

April 28, 1980

THE DEFENSE DEBATE: PROSPECTS AND ALTERNATIVES

INTRODUCTION

The Carter Administration's FY 1981 defense budget and five-year defense program have undergone intense scrutiny during the first two months of the current congressional session. Secretary of Defense Harold Brown defended the Carter Administration's FY 1981 budget in testimony before the Senate Armed Services Committee in late January, declaring that it was "well-thought out" and a determined response to expansionist Soviet ambitions in the Middle East and the Persian Gulf.

However, during recent weeks, statements made by senior military officials and others have contradicted many of the underlying premises of Brown's testimony, and also the official defense policy of the Administration as outlined in the FY 1981 DOD Annual Report and other publications. This discrepancy gives credence to the proposition that the FY 1981 defense budget and five-year defense program may not be adequate relative to basic U.S. strategic and military requirements posed by the growing Soviet military threat. However, they should serve as a catalyst from which Congress can consider defense program alternatives for FY 1981 other than those submitted for congressional consideration by the Administration.

The presentation of an alternative defense program for FY 1981 will serve a number of purposes. First, it will provide a focal point from which Administration defense planning can be debated; for the Administration's revised FY 1981 budget (which has been adjusted due to inflation) represents a retreat from the 5.4 percent real growth commitment made in January, although Administration spokesmen contend that the real growth for defense in FY 1981 will be "at least 3 percent." That 3 percent pledge is a dubious one at best, for it has been achieved by an \$82 million reduction in FY 1980 defense outlays, as an April 8 memorandum

for the Secretary of Defense by Pentagon Deputy Comptroller John R. Quetsch indicated. This change in commitment should caution the Congress as to the willingness of the Administration to adhere to the 4.6 percent real growth commitment made in the "out-years" of the five-year program. Secondly, it can help Congress decide where additional procurement should be directed, since it approaches the defense budget problem from primarily a requirements perspective. And thirdly, it will show how much additional military funding would be needed to move toward an optional defense posture: one geared toward correcting the deficiencies in military strength adverted to by high-ranking U.S. military leaders.

CONFLICTING SIGNALS

Perhaps the most significant statement made in opposition to the premises upon which the Administration based its strategic programs was that of Strategic Air Commander-in-Chief Richard B. Ellis in testimony before the House Armed Services Committee on January 25. It contrasts sharply with the inherent strategic assumptions of the Administration as stated in the FY 1981 DOD Annual Report:

Strategic Equivalence

DOD ANNUAL REPORT

"At present there are excellent grounds for confidence in the U.S. strategic deterrent."

"It can also be said with some confidence that a state of mutual strategic deterrence is currently in effect. It follows that nuclear stability would probably prevail in a crisis as well."¹

GEN. RICHARD B. ELLIS

"At the present time, however,... I can only state that by today's measurements, an adverse strategic imbalance has developed, and will continue to for several years to come. This imbalance exists not only when our forces are in a day-to-day alert posture (the worst case) but also when fully generated (the best case)."²

So also, recent comments by senior U.S. naval commanders seem to indicate that the U.S. shipbuilding program is inadequate relative to U.S. naval requirements. A comparison of the following statements indicates that a large gap exists between U.S. declaratory objectives and actual capabilities for executing naval policy.

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1. FY 1981 DOD Annual Report, p. 85.
 2. "U.S. 1980s SAC Plans, B-1," Defense and Foreign Affairs Daily, January 30, 1980.

Naval Balance

ADMINISTRATION

"The Navy will continue to be the most powerful on the Seas."³

"A strong and balanced Navy is essential to our national defense....The planned Navy program will enhance current readiness and fund a program of modernization that will ensure the effectiveness of our forces in the future."⁵

NAVAL OFFICIALS

"We are trying to meet three-ocean requirements with a one-and-a-half-ocean navy."⁴

Admiral Thomas B. Hayward
Chief of Naval Operations

"Vice Admiral M.S. Holcomb, Director of Navy Program Planning, testified before the Seapower Subcommittee that the United States would have to spend \$10 to \$15 billion more than the Carter Administration has recommended for the 5-year period fiscal years 1981-85 in order to achieve a 550-ship fleet."⁶

Representative Paul Trible

Another area in which a decidedly large gap exists between Administration rhetoric and actual U.S. capabilities is the rapid deployment area. Compare the statements by President Carter with the answers Secretary of Defense Brown gave to Congress in testifying on the adequacy of U.S. rapid deployment capabilities:

Rapid Deployment

PRESIDENT CARTER

"An attempt by any outside force to gain control of the Persian Gulf region will be regarded as an assault on the vital interests of the United States of America - and such an assault will be repelled by any means necessary, including military force."⁷

