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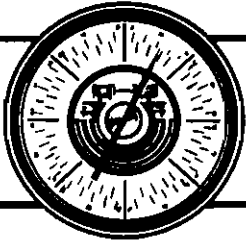
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THE BAROMETER

(Lt. Comdr. Edwin R. Linz, USN, comments on Professor Korb's article "The Defense Budget and Détente: Present Status, Assumptions, and Future Possibilities," Summer 1975.)

I agree with Professor Lawrence Korb (NWCR, Summer, 1975) that the impact of détente has been slight on the size and distribution of the U.S. Defense budget. However, the statistical analysis and reasoning by which he comes to this conclusion are suspect and lead him, I believe, to questionable conclusions about the causes for recent shifts in expenditure priorities within the Defense budgets.

Using Total Obligational Authority (TOA) figures for the 7-year period, FY 1970-76, Professor Korb's analysis indicates that, in constant dollars, Defense spending has decreased by 9.5 percent over the past 7 years. He then suggests that "this change cannot be attributed solely to détente" because of the uneven nature of Vietnam expenditures and President Nixon's conversion to Keynesian economics in late 1971. A closer look, however, indicates that, when corrected for the lessening expenditures in Southeast Asia, Defense spending over the period has actually increased. Thus it is misleading for Professor Korb to consider Vietnam and Keynes as mere caveats to his main conclusion—the former because the enormous Southeast Asia expenditures cannot be so conveniently excluded, the latter because the charge is an unsubstantiated assertion.

Using Professor Korb's own figures, if one subtracts the \$16 billion incremental cost of the war in Southeast Asia from the FY 1970 TOA, Defense spending for that year is decreased in terms of 1976 dollars by \$24.3 billion to \$91.4 billion. Thus Defense spending, when corrected for Southeast Asia expenditures, has increased during the era of détente by 14.5 percent.

The assertion that President Nixon somehow manipulated the Defense budget upwards in both FY 1972 and FY 1975 as a convenient instrument of expansionary fiscal policy is totally undocumented in Professor Korb's article. Although it would be naive for one to discount the ability of the Chief Executive to influence Defense spending levels, it is equally superficial to neglect congressional and pressure group factors.

Professor Korb's statement that a Presidentially ordered increase in Defense spending "in order to boost a sagging economy" resulted in a 17 percent increase in the FY 1975 budget over the FY 1974 level is not supported by his own statistics. In terms of dollar outlays, the increase was 8 percent, not 17 percent; in terms of constant TOA dollars, defense spending in FY 1975 actually declined by \$4.3 billion from FY 1974 levels. It is difficult to see any clear Keynesian connection here!

Thus macrostatistical analyses, whether mine or Professor Korb's, often tell us very little about the impact of détente unless we can include some parallel reasoning for specific expenditure

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changes. What is required is a method of determining how spending on any particular defense program has been directly altered by the climate of détente. We are told by Professor Korb that, because of détente, funds have been diverted to ship construction that would have been spent for developing mobile missiles, a new generation of ICBM's, a thicker ABM system, and MIRV-ing the entire 1,000 Minuteman force. What we have not been told is why or how détente has allowed this shift of priorities. We need to hear which Soviet military threat the spirit of détente has allowed us to discount so that we can now choose ships vice mobile missiles, thicker ABM systems, et cetera. Without such causal links, one can argue with equal force that our defense priorities would have been much the same, with or without détente.

It seems to me that most of the evidence indicates that U.S. defense expenditures continue to be dictated by more traditional constraints: threat perception versus resource allocation. If this has resulted in a commitment to a blue-water emphasis, it has little to do with détente.

Professor Korb replies:

Lieutenant Commander Linz substantiates my opening assertion that anyone can prove almost anything from the Defense budget if he uses the figures in his own way.

I will respond to each of his criticisms. First, President Nixon's conversion to Keynesian economics has been well documented at his own press conferences and in many scholarly sources. For example, the specifics of the FY 1972 rise in the Defense budget are contained in Morton Halperin's *Bureaucratic Politics and Foreign Policy* (p. 203), and details of the FY 1975 increase in the Defense budget to bolster the economy were documented by Secretary Schlesinger's testimony before the House Appropriations Committee

on the FY 1975 budget. (See particularly the exchanges between Schlesinger and George Mahon, D-Tex., the committee chairman.) My conclusions are also based on interviews with OMB officials. I assumed that these incidents were so well known that they did not need to be documented.

Second, my TOA figure for Defense in FY 1976 was before congressional action while the FY 1970 figure was after congressional cuts. The Defense appropriation bill for FY 1976 after congressional action will be about \$90.5 billion in TOA (splitting the difference between House and Senate versions), somewhat below the \$91.4 billion figure cited by Lieutenant Commander Linz for FY 1970. (Also, when comparing FY 1970 and FY 1976, it must not be forgotten that personnel costs have risen by \$15 billion, or 41 percent, over this period.) However, the decrease in TOA was not my main point. I stated that without détente, the pattern of Defense spending would be different than it is. This fact was demonstrated again this year when President Ford stated that without further progress in SALT, strategic spending would have to be \$2-\$3 billion higher.

Third, my contention about the size of the increase in the FY 1975 budget over the FY 1974 level, which President Nixon sought as an economic stimulus, involves two factors overlooked by Lieutenant Commander Linz. First, at the time that the President submitted the FY 1975 budget, he simultaneously submitted a \$6.2 billion supplement for FY 1974 (to minimize the impact of the increase). Second, his budget for FY 1975 was cut \$3.6 billion by Congress. When one adds the \$4 billion actual increase, then the total increase, sought by Nixon, over the FY 1974 base of \$81 billion was \$13.8 billion (\$6.2 + \$3.6 + \$4.0) or 17 percent.

Fourth, if we are to have Presidents Nixon and Ford at their word that

without détente they would want more money for strategic weapons, and if we assume that Defense spending totals would not be significantly different and that only 20 percent of the Defense budget is relatively flexible, then it logically follows détente has allowed the Pentagon to spend more on the Navy's investment programs.

Lieutenant Commander Linz' statement that Defense expenditures will continue to be dictated by the more traditional constraints of threat perception betrays a certain unfamiliarity about budgeting in the U.S. political system. For example, in spite of the Russian takeover of Czechoslovakia, the explosion of the first Russian atomic bomb, and the fall of Nationalist Government, President Truman *reduced* Defense expenditures to balance his FY 1951 budget. Similarly, after the Soviets launched an ICBM and Sputnik in 1957, President Eisenhower left our Defense budget unchanged because of a recession in our economy. Very recently James Schlesinger lost his job as Secretary of Defense because he could not countenance reductions in our Defense

budget, apparently made for primarily domestic political reasons, while the Soviets were already outspending us by a significant amount.

Fifth, Lieutenant Commander Linz is reading much more into my conclusions than was intended. My conclusions are only tentative. A careful rereading of my article will show that the words like "probably" preface my conclusions. Even today, scholars are divided on such subjects as the origins of the cold war or even the Civil War, events about which we have a great amount of data. Therefore, to make definitive judgments about such recent a happening as détente would be foolish. However, based on the available evidence, I still support my judgments. (If we wait for the causal links suggested by Lieutenant Commander Linz, we would never say very much about anything in the non-physical sciences.)

I am happy to respond to Lieutenant Commander Linz' well-thought-out assertions. A dialogue such as this is healthy, contributes to understanding, and enhances the effectiveness of the *Naval War College Review*.

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