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*Is it possible that a trillion dollars is insufficient to provide for the defense of the United States in the first half of this decade? If not, just how much is enough? This paper examines the "lost decades for defense," today's requirements, and reaches a sobering answer to the question of its title.*

## **THE FY 1981- 85 DEFENSE PROGRAM: IS A TRILLION DOLLARS ENOUGH?**

by

Lawrence J. Korb

**Introduction.** On 12 December 1979 the President startled a great many people by announcing in a speech to the Business Council that his FY 1981 defense budget would be \$157 billion. This is \$20 billion or 15 percent more than the FY 1980 budget that he had sent to the Congress only 11 months previously. Moreover, the President told the business leaders that his FY 1981 budget would lay the foundation for a defense program that would provide for real funding increases of 5 percent per year through FY 1985. As indicated in Table 1, if one assumes an average inflation rate of 8 percent per year over the FY 1981-85 period, President Carter was in effect proposing that the Department of Defense spend in excess of a trillion dollars on national security over the next 5 years, approximately the same amount that this nation had spent on defense in the entire 25 years between the end of World War II and 1970 (from FY 1947 through FY 1980, the United States spent \$2.63 trillion on defense).

Not surprisingly some public figures speculated about the change in direction of an Administration that had sought, only 3 years earlier, to reduce defense spending by \$5 to \$7 billion. As late as the fall of 1979 there was much uncertainty whether a new upward revised goal of increasing defense allocations by then 3 percent a year in real terms was feasible and, accordingly, whether an even larger defense budget proposal could be considered.

An equally dramatic event occurred the day following the President's unexpected announcement. On 13 December Secretary of Defense Harold Brown appeared before the Senate Armed Services Committee to reveal some of the specific details of the President's program. Although this generally pro-defense group seemed gratified by Brown's presentation, some members questioned the adequacy of the increase proposed.

Could it be that approximately a trillion dollars over the next 5 years is not enough to provide for the common

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defense in the first half of the 1980s? If a trillion-dollar program is not enough, just how much is enough? In order to come to grips with this situation and thus answer questions like this, it is necessary to go back two decades to 1961 and the Presidency of John F. Kennedy.

**The 1961-1975 Period: The Lost Decades for Defense.** When John Kennedy took office in January 1961 the United States was spending just over \$40 billion per year on national defense. The President felt that this amount, which had not grown in real terms during the Eisenhower administration, was not adequate to meet the Soviet challenge in strategic weaponry or to deal with Soviet inspired "wars of national liberation" in the Third World. Therefore, within his first year in office Kennedy had raised the size of the budget by some 20 percent to over \$48 billion. Kennedy put the bulk of the additional funds into accelerating both strategic land and sea-based missile programs. The new President placed both the *Minuteman* and *Polaris* programs, originated by the Eisenhower administration, on a crash basis. For example, when Kennedy took office the United States had 2 Fleet Ballistic Missile Submarines with 32 launchers in commission. During the next 6 years, by halving program time, an additional 39 boats and 624 launchers were added to our strategic arsenal. Similarly, in December 1960 the United States had exactly 9 operational ICBMs. Six years later it had over 1,000!

Kennedy built up our conventional forces as well. During his first year in office the total size of the armed forces was increased by 268,000 men or 11 percent. The Army alone grew from 875,000 to over a million, an increase of over 15 percent. Dramatic increases in the level of procurement funding led to substantial increases in our conventional weapons inventory. By the end of June

1965, on the eve of the massive American commitment to Vietnam, the Kennedy program had increased the size of the fleet by 61 ships, the number of Air Force tactical squadrons by 24, airlift squadrons by 6, and Army ground combat divisions by 5. On 30 June 1965 the Navy had 880 commissioned ships, the Air Force 117 tactical squadrons and 57 squadrons of airlift aircraft, and the Army 16 combat-ready divisions.