SECRETARY BROWN

On U.S. ability to quickly deploy a 4500-man brigade to non-NATO areas:

"...it would have to be light-armed. To move a mechanized or an armored brigade an equivalent distance would tie up most of our airlift capability for a considerable time."⁸

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3. "U.S.: Brown Sets Budget Context," Defense and Foreign Affairs Daily, January 31, 1980.
 4. Richard Halloran, "Capability of Ships for Navy Debated," New York Times, February 10, 1980, p. 21.
 5. FY 1981 DOD Annual Report, p. 167.
 6. Congressional Record, March 3, 1980, pp. H1493-1494.
 7. State of the Union Address, January 23, 1980.
 8. John Fialka, "Brown Says U.S. May Face 'Turning Point' in History," Washington Star, January 29, 1980, p. A6.

"The rapid deployment forces we are assembling will be extraordinarily flexible....Our forces will be prepared for rapid deployment to any region of strategic significance."

"Our existing mobility forces cannot meet the deployment objectives we have set for FY 1982 for NATO or for some non-NATO contingencies."¹⁰

ANALYSIS

The sharp contrast between the declared defense objectives of the Administration and the actual military capabilities the U.S. possesses to achieve them poses two serious questions that Congress must address as it considers the FY 1981 defense budget. If, indeed, the current state of U.S. military readiness is insufficient, then it must be asked: 1) What defense planning decisions contributed to this condition; and, 2) What would Congress have to do, in terms of additional military weapons procurement, to begin to reverse the adverse military trends that currently exist?

The decade-long neglect of U.S. military force modernization is attributable to a number of factors: the war in Southeast Asia, escalating personnel costs and rampant inflation. However, over the past three years in particular, the problem of modernizing U.S. military forces to meet increased requirements has been exacerbated due to unwise program stretchouts (Trident, MX, cruise missile programs) and unilateral weapons cancellations (B-1, CVN veto) by the Administration. These decisions have directly contributed to both additional cost growth in weapons¹¹ procurement and an overall decline in U.S. military readiness.

Last October, former Secretary of Defense Rumsfeld estimated that the three-year shortfall in defense budget authority that has collected from the projected budgets of the Ford Administration is \$38.6 billion - well over \$10 billion per year.¹²

Former President Ford stated in a major defense policy address in January that the Carter Administration reduced the 1979-1983 proposed defense budgets of the Ford Administration by 26.9 percent in strategic programs; 7.3 percent in general purpose forces; 12.6 percent in research and development and 41 percent for Navy programs.¹³ These cutbacks have contributed to the decline in overall U.S. military readiness, and have reduced the ability of the U.S. to contest the Soviet drive toward across-the-board military superiority. This year, as the defense budget is being debated in Congress, it is just becoming apparent how

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9. White House Message to the Congress of the United States, January 21, 1980.
 10. FY 1981 DOD Annual Report, p. 208.
 11. See Lawrence J. Korb, "The FY 1980-1984 Defense Program: Issues and Trends," AEI Foreign Policy and Defense Review, Vol. I, No. 4 (1979), pp. 11-14.
 12. Congressional Record, October 11, 1979, p. S14407.
 13. Congressional Record, January 28, 1980, p. E143.

difficult it will be for the U.S. to begin to make up for these shortfalls and procure additional weapons systems, given the competition of the non-defense sectors of the budget.

The "real growth" in the original FY 1981 budget amounts to \$8 billion (in constant FY 1981 dollars). The addition of another \$3.0 billion for higher fuel costs (the Administration has had to raise the cost estimate for military fuel from \$24 to \$42 per barrel) and \$5.2 billion overall does not do anything to make up for these shortfalls - it merely reflects an underestimation of the impact of inflation which is evident throughout the entire FY 1981 defense budget. The remaining "real growth" clearly does not even begin to make up for the shortfalls in defense budget authority that have accrued over the past three years.

Moreover, current studies by defense analyst Lawrence J. Korb (presented to an American Enterprise Institute press briefing on February 4) indicate that the current FY 1981-85 defense program is underpriced by at least \$75 billion. Therefore, the Carter Administration's FY 1981 defense budget and five-year defense program will not only fail to make up for previous budget shortfalls, but it will also compound the shortfall problem over the next five-years - a period of acknowledged U.S. strategic vulnerability.

