	129	168
AH-1S (COBRA/TDW) HELICOPTER	82	83	78	15
IMPROVED HAWK MISSILES	526	509	608	500
STINGER MISSILES	0	258	2250	2400
DRAGON	9496	6965	0	0
US ROLAND	0	0	314	500
LANCE	360	360	199	0
ARMORED PERSONNEL CARRIER, M113A1	1200	960	910	357
HOWITZER, SP, 155MM, M109 SERIES	103	250	136	91
TANK, M60 SERIES	886	739	480	377
TANK, XM-1	0	0	110	569
HOWITZER, TOWED, 155MM, M198	51	0	107	208

Perhaps the worst piece of news for an Army seeking to increase its mobility and staying power on a high intensity battlefield is the return of the infantry combat vehicle to R&D status with no production money for the MICV, at one time considered to be ready for production. The Army had programmed MICV production for FY 1978 but it slipped last year and now has been dropped while a search for a successor begins. Current critics of the MICV claimed its silhouette is too high and that it cannot make overland speeds sufficient to keep up with the

XM-1. There were also problems with a decision on the right weapons for the vehicle. Procurement of M113A1 carriers continues.

The Army's advanced attack helicopter continues in the R&D stage for another year while procurement continues on the modernized interim Cobra/TOW version of the AH-1 helicopter. The Blackhawk utility helicopter is recommended for much greater production during the next fiscal year--jumping from 56 aircraft in FY '78 to 129.

A serious deficiency in forward area air defense is recognized in the decision to begin production on the U.S./French/German ROLAND mobile missile system and by R&D funding for the DIVADS gun system. At the same time there will be some initial production of tooling for the PATRIOT air defense missile system which ultimately will replace both the HAWK and HERCULES systems.