During the administration of Lyndon Johnson the main focus of DOD was on conducting the war in Southeast Asia. Between FY 1966 and FY 1973 DOD spent almost \$150 billion prosecuting the war against North Vietnam. The defense budget peaked at \$78 billion in FY 1968, but \$29 billion or 37 percent of that amount reflected war-related costs. Not only was all of the increment in the budget absorbed by the war, but funds were also diverted from other areas of the defense budget. For example, in FY 1966 the Pentagon spent only \$6 billion or 9 percent of its budget on strategic forces. Before the war DOD was spending over \$12 billion or 27 percent of the budget on these forces. One of the "casualties" of the war in Vietnam was a new manned strategic bomber to replace the B-52. General-purpose forces not related to Vietnam suffered as well. For example, during the 5 years prior to the war, the Navy constructed an average of 45 ships per year. During the war, only 8 ships per year were built. The baseline defense budget dropped by about 15 percent in real terms from FY 1964 through FY 1968.

During the Nixon administration the size of the defense budget declined dramatically, whether measured in absolute and relative terms or current or constant dollars. This reduction reflected not only the end of our involvement in Southeast Asia but a further cut in the size of the baseline budget of DOD. Between FY 1968 and FY 1976 the defense budget declined from

\$177.2 billion to \$114.8 billion in real terms, that is, measured in constant 1980 dollars, a drop of \$62.4 billion or 35 percent. Compared to FY 1964, the last prewar year, the Pentagon's purchasing power had been reduced by 13 percent. As indicated in Table 2 this marked the first time in this century that the size of the defense budget was less after the war than before. After each of our previous four wars the budgets were always substantially higher than the prewar figures.

Not only did the armed services have to get by on a smaller budget during this period, they were also forced to spend much larger sums on personnel. This occurred because of three factors. First, in 1968 the Federal Government adopted the principle of "comparability," that is, the pay of federal employees, civilian and military, was made comparable to that of their counterparts in the private sector. Second, in the early 1970s the All-Volunteer Force (AVF) was introduced, necessitating large increases in the pay of junior people and increased outlays for recruiting. Third, the size of the retired military population increased rapidly, rising from 400,000 in FY 1964 to over 1 million in FY 1974. Consequently, personnel costs as a percentage of the defense budget rose from 43 percent in FY 1964 to 55 percent in FY 1976.

In addition, primarily because of the rising price of energy, operating costs also jumped. In FY 1964 it cost DOD \$15.8 billion or 12 percent of its budget to operate and maintain its weapons systems and capital plant. In FY 1976 DOD spent almost \$21 billion or 18 percent of its budget on these items. Consequently, by FY 1976 DOD had only a small portion of an already shrunken budget to spend on investment. The FY 1976 defense budget allocated only \$30.9 billion or 27 percent for investment. In FY 1964 almost half of the budget had gone for investment. Table 3 compares the profile of

the FY 1964 defense budget to that of FY 1976.

Thus, for over a decade DOD was compelled to accept substantial and troubling underfunding in the investment area. In a very real sense, the future had to be sacrificed to the present. By the mid-1970s many of the items bought on a crash basis during the early Kennedy years were becoming outdated *en masse*. This bloc obsolescence and lack of investment funding forced DOD to retire many weapons systems before their replacements could be procured. When Richard Nixon resigned in 1974, the nation had an armed force much smaller than the one that existed during or even before the war in Southeast Asia. Compared to 1964, manpower had declined from 2.7 million to just over 2 million, a drop of 26 percent; the number of aviation squadrons had been cut from 203 to 110, a decline of 46 percent; the number of ships had fallen from 932 to 495, a drop of 47 percent; and the number of ground combat divisions had declined from 19 to 16, a reduction of 16 percent. Compared to 1968, the decline was even greater. Table 4 compares the 1974 force structure to that of 1964 and 1968.

The steep and continuing decline in U.S. capabilities was exacerbated by the fact that, while the size of the U.S. military force structure was decreasing, the size and capabilities of the armed forces of its principal adversary, the Soviet Union, were increasing markedly. When the U.S. involvement in Southeast Asia began, DOD was spending slightly more on defense than the Soviets. In 1968, if one excludes the incremental costs of the war in Southeast Asia, the Russians outspent us on defense for the first time since the Korean war. Between 1968 and 1972 the Soviets spent about \$60 billion or 21 percent more than this nation on defense. Over the next 5 years they spent \$117 billion or 28 percent more than the United States;

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by FY 1977 the Soviet defense budget was more than 40 percent greater. Figure 1 compares U.S. and Soviet defense outlays for the 30-year period between FY 1950 and FY 1980.