Critics have been urging since last fall that significant additions be made to the defense program of the Carter Administration to redress the growing imbalance in U.S.-Soviet military capabilities. In September 1979, during the floor debate on the Second Concurrent Budget Resolution, Senator Ernest Hollings (D-S.C.) noted that even if the Senate accepted the Hollings Resolution, calling for five percent real growth in FY 1981 and FY 1982, "five percent only gives us half (\$40 billion) of what the Pentagon has asked for" in the out-years of the five-year plan - some \$80 billion.¹⁴ Hollings and his Democratic colleagues, Senators Henry Jackson and Sam Nunn, thereupon presented a list of suggested additions to the Carter Administration's defense program, primarily in the readiness and general purpose force category, that totaled well over \$20 billion.¹⁵

And Former Secretary of Defense Rumsfeld also alluded to the need to substantially increase U.S. defense expenditure in October, when, in testifying on SALT II before the Senate Armed Services Committee, he stated that if Congress decided to make up for the \$38.6 billion shortfall of the past three years, it would have had either to:

- 1) increase real growth in the FY 1980 defense budget by \$40 billion; or
- 2) "do so over two fiscal years (1980 and 1981) at 'roughly' \$20 billion per year."¹⁶

15. Ibid., p. S12833-12834.

16. Congressional Record, October 11, 1979, p. S14407.

Most recently, John Lehman, Chairman of the defense panel of the Republican National Committee, urged a real growth of 20 percent in defense spending for FY 1981, as a first step toward correcting the shortfall problem of the previous decade.¹⁷ Lehman testified before the Senate Budget Committee that an add-on of \$30 billion is needed in FY 1981 "if we are to move to close defense gaps." Therefore, significant bi-partisan agreement exists on the need to redress the deterioration of the Soviet-U.S. military balance through increased defense expenditure.

However, due to the current economic crisis and the need to restrain the growth in federal spending and balance the budget, it is unlikely that major increases in defense will be made this year. Defense has already become a prime presidential target for budgetary restraint.

President Carter stated in his March 14 message to the Congress that "...the Defense Department will not be immune from budget austerity. In particular, I will require that department to make savings that do not affect adversely our military preparedness."¹⁸

All the President has promised is that he will not cut U.S. defense spending programs any further: he has not committed himself to redressing the impending U.S.-Soviet military imbalance through additional military procurement. Moreover, the recent actions taken by the congressional budget committees, unless corrected, make it unlikely that any attempt will be made up for this year to begin to compensate for the shortfalls that collected in previous years.

Budget Committee Action

The House Budget Committee has marked up the FY 1981 First Concurrent Budget Resolution, which is some \$1 billion lower in budget authority than the Administration's revised \$161.8 billion budget request. According to budgetary procedure, the House Armed Services Committee submitted a recommendation to the House Budget Committee that defense budget authority for FY 1981 be raised by \$13.5 billion.¹⁹ The Armed Services Committee's recommendations were presented based upon what it considered would be minimally acceptable to meet U.S. national security requirements. However, the House Budget Committee rejected efforts to increase the budget authority for FY 1981 to that level (see Table One), and also defeated two other relatively modest amendments to increase FY 1981 defense budget authority. Indeed, Budget Committee Chairman Giaimo's proposed defense mark-up was passed intact,

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17. William Kucewicz, "How 'Real' Is the Defense Increase?," Wall Street Journal, January 29, 1980.
 18. "Text of President Carter's Statement on the Nation's Economy," New York Times, March 15, 1980, p.34.
 19. Charles Corddrey, "\$13.5 Billion Boost Urged in Defense Budget," Baltimore Sun, March 8, 1980, p. 6.

as efforts by liberal Democrats to decrease the mark-up stage were also defeated.

TABLE I

House Budget Committee Votes - March 20
Amendments to Raise/Lower Defense Ceiling
(in billions FY 1981 \$)

Author	Increase, Budget Authority	Increase, Outlays	Vote
Holt	13.000	4.500	defeated, voice
Simon	-.465	-.325	defeated, 10-15
Rudd	1.500	.500	defeated, voice
Obey	-.300	-.150	defeated, 8-17
Obey	-.300	-.050	defeated, 8-17
Obey	-.220	-.150	defeated, voice
Obey	-.075	-.075	defeated, 7-16
Holtzman	-.150	-.150	defeated, voice
Holt	7.650	7.050	defeated, 8-17

Note: (-) before number means reduction was proposed.

On April 1, the Senate Budget Committee marked-up the defense function of the FY 1981 First Concurrent Budget Resolution. By a 10-8 vote, the committee surprisingly passed the ceiling proposed by Senator Ernest Hollings (D-S.C.), which called for a \$174.0 billion ceiling for defense budget authority and a \$156.3 billion ceiling in defense outlays. Earlier the committee defeated a ceiling proposed by Senator Orrin Hatch (R-Utah) that would have accepted the defense budget ceilings recommended by the Senate Armed Services Committee (\$176.5 billion in budget authority and \$157.0 billion in outlays). It also resoundingly rejected the ceiling proposed by Senator Joseph Biden (D-Del.) which would accept the revised defense budget ceiling proposed by the Administration of \$164.2 billion in budget authority and \$151.1 billion in outlays.