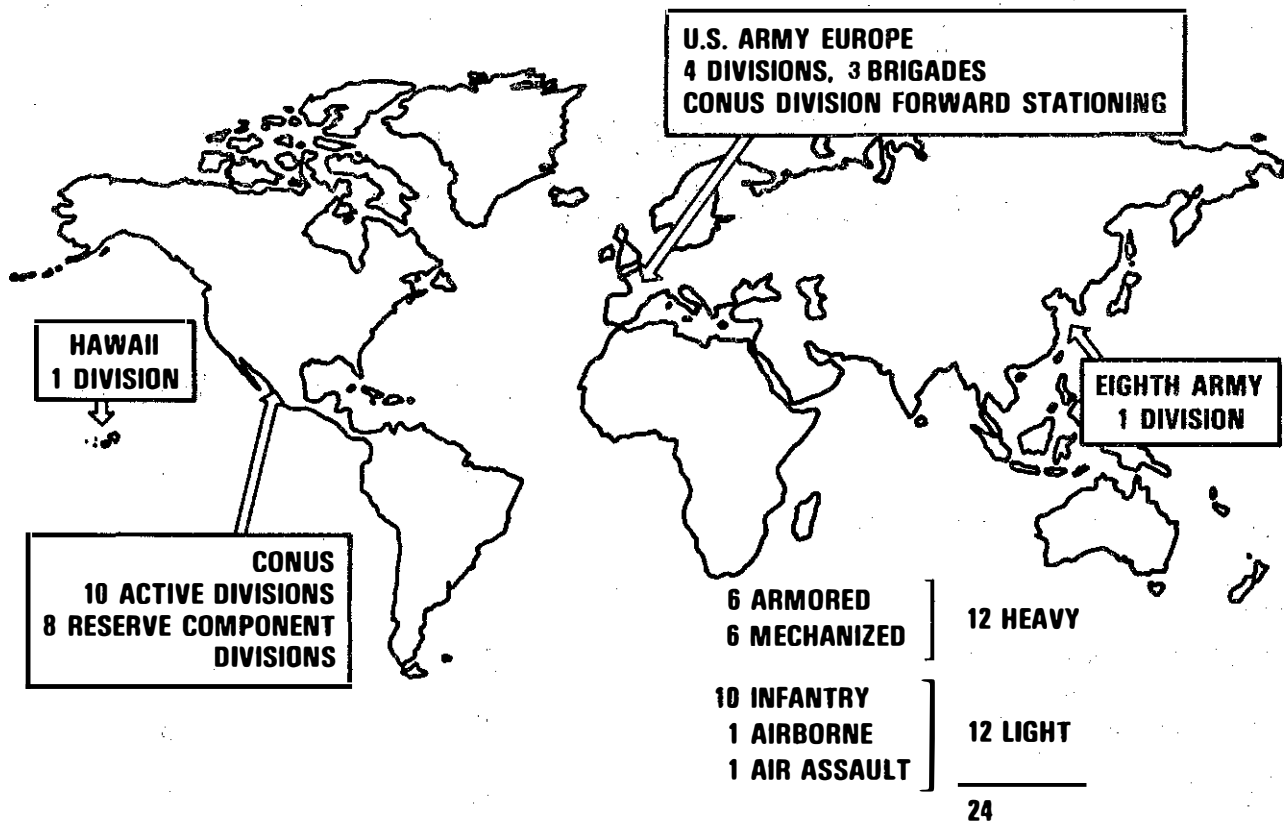
RDTE FY 79 FUNDING OF MAJOR TACTICAL SYSTEMS

SYSTEM	\$MIL	1st YR PROCURE
• XM-1 TANK	78	FY 79
• ADVANCED ATTACK HELICOPTER	178	FY 81
• HELLFIRE	65	FY 81
• ROCKET SYSTEM (GSRS)	71	FY 83
• FORWARD AREA AIR DEFENSE (LOFAADS)	76	FY 83
• PATRIOT	237	FY 80
• STANDOFF TARGET ACQUISITION	37	FY 81
• TRITAC COMMUNICATIONS	55	FY 81

The Army estimates that the procurement planned for Fiscal Year 1979 would bring the tank fleet to 81 percent of its desired level of modern tanks. The attack helicopters programed for the year (interim Cobras) would bring the inventory to 87 percent of the needed level and the self-propelled artillery pieces to be build during FY '79 will bring that stock to 92 percent of its goal. Once full production of the XM-1 is underway the Army would like to build 120 per month until its long-range goal of 7,000+ is reached.

The procurement of ammunition to build up stocks in Europe has been a problem ever since those stocks were drawn-down to support Israel during the Yom Kippur War in 1973. During Fiscal Year 1979 there will be 200,000 short tons of ammunition delivered to European depots but, even at that rate, the Army does not expect to reach its stockage goals until the Fiscal Year 1983 program is completed.

24 DIVISION STATIONING



WHAT DOES IT ALL MEAN?

While the United States Army will never diminish its concern for the people who make it work there are some signs that, for the first time, the Army is becoming hardware intensive instead of people intensive. If there is a shift in the Army's focus it has been forced by the realities of the world we live in, not by any scheme to slight the human side of the equation.

People cost more money than hardware. The group of young people from which the Army must draw its fighting force is shrinking and the very best members of the group are being sought after by industry, by the colleges and by all the armed services. As long as our national commitment to the volunteer concept survives the military will have to compete on a "dollars and cents" basis for this increasingly scarce commodity.

So the Army's manpower strength goes down along with that of the Navy, the Air Force and the Marine Corps. We have good reason to be concerned but our worry should be concentrated not on the loss of numbers alone but on the answer to the question, "How have our capabilities survived the drop in manpower?"

For the time being, at least, it appears that our strategic weapons and retaliatory capabilities are adequate, despite grave concern on the part of the Air Force that its bomber fleet will disappear, taking with it the comfort of having human hands in final control of weapons.

Oddly, it may be the Navy's capabilities, or lack of them, that have the greatest impact on the Army's ability to do its job. Can the Navy keep the sea lanes of supply and reinforcement open during an all-out European war? Can it carry, land and support that reinforced Army/Marine team that the Secretary of Defense says should be ready to fight in the Persian Gulf area? And, even if you assume sea control, are there enough ships available, both naval and civilian, to carry military cargoes and land them over the rubble of destroyed ports in Germany, France, Belgium and the Netherlands?

The Army in Europe, together with its NATO comrades, is greatly outnumbered, both in people and in weaponry. It does not begin to match the opposing forces of the Warsaw Pact in numbers of tanks and in artillery weapons. But it certainly must have the best in anti-tank missiles and in efficient fire support to counterbalance numerical disadvantages. It must be able to rely on NATO air forces to gain and maintain air superiority over the battlefield and the airfields where reinforcements and emergency supplies should be landed. It must know that the reserve units called from their homes to serve are manned, trained and equipped to do the job and can get to Europe in time to help.

The Army and, we hope, the Defense Department and the Commander-in-Chief, know what must be done but when the Chief of Staff of the Army is forced to strip manpower and equipment from stateside units, active and reserve, to build combat power in a forward area, the game of "priorities" has gotten out of hand.

This budget, as have those in the recent past, fails to address the problem of providing forces and equipment adequate to defend our national interests. Rather than budget for what we really need, the Administration lowers our national expectations and substitutes lesser goals for those which undergird our true interests.

We believe that the American people want this process reversed and are willing to support national defense expenditures that will maintain our way of life and our major role in world leadership.