Because only 17 percent of the Soviet defense budget is spent on personnel, the Russians were able to spend the preponderant share of their budget on investment. For example, during the 1970s alone they outspent us in the procurement area by over \$100 billion. These huge expenditures enabled the Soviets to increase the size of their armed forces from 2.7 million in 1964 to about 4.5 million in 1976. During the same period the Soviets added some 2,000 strategic missiles, 2,500 tactical aircraft, 25 major surface combatants, and 25 ground combat divisions. These additions, coupled with the U.S. decline, brought about a deteriorating military balance and by the mid-1970s left the once nearly omnipotent United States in a position of what can be best described as "clinging parity." Table 5 compares U.S. and Soviet force levels from the mid-1960s through the mid-1970s.

**The 1975-1980 Period: The Aborted Turnaround.** During the second year of his abbreviated tenure, President Ford recognized that our national security situation was becoming precarious. Because the Soviets gave no indication that they would slow down their buildup, it became clear that the United States had to take decisive action. Accordingly the President issued National Security Study Memorandum (NSSM) 264 in which he asked the National Security bureaucracy to analyze the military situation and make recommendations. On the basis of this study Ford laid down a 5-year plan that called for increasing the defense budget from \$95.9 billion in FY 1976 to \$155.7 billion by FY 1981, an increase of \$60 billion or 63 percent. Because that program was based upon an inflation

rate of slightly below 5 percent per year, the Ford program would have resulted in an impressive real increase of 40 percent or about 8 percent per year in the FY 1977-81 period. Based upon the actual inflation rates observed, the Ford program would have called for a FY 1981 budget of approximately \$200 billion.

Ford proposed to construct 32 ships per year or 157 over the 5 years, 60 percent of which would have been major surface combatants. The Ford plan envisioned building a full force of 244 B-1 strategic bombers, deploying the MX by 1983, funding 3 *Trident* submarines every 2 years, purchasing 500 tactical fighter and attack planes annually, and buying some 2,000 tanks and other tracked combat vehicles each year.

Had this program been adopted it would have reversed the trends in the military balance dramatically by the early 1980s. However, the succeeding Administration phased down major portions of the Ford program. As indicated in Table 6, the FY 1979 and FY 1980 budgets proposed essentially no-growth defense budgets. By shifting the base from obligational authority to outlays and changing the base year, the defense budget appeared to be increasing by 3 percent but as Table 6 shows, the FY 1980 defense budget proposal was actually 3 percent less than what had been sought from Congress for FY 1978.

Between FY 1978 and FY 1980 \$40 billion in investment funds were cut from the Ford program. This was accomplished by delaying the MX program by 4 years, cancelling the B-1 bomber altogether, cutting the *Trident* building rate by one-third, halving the Navy shipbuilding program, and reducing tactical air and tank procurement by about 20 percent. Although it was announced that forces for NATO would receive primary emphasis, spending on NATO procurement in FY

1979 was 13 percent below that contemplated 3 years earlier, as indicated in Table 7. Moreover, the rapid deployment force for dealing with secondary or minor contingencies in such areas as the Persian Gulf received no funding at all in the FY 1978-80 period.

Consequently the military balance, rather than improving in the post-1975 period, became even more precarious. By the end of the 1970s the Soviets were outspending us by almost 45 percent and their military capability kept increasing more rapidly than ours. The Russians were moving farther ahead in most static and dynamic indicators of the strategic balance, and in many measures of relative strength in the critical area of the Central Front in Europe. Moreover, the Soviets were drawing ever nearer to us in naval power and were opening up a wide gap in theater nuclear weapons in Europe.

**SALT and the Changing Context of the Debate.** During the course of Senate hearings on the SALT II Treaty in the summer and fall of 1979 it became clear to the Congress and to the American public that the real issue was not only whether the SALT agreement was equitable and verifiable but also whether our entire military posture was adequate. In order for the SALT II Treaty to have any chance of Senate ratification it appeared that the defense budget would have to be increased by a minimum of 3 percent a year in real terms. The SALT Hearings had revealed, for the first time to a number of American observers, that there were a number of short and long-term weaknesses in our defense posture. As discussed above, these weaknesses resulted from the combination of our 15 years of reduced capital funding and an unprecedented 15-year emphasis on that same area by our principal adversary, the Soviet Union. And remedying these discrepancies would require massive out-

lays of funds in all areas of the defense budget for the foreseeable future.