Senate Budget Committee Votes-April 1
Defense Marks for FY 1981
(in order of vote)

Author	Billions of \$		Vote
	Budget Authority	Outlays	
Hatch	\$176.5	\$157.0	defeated, 6-12
Chiles/Johnston	\$169.0	\$154.0	defeated, 4-14
Riegle	\$163.1	\$150.2	defeated, 2-16
Biden	\$164.2	\$151.1	defeated, 3-15
Hollings	\$174.0	\$156.3	approved, 10-8

Comparative Marks

<u>Body</u>	<u>Budget Authority</u>	<u>Outlays</u>
House	\$160.8	\$147.9
Senate	\$173.4*	\$155.7*
Difference	\$ 12.6	\$ 7.6

*less \$600 million in committee reductions made by decreasing operating and administrative expenses in the Department of Defense.

Analysis

The implications of the budget committees' actions are twofold. First, both committees did not accept the defense budget ceilings recommended by the Armed Services Committees (although the Hollings numbers come close) as necessary to meet U.S. national security requirements. In particular, the House mark is some \$13.5 billion short of what the House Armed Services Committee recommended. Secondly, the wide discrepancy between the House and Senate Budget Committee ceilings for defense creates the distinct possibility that, unless the House defense budget ceiling is significantly increased during floor debate on the First Concurrent Budget Resolution, the House-Senate conference report that must be adopted by May 15 will have defense budget ceilings substantially lower than the Hollings ceilings approved by the Senate Budget Committee. In point of fact, the House-Senate conference report may more closely resemble the defense budget ceiling proposed by the Administration (and offered by Senator Biden) if this does occur -- one that the Senate Budget Committee defeated by a 15-3 vote, and is deemed inadequate by both Armed Services committees in this Congress.

If such a scenario, or a similar one does come into being, it could set the stage for another Senate floor fight over the binding defense ceilings in the Second Concurrent Budget Resolution - similar to what happened last fall, when Senator Hollings proposed an amendment to raise the defense budget ceiling to provide for 3 percent real growth in FY 1980 and 5 percent real growth in FY 1981 and 1982. With the inevitable political infighting and horse-trading that certainly would accompany such a debate, Congress may lose sight of the important issue before it - how to gauge what is needed to correct deficiencies in the U.S. military posture and reverse the adverse military trends that have accrued in recent years, and may instead focus primarily on the numbers themselves, without relating them to our overall defense posture. For these reasons, it is appropriate that an outside assessment of how much additional defense spending is required to achieve these objectives be presented to Congress. While such an assessment may be neither politically feasible or acceptable at this time, it nonetheless will serve to educate Congress and the public as to the extent to which the U.S. military posture has eroded.

AN ALTERNATIVE DEFENSE PROGRAM

In the past two years, and more particularly in the past two months, numerous groups and individuals have focused attention on precisely what kind of alternative defense program is necessary to cope adequately with the growing military imbalance between the U.S. and the U.S.S.R.¹⁹ They have covered a variety of military areas: strategic programs, naval programs and personnel problems. This alternative defense program is presented in an effort to bring together many of the specific programs that have been recommended over this period into a single concise format.

The alternative programs recommended here for FY 1981 are suggested based upon an assumption that if Congress is serious about redressing the military imbalance, this is what it would have to consider in terms of additional defense programs to reverse current adverse military trends. Therefore, this program reflects an optimal defense posture - one geared toward reversing adverse military trends caused by the chronic neglect of U.S. military force modernization.

However, many in Congress will undoubtedly point to the need to maintain current levels of social spending as justification for refusing to adopt an optimal defense posture at this time. Politically, this appears to be the most likely outcome of the defense budget debate this year. For although alternative defense programs calling for major increases in defense investment have surfaced this session of Congress, it is unlikely - given presidential opposition - that increases of much more than those recommended by the Armed Services committees could be obtained this year, barring unforeseen international circumstances.