**Strategic Investment.** To reverse the trends in the strategic balance and to insure that U.S. forces can carry out the requirements of a countervailing strategy, this nation needs to take a number of steps to increase the effectiveness of the triad. ICBM vulnerability can be reduced in the near term by deploying *Minuteman* in the Multiple Aim Point (MAP) mode and in the long term by going ahead with the MX program as swiftly as possible. Deploying MX will also increase the firepower of our land-based missiles by the end of the decade. Reopening the *Minuteman III* production line could increase the destructive power of the ICBM force in the near term.

Restoring the *Trident* submarine building rate to three every 2 years will prevent a sudden and rapid dropoff in the number of SLBM launchers in the early 1990s, while building a full 25 *Tridents* and placing the *Trident II* missile on the last 11 of these ships will increase markedly the amount of target coverage and the destructive power of this leg of the triad. By the turn of the century more rapid improvements in SLBM capability can be obtained by increasing the number of warheads on the *Poseidon* conversions from 10 to 14 and from retrofitting all 31 instead of just 12 of the *Lafayette*-class submarines with *Trident I* missiles.

The long-term survivability and effectiveness of the bomber leg can be enhanced by building approximately 200 modified B-1 bombers to serve as cruise missile carriers in a penetrating role. More immediate effectiveness can be achieved by building 165 stretched FB-111s and increasing the B-52 alert rate from 30 to 50 percent.

Strategic defense can no longer be neglected. If there is an equilibrium in the offensive area, the edge will go to the nation with a more effective

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strategic defense. In the short term we can build an additional 200 F-14s and F-15s to use in air defense mode and revitalize our civil defense program. For the future, a vigorous research and development effort in ballistic missile defense emphasizing both lasers and particle beams seems a prudent and promising goal.

**Theater Nuclear Weapons.** Because of the rapid deployment of the mobile SS-20 and *Backfire* bomber by the Soviet Union, the United States must act quickly in this area. As a minimum it must go ahead with building and deploying in Europe the 576 *Pershing IIs* and GLCMs. In addition, DOD ought to begin development of a new model MRBM for the NATO area and a new nuclear strike aircraft. Near term improvements can be gained by placing the SLCM, with its standoff capability to attack land targets, on surface ships and submarines, and by providing a nuclear strike option to all NATO fighter bombers.

**Conventional Area.** As we enter the 1980s our general-purpose forces also need to be revitalized. The rapid deployment force, which has existed only on paper up to now, needs to be developed "rapidly." This involves increasing our airlift capability by building the CX and constructing at least 16 cargo ships that can be prepositioned with military equipment at various places around the world.

Our flexible forces cannot be neglected much longer. Unless the rate of shipbuilding approaches 20 per year, the number of ships in the Navy will continue to decline. Moreover, unless the majority of the ships are major surface combatants the ability of our Navy to fulfill its missions will be jeopardized. The Navy needs a new generation of amphibious ships, a follow-on destroyer (to the DD-963), at least 24 *Aegis* ships, and a 250 percent

increase in the rate of building nuclear attack submarines, that is, from one a year to five every 2 years. Similarly, the number of airplanes built each year for sea-based tactical air forces needs to be increased sharply, perhaps from 50 to 180 per year to arrest the decline in sea-based tactical air. The increase can be accomplished by accelerating the rate of F-18 procurement to 120 per year immediately, increasing the total purchase of the F-14 from 500 to 600, and by restoring the AV-8B *Harrier* to the defense program as insurance against a V/STOL future.

Just to build the existing programs that the Army has in various stages of development at efficient rates of production, that service needs a 66 percent increase in its procurement budget over the next 5 years, more than double what it has been allocated. If the Army does not receive the funds it will have to reduce drastically its purchases of such critical items as the *Roland* Air Defense Missile System, the Advanced Attack Helicopter, and the 155 MM *Copperhead* Artillery Projectile.

**Other Areas.** While it is true that investment deficiencies have been most visible over the past 15 years, that is not the only area that now needs additional funding. Although these other areas are less glamorous than force procurement, they are equally important.

The readiness and support category suffers from several persistent weaknesses. NATO war reserve stocks should be increased threefold, that is, from 30 to 90 days. Training weapons are in extremely short supply. Soldiers in Europe are fortunate if they can test-fire their unit TOW antitank missile once a year. Operational squadrons can launch only one *Sidewinder* or *Phoenix* missile per year. There is a maintenance backlog, not only on ships and planes, but on such mundane but critical areas as runways, hangars, and motor pools. The amount of fuel available for

operating airplanes, ships, and tanks is 20 percent below what it was only 5 years ago.

Research and development is also lagging, particularly vital basic research. Funds in this area are about 30 percent below the level of a decade ago.

Finally, and somewhat paradoxically, military pay for active-duty people needs to be increased in today's all-volunteer services. It is paradoxical because personnel costs already consume nearly 60 percent of the DOD budget. Nonetheless, over the past 7 years regular military compensation has fallen 20 percent behind the Consumer Price Index. Many estimates indicate that military personnel are presently forced to dig into their own pockets for more than \$2 billion per year to cover the unreimbursed costs of expensive housing and frequent relocations. More than 100,000 military families are eligible for welfare; 580,000 service personnel are paid at or below the minimum wage; the average enlisted person has a standard of living 17 percent below what the Bureau of Labor statistics considers a lower standard of living and 50 percent below a moderate standard. Some 20 percent of the enlisted people "moonlight" in second jobs and roughly half of their military spouses must work, just to make ends meet.

Because of the pay situation DOD is experiencing severe retention problems, particularly among valuable second and third term enlisted personnel. Retention rates for second termers are now below 50 percent, while the rate for third termers, that is, for people more than half way toward retirement, is down to 70 percent. At the present time the armed services are short approximately 70,000 noncommissioned officers. Unless comparability is restored, future pay indexed against inflation, special skills pay inaugurated, and housing and moving allowances raised to reflect actual costs, military personnel dis-

satisfaction will become more acute. About 90 percent of those leaving the service now cite pay as the number one reason, up dramatically from just 2 years ago. Not even reinstatement of the draft can solve the problem of the shortage of experienced noncommissioned officers.

**Conclusion.** President Carter's trillion dollar 5-year defense program, as large as it is, addresses only a few of the initiatives suggested above. For example, the projections include nothing for the personnel compensation situation or the NATO stockpile. Increasing the defense budget by 5 percent a year in real terms may arrest the deterioration of the military balance. However, as indicated in Figure 2, in real terms or constant dollars the FY 1981 defense budget will not be very much above the level of FY 1964, and when the higher costs of personnel and operations are factored in, the new program will not match the purchasing power of the FY 1961-65 program. It seems abundantly clear that, unless the Soviets slow down their rate of military spending or unless the Congress further expands defense allocations, the 1980s will inherit most

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### BIOGRAPHIC SUMMARY



Lawrence Korb is Professor of Management, Naval War College and an Adjunct Scholar of the American Enterprise Institute. He has been a consultant to the Office of the Secretary of Defense, the

National Security Council, and the Office of Education and has served on the faculties of the University of Dayton and the U.S. Coast Guard Academy. He specializes in national security organization, process, and policy and his most recent publication is *Fall and Rise of the Pentagon: Defense Policies of the 1970s*.

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of the sobering U.S. military disadvantages of the 1970s. On balance, to answer the question of this article's

title, a trillion dollars may well not be enough for the first half of the new decade.

TABLE 1—THE FY 1981-85 DEFENSE PROGRAM IN BILLIONS OF CURRENT DOLLARS (BASED ON REAL GROWTH OF 5 PERCENT AND AN INFLATION RATE OF 8 PERCENT)

	Fiscal Year					Total 1981-85
	1981	1982	1983	1984	1985	
Defense Budget	157	177	200	226	255	1,015

Source: Author's estimates.

TABLE 2—PRE AND POSTWAR DEFENSE SPENDING  
IN THE 20TH CENTURY  
(In billions of constant FY 1980 dollars)

War	Last Prewar		Wartime Peak		Postwar Low	
	Fiscal Year	Budget Total	Fiscal Year	Budget Total	Fiscal Year	Budget Total
Spanish American	1897	1.1	1899	3.8	1902	2.2
World War I	1916	2.6	1919	71.0	1925	3.4
World War II	1940	10.7	1945	419.0	1949	46.8
Korea	1950	49.3	1953	149.2	1956	115.7
Vietnam	1964	131.9	1968	177.2	1976	114.8

Source: *Statistical Abstract*.