However, Congress should be alerted as to the potential consequences that such actions will have on the U.S. military posture. For while Congress can choose to delay the hard decisions that will have to be made concerning the need to make up for past budget shortfalls, it cannot delay that decision indefinitely. The uneasy choice of substantially increasing U.S. defense investment (as opposed to the marginal increases that may be granted in FY 1981) - and all that that implies for the structure of the non-defense portion of the federal budget, and perhaps even the condition of the economy, in years to come - must be consciously weighed against the very real possibility that without the

19. See "Defense Program Alternatives: FY 1981 and Beyond," National Security Record, March 1980, pp. 1-3; Senator Gordon Humphrey, "Minimum Acceptable American Defense Program," Congressional Record, January 23, 1980, p. S290; Hollings statement of September 18, 1980 in Congressional Record, September 19, 1979, pp. S12833-S12834; William R. Van Cleave and W. Scott Thompson, (eds.) Strategic Options for the Early Eighties: What Can Be Done? (New York: National Strategy Information Center, 1979). This paper incorporates many of the recommendations outlined in these proposals.

adoption of many of the strategic and conventional military modernization programs to be recommended here, the U.S. may slide into a position of irrevocable military inferiority relative to the Soviet Union by the latter half of the 1980s. This decision will continue to face the United States in the early 1980s: it cannot be avoided, but only postponed.

The imperative need to restrain federal spending and balance the budget must be addressed in its proper context - one in which U.S. defense investment has been cut back from 8.5 percent of the GNP in 1970 to a little over 5.0 percent in 1980 - and the decreasing share that defense has on total federal expenditure. Congress is faced with a crucial decision this year. The defense program alternatives presented here are meant to alert Congress to the military problems facing the nation, and provide an added perspective from which to analyze the FY 1981 budget, and make these decisions.

PROGRAM RECOMMENDATIONS

Strategic

President Carter's strategic program planning has greatly contributed to the impending strategic "window of vulnerability" that the U.S. will experience in the early-to-mid 1980s. As the following table indicates, the Carter Administration's program planning in the strategic and theater nuclear area has both delayed the time at which essential strategic programs were due to come on-line, and also abandoned programs deemed necessary to maintain essential strategic equivalence.

TABLE II

Comparison Ford v. Carter Administration
Strategic Program Planning
Dates of Initial Operating Capability (IOC)

Program	Ford	Carter
MX	late FY 1983	July 1986
B-1	FY 1979	Cancelled
Trident Submarine	September 1979	August 1981
ALCM	1981	December 1982
GLCM	FY 1980	December 1983
SLCM	FY 1980	1982

Sources: DOD Annual Report, FY 1978, pp. 131, 134-136; Congressional Record, October 11, 1979, p. S14406; DOD Annual Report, FY 1981, pp. 130-131, 133, 147.

The continuing modernization of Soviet strategic forces, and their threat to U.S. strategic retaliatory capabilities is well known. Therefore, only new strategic programs initiated now could possibly close the strategic window of vulnerability. The programs recommended here are formulated to contribute to that end. They would include:

1. Program - Redeployment of up to 200 Minuteman III missiles in a multiple vertical protective structure (MVPS) mode.

Objective - Reduce U.S. ICBM vulnerability before the MX becomes operational.

Cost - \$1.5 billion for FY 1981.

2. Program - Acceleration of the initial operating capability of the MX missile from 1986 to 1985; 1984 if feasible. Redeploy at existing Minuteman fields in the 200 MVPS silos constructed earlier.

Objective - Reduce U.S. strategic "window of vulnerability."

Cost - \$200 million for FY 1981.

3. Program - Production of a penetrating bomber; either FB 111 "stretch" or preferably modified subsonic B-1 for use in a variety of roles (bomber, ALCM-carrier, etc.).

Objective - General Richard Ellis has stated that such a follow-on strategic penetrator to the B-52 would "help to correct the serious decline in U.S. retaliatory capability between now and 1985."

Cost - \$1.0 billion.

4. Program - Inland rebasing of U.S. bombers.

Objective - Improve U.S. bomber survivability from Soviet depressed trajectory SLBM attack.

Cost - \$200 million.

5. Program - Increase alert rates of bomber crews.

Objective - Improve U.S. bomber survivability.

Cost - \$600 million.

6. Program - Conversion of five Polaris SSBNs to sea-launched cruise missiles with missiles.

Objective - Extend lifetime of Polaris force (scheduled for phase-out after FY 1981); provide for increased theater nuclear capability.

Cost - \$300 million.

7. Program - Acceleration of initial operating capability of entire SLCM force by two to three months.
Objective - Early deployment of Polaris and U.S. surface ships as a response against Soviet theater nuclear threat in Europe.
Cost - \$200 million.
8. Program - Ballistic Missile Defense Program, including additional funding for hard-site (LOADS) low altitude air defense and homing-overlay interception.
Objective - Obtain an ABM breakout capability.
Cost - \$1.0 billion.
9. Program - High Energy Laser Programs
Objective - Provide production infrastructure for the high energy laser program for ballistic missile defense.
Cost - \$200 million
10. Program - Space Defense Programs
Objective - Eventual testing and development of an anti-satellite (ASAT) capability.
Cost - \$500 million.
11. Program - Civil Defense Program
Objective - Pass Skelton Civil Defense Bill providing for enhanced civil defense program for FY 1981-1985.
Cost - \$180 million in FY 1981.
12. Program - Trident Programs - Procure another Trident SSBN and another 24 Trident I missiles, and increase Trident II missile R and D; and maintain through FY 1982.
Objective - Prevent drawdown in U.S. SLBM force levels as Polaris force is being phased out as SSBNs.
Cost - Trident SSBN - \$1.25 billion; 24 Trident I missiles - \$300 million; increase in Trident II missile R & D by \$250 million. Total: \$1.8 billion.
13. Program - Command, Communications and Control Modernization Improvements
Objective - Improve U.S. early warning systems; procure additional TACAMO aircraft for SSBN communications; go to

full-scale development of extremely low frequency ELF/Seafarer system to prevent SSBN force from having to rise close to water surface to communicate. Increase present C³ budget to \$1.5 billion; incorporate Hollings program presented during FY 1980 Second Concurrent Budget Resolution floor debate.

Cost - \$1.0 billion.

Specific Funding - ECX TACAMO aircraft R&D - \$50-\$100 million; ELF/Seafarer -\$40 million in FY 1981; \$400 million through FY 1986.

TABLE III

II New Strategic Programs	Estimated Cost In billions
Minuteman III/MVPS	1.5
MX-IOC Acceleration	.2
Penetrating Bomber	1.0
Bomber Rebasing	.2
Bomber Alert Rates	.6
SLCM Conversion-5 Polaris	.3
SLCM IOC Acceleration	.2
BMD Programs	1.0
Space Defense	.5
Civil Defense	.2
HEL-LASER ABM System	.2
Trident Programs	1.8
C ³ -warning/TACAMO/ELF-Seafarer	1.0
<u>Estimated Additional Cost</u>	<u>8.7</u>

GENERAL PURPOSE/THEATER NUCLEAR FORCES

Table IV contrasts the procurement program of the Carter Administration for selected, major general purpose and theater nuclear forces with that of the optimal alternative defense budget. (See p. 17) The approximate cost differential is \$14 billion. The five areas to be discussed here include naval forces, naval aircraft, air force aircraft, airlift and NATO conventional and theater nuclear forces.

NAVY - The U.S. should base future naval planning upon the objective of eventually obtaining a 600-700 ship navy. In FY 1981, the U.S. should procure:

1. One Nimitz class (CVN) nuclear aircraft carrier.

Objective - Provide for Indian Ocean deployment: U.S. currently has only 12 active carriers; large-deck carrier

also needed for increased power projection capability in high-intensity areas.

Cost - \$2.1 billion.

2. CVN Task Force

Objective - Provide close-in defense of CVN carriers.

<u>Cost</u> - 2 CG-47 cruisers	\$1.6 billion
2 DDG-963 destroyers	.7 billion
2 FFG- Frigates	<u>.5 billion</u>
Total	\$2.8 billion

3. 3 more SSN-688 Attack Submarines

Objective - 3 to 5 needed yearly to protect sea lanes and sea-based nuclear deterrent; only one in budget.

Cost - \$1.5 billion.

4. 2 more LSD-41 Landing Craft (from 1 to 3).

Objective - Increase amphibious landing capabilities; U.S. capability to successfully launch an amphibious assault has been badly eroded.

Cost - \$680 million.

AIRCRAFT - The naval and air force fighter aircraft procurement programs need to be increased. The slowdown in fighter procurement will delay the modernization of U.S. fighter aircraft, and also increase costs. The Navy Department needs 160-200 new fighter/attack aircraft just to make up for peacetime attrition - only 72 are requested in the FY 1981 budget.

NAVAL AIRCRAFT

1. F-14 - Increase procurement from 24 to 48.

Objective - Administration slowed rate from 3 to 2 per month in FY 1980; cost savings with higher production rate are approximately \$1.5 million per aircraft.

Cost - \$700 million.

2. F-18 - Increase procurement from 48 to 72.

Objective - Restore to original level; reduction adds \$4.5 million in aircraft cost.

Cost - \$850 million.

3. AV-8B - Begin R and D funding and advanced procurement.

Objective - USMC needs high-performance fighters. Begin major AV-8B procurement program in FY 1982. GAO says AV-8B cost growth is "attributable to inflation resulting delays in the AV-8B program."

Cost - \$333 million; \$243 million in R and D, \$90 million in advanced procurement.

AIR FORCE AIRCRAFT

1. F-15 - Increase procurement from 30 to 60.

Objective - Faster replacement of 1950s vintage F-101s and F-106s. Keep production line open beyond 1982; add to Reserve units. Administration cut quantity originally projected to be procured.

Cost - \$870 million.

2. F-16s - Increase procurement from 180 to 240.

Objective - Faster replacement of F-101s and F-106s.

Cost - \$640 million.

3. A-10 - Increase procurement from 60 to 144.

Objective - Maintain procurement level of past two fiscal years.

Cost - \$700 million.

4. E-3A (AWACs) - Increase procurement from 2 to 5.

Objective - Five needed to improve U.S. warning and control capabilities.

Cost - \$400 million.

AIRLIFT

Programs - Uplift existing military transport aircraft and tankers.

Objective - Rapidly improve U.S. strategic cargo airlift capability for both NATO and non-NATO areas over the next few years; eliminate the proposed five-year, \$6 billion CX program from the FY 1981-85 plan.

Cost - 1) Procure 8 C-130 transports (none in FY 1981 budget) - \$80 million.

- 2) Procure another 7 CRAF (Civilian Reserve Air Fleet) transports - \$80 million.
- 3) Re-engine current C5-As - suggested initial cost -\$200 million; accelerate throughout five-year plan.
- 4) Increase KC-10 tankers procurement from 6 to 20 - \$800 million.
- 5) Increase procurement re-engined KC-135 tankers from 1 to 3 - \$90 million.

Reduction - 1) Eliminate \$80 million in R and D for the CX transport; CX will not be operational until 1985 - the U.S. military mobility problem is near-term. House Armed Services Committee has voted 22-17 not to fund CX.

Added Cost	\$1.150 billion
Less \$80 million CX R&D -	80 million

NATO: CONVENTIONAL AND THEATER NUCLEAR FORCES

The military balance in central Europe has deteriorated so rapidly that many military experts believe that the Warsaw Pact could overrun NATO defenses within a few days. Across-the-board increases in procurement of additional tracked combat vehicles, anti-tank weapons, air defense missiles and theater nuclear forces are needed to restore some semblance of a military balance in central Europe.

Tracked Combat Vehicles

1. Program - Add 800-1,000 additional tracked combat vehicles to U.S. inventory.

Objective - Increase U.S. firepower and cross-country mobility in central Europe; U.S. currently outgunned by 4-5:1 in tanks and over 2:1 in armored fighting vehicles by U.S.S.R.

Estimated Cost - \$1.0 billion.

Major Systems

1. XM-1 tank: increase from 569 to 900; cost: \$550 million.
2. FVS fighting vehicle system: increase from 400 to 600; cost: \$262 million.

Other Systems

3. M548 ammo/logistics carrier: increase from 272 to 408; cost: \$18 million.
4. M113A2 armored personnel carrier: increase from 42 to 84; cost: \$4.7 million.

5. M109 A2/A3 howitzer: increase from 36 to 108; cost: \$40 million. (136 were procured in FY 79; 96 in FY 1980.)
6. M728 Combat Engineer Vehicle: increase from 0 to FY 1980 level of 56; cost: \$60 million.
7. M88A1 Medium Recovery Vehicle (only vehicle capable of limited, on-site battlefield repair): increase from 175 to 260; cost: \$65 million.

Anti-Tank Missiles

Program - TOW (BGM-71A, BTM-71A) anti-tank missile. Increase from 12,000 to 24,000.

Objective - Procurement amount for TOW severely underfunded compared to Soviet T-72 threat. It should be doubled.

Cost - \$100 million.

Air Defense Missiles

Programs - 1) Patriot - Increase from 183 to 240.
2) Roland - Increase from 600 to 800.

Objective - One of NATO's most acknowledged weaknesses is rear area missile defense. Need to increase procurement of both Patriot and Roland to obtain a credible, high-low altitude, all-weather air defense for NATO.

Cost - Patriot: \$180 million; Roland: \$140 million; Total - \$300-320 million.

Theater Nuclear Forces

Programs - 1) Ground-launched cruise missile (GLCM); Accelerate procurement from 11 to 60.

Objective - Improve U.S. SALT negotiating position; hedge against failure of SALT for early deployment in Western Europe.

Cost - \$800 million.

2) Pershing II - Research and Development; Increase R&D funding from \$146 to \$300 million.

Objective - Accelerate program for possible early deployment of Pershing II IRBM in Western Europe as part of U.S. theater nuclear force modernization program.

Cost - \$154 million.

TABLE IV
 MAJOR PROGRAMS
 ESTIMATED ITEMIZED COST COMPARISON
 CARTER v. ALTERNATIVE FISCAL 1981 BUDGET
 (In billions of FY 1981 \$)

II GPF (General Purpose Forces) and TNF (Theater Nuclear Forces) Line Item	Carter FY 1981 Quantity	Carter FY 1981 Cost*	Alternative FY 1981 Quantity	Alternative FY 1981 Estimated Cost
NAVY				
Nimitz Class CVN	-----	-----	1	2.100
CG-47 Aegis	2	1.630	4	3.200
DDG-963 Destroyer	-----	-----	2	.700
FFG Frigates	4	1.100	6	1.600
LSD-41	1	.342	3	1.020
SSN-688	1	.602	4	2.100
NAVAL AIRCRAFT				
F-14	24	.804	48	1.500
F-18	48	1.752	72	2.600
AV-8B (Marines) RDT&E, advanced procurement	-----	-----	-----	.333
AIR FORCE AIRCRAFT				
F-15	30	.870	60	1.740
F-16	180	1.920	240	2.560
E-3A	2	.326	5	.726
A-10	60	.507	144	1.200
AIRLIFT				
CRAF Conversions	7	.078	14	.160
KC-10	6	.310	20	1.100
CX R&D	-----	.080	-----	-----
re-engined KC-135	1	.060	3	.150
re-engine C5-A	-----	-----	-----	.100
C-130	-----	-----	8	.080
NATO				
XM-1 Tank	569	1.150	900	1.700
FVS armored vehicle	400	.538	600	.800
M 548 ammo carrier	272	.036	408	.054
M 113A2 armored personnel carrier	42	.005	84	.010
M 109 A2/A3 howitzer	36	.020	108	.060
M 728 Combat Engineer Vehicle	-----	-----	56	.060
M 88A1 Medium Recovery Vehicle	175	.130	260	.200
TOW anti-tank missile	12,000	.100	24,000	.200
Roland Air. Def.	600	.424	800	.560
Patriot Air Def. Msl	183	.541	240	.720

GLCM procurement	11	.188	60	1.000
Pershing II R&D	-----	.146	-----	.300
Total		14.659		28.633

Estimated Cost Differential: \$14-15 billion.

*includes procurement, spares, RDT&E and costs of military construction.

Other Categories

Table V charts the projected additional costs of the procurement add-ons recommended here plus additions in five other areas:

1. Pay and Personnel Costs: If Congress is likely to restrain budget growth in any one area of the defense budget, it is likely to be personnel compensation. However, as former Secretary of Defense Melvin Laird noted, the present compensation for the All-Volunteer Force is nothing less than "deplorable." Laird has recommended ten military pay initiatives designed to provide U.S. military personnel "with a quality of life commensurate with the sacrifices we demand of them."²⁰ Unless Congress is serious about reconsidering the all-volunteer concept at this time, the Laird recommendations should be given keen consideration. It should also seriously consider reforms of the all-voluntary army, including longer terms of enlistment and multi-year training, to prevent many of the current AVF compensation and retention problems from occurring again. Ideally, most of the Laird recommendations should be one-time investments. The following four Laird recommendations are suggested here:

	Cost
A) Restoration of Compensation Comparability. Objective: Restore military pay to real income 1972 levels. Military pay has declined in real terms by 14 percent since 1972.	\$ 5 billion
B) Indexing military pay to CPI. Objective: Protect purchasing power of active duty personnel. (Laird gives \$750 million as 100 percent figure - some might prefer adjustment to 85 percent of CPI.)	\$500- \$750 million
C) Special Skill Pay. Objective: Retain enlisted and officers	\$ 2 billion

20. Melvin Laird, "People, Not Hardware: The Highest Defense Priority," American Enterprise Institute Special Analysis, No. 80-1, 1980, pp. 16-19.

ratings where "severe shortfalls" are experienced.

- D) Variable Housing Allowance; Moving Expense \$ 2 billion Increase.

Objective: Key housing allowances to local area prices; reimburse military families for full cost of moving expenses.

Approximate Total

\$9.75 billion

2. Ammunition Increase

Objective: Provide additional war stock to improve U.S. ability to fight 1½ war strategy.

Cost: \$5.0 billion.

3. Family Housing: Increase for repair and construction costs.

Objective: No new funds for housing construction were appropriated in FY 1980; earmark majority of increase for new housing construction.

Cost - \$300 million.

4. Other Military Construction

Objective: Reduce DOD backlog in property construction and repair work of some \$2 billion. Failure to increase above current level will cause continued deterioration of