**TABLE 3—PRE AND POST VIETNAM DEFENSE TOTALS**  
(In billions of constant FY 1980 dollars)

Fiscal Year	Payroll		Operating		Investment		Total Budget
	Total	%	Total	%	Total	%	
1964	56.7	43	15.8	12	59.4	45	131.9
1976	63.1	55	20.7	18	30.9	27	114.8
<b>Difference</b>							
1964-76	-6.4	-8	-4.9	-6	28.5	18	17.1

*Source: Defense Posture Statements FY 1964 and FY 1976.*

**TABLE 4—SUMMARY OF WEAPONS INVENTORY, 1964-1974**

Weapons System	End of Fiscal Year			Percentage Change	
	1964	1968	1974	-1968-1974	1964-1974
<b>Squadrons</b>					
Long-Range Bombers	78	40	28	-30	-64
Fighter Attack	85	103	75	-27	-12
Fighter/Interceptor	40	26	7	-73	-83
Total Squadrons	203	169	110	-35	-46
<b>Number</b>					
Aircraft Carriers	24	23	14	-39	-42
Amphibious Assault	133	157	65	-59	-51
Sealift	101	130	37	-72	-63
Surface Warships	368	387	187	-52	-19
Strategic Submarines	21	41	41	0	+95
Nuclear Attack	19	33	61	+85	+221
Support	266	205	90	-56	-66
Total Ships	932	976	495	-49	-47
<b>Number</b>					
Army Divisions	16	19	13	-32	-19
Marine Divisions	3	4	3	-25	0
Total Divisions	19	23	16	-30	-16

*Sources: Annual Defense Reports and Military Posture Statements.*

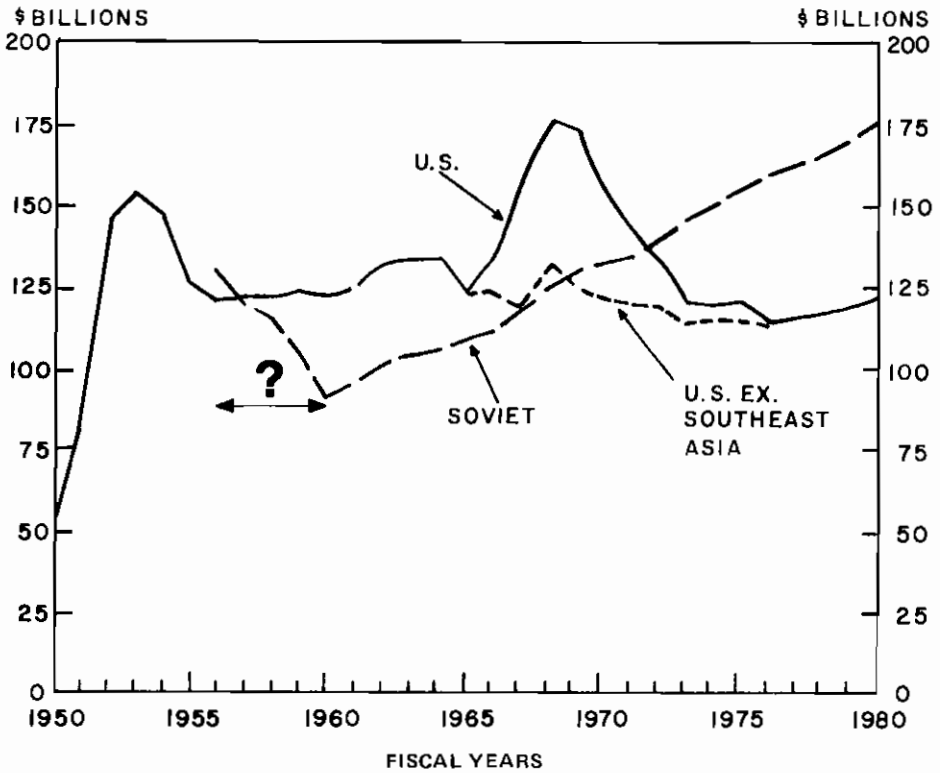


Fig. 1—Comparison of U.S. Defense Outlays and Estimated Dollar Costs of Soviet Defense Programs (Billions of Constant FY 80 Dollars)

Source: Arms Control and Disarmament Agency, *World Military Expenditures and Arms Transfers 1968-1977*.

TABLE 5—U.S./USSR FORCE LEVELS FOR SELECTED CALENDAR YEARS

System	1964		1968		1972		1976		Change					
	U.S.	USSR	U.S.	USSR	U.S.	USSR	U.S.	USSR	N	U.S.	USSR	%	U.S.	USSR
ICBMs	654	200	1054	700	1054	1118	1054	1527	400	1327	61	664		
SLBMs	336	20	656	50	656	450	656	845	320	825	95	4125		
Bombers	630	190	650	250	569	140	387	140	-243	-50	-39	-26		
Major Surface														
Combatant Ships	300	200	325	200	250	225	175	225	-125	25	-12	13		
Tactical Aircraft	5700	3500	5700	3500	5000	4500	5000	6000	-700	2500	-12	71		
Division														
Equivalents <sup>1</sup>	19	7	20	10	16	25	16	25	-3	18	-16	255		

<sup>1</sup> U.S. and Soviet divisions are not directly comparable. Soviet divisions are made equivalent to the U.S. in this comparison.

Source: *United States Military Posture and Reports of the Secretary of Defense* (for selected years).

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TABLE 6—DIFFERENT BASES FOR COMPUTING REAL SPENDING GROWTH  
(in billions of current dollars)

Category	FY 1979 Base	FY 1980 Proposed	Actual Spending Growth (FY 1980 proposed from FY 1979 base)	
			Amt.	% real change <sup>d</sup>
FY 1978 authority request of Carter (119.4)	130.1 <sup>a</sup>	135.5	5.4	-2.8
FY 1978 authority level of Congress (116.6)	127.1 <sup>a</sup>	132.8 <sup>c</sup>	5.6	-2.5
FY 1978 outlay request of Carter (109.1)	118.9 <sup>a</sup>	122.7	3.8	-3.8
FY 1978 outlay level of Congress (105.3)	114.8 <sup>a</sup>	120.5 <sup>c</sup>	5.7	-2.0
FY 1979 authority request of Carter (126.0)	126.0 <sup>b</sup>	135.5	9.5	0.5
FY 1979 authority level of Congress (125.5)	125.5 <sup>b,e</sup>	132.9 <sup>c</sup>	7.3	1.2
FY 1979 outlay request of Carter (115.2)	115.2 <sup>b</sup>	122.7	7.5	-0.5
FY 1979 outlay level of Congress	111.9 <sup>b,e</sup>	120.5 <sup>c</sup>	8.6	0.7
FY 1979 outlay level of Congress <sup>f</sup>	111.9 <sup>b,e</sup>	122.7 <sup>f</sup>	10.8	2.7

<sup>a</sup>Figure represents projected 3 percent real growth from actual 1978 level and 6 percent inflation.

<sup>b</sup>Actual figure.

<sup>c</sup>Assumes 2 percent congressional reduction of President's request.

<sup>d</sup>Assumes 7 percent inflation from 1979 to 1980.

<sup>e</sup>Including FY 1979 supplemental.

<sup>f</sup>Assumes Congress will approve Carter FY 1980 outlay request without reductions.

Sources: The Budgets of the U.S. Government and the *Defense Reports* for appropriate fiscal years.

**TABLE 7—PROPOSED ALLOCATION OF FUNDS FOR FY 1979  
TO MAJOR PROCUREMENT PROGRAMS RELATED TO NATO**  
(in millions of current dollars)

Category	Ford	Carter	Difference	
			Amt.	(%)
<b>Close Combat</b>				
M-60	731	502	-229	(-31.3)
XM-1	456	497	41	(9.0)
APC	58	75	17	(29.3)
TOW/Dragon	72	51	-21	(-29.2)
Total	1,317	1,125	-192	(-14.6)
<b>Helicopters</b>				
Cobra	138	141	3	(2.2)
AAH	179	177	-2	(-1.1)
Hellfire	68	65	-3	(-4.4)
Blackhawk	377	377	...	...
Total	762	760	-2	(-0.3)
<b>Air Defense</b>				
Hawk	00	72	-18	(-20.0)
Patriot	287	296	9	(3.1)
Chaparral/Vulcan	1	39	38	(3,800.0)
Roland	216	225	9	(4.2)
Stinger	167	123	-44	(-26.3)
Total	761	755	-6	(-0.8)
<b>Fire Support</b>				
Pershing	140	88	-52	(-37.1)
Lance	0	78	69	(766.7)
Rocket System	24	71	47	(195.8)
Howitzers	180	51	-129	(-71.7)
Artillery/Ammunition	1,311	546	-765	(-58.4)
Command and Control	310	195	-115	(-37.1)
Total	1,974	1,029	-945	(-47.9)
<b>Tactical Air</b>				
F-16	1,542	1,700	158	(10.2)
F-15	1,715	1,333	-382	(-22.3)
F-4, F-111	144	215	71	(49.3)
A-10	969	886	-83	(-8.6)
AWACS	510	361	-149	(-29.2)
F-4G	40	2	-38	(-95.0)
EF-111A	105	264	159	(151.4)
AAM	205	286	81	(39.5)
Total	5,230	5,047	-183	(-3.5)
<b>Airlift</b>				
C-5	37	37	.....	..
C-141	88	66	-22	(-25.0)
CLAF	16	69	54	(360.0)
ATCA	227	157	-70	(-30.8)
Total	387	329	-58	(-10.4)
<b>Total NATO</b>	<b>10,411</b>	<b>9,045</b>	<b>-1,366</b>	<b>(-13.1)</b>

Sources: FY 1978 Defense Report, pp. 159, 160, 161, 162, and 213. FY 1979 Defense Report, pp. 160, 161, 162, and 223.

# 16 NAVAL WAR COLLEGE REVIEW

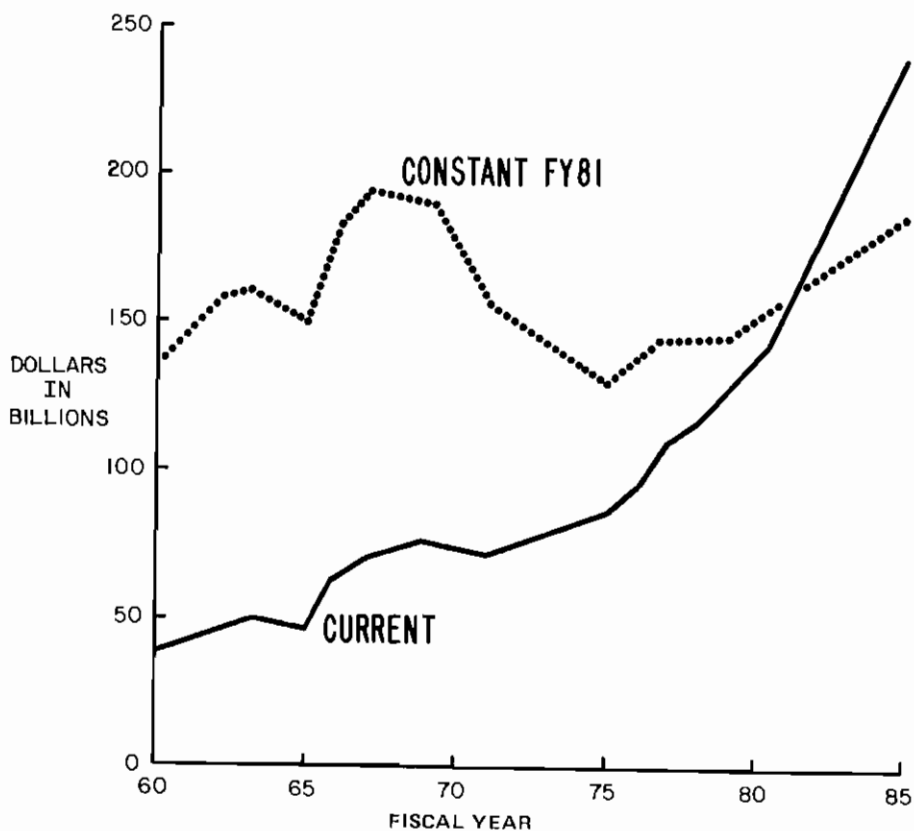


Fig. 2—Department of Defense TOA

Source: *The Budgets of the United States Government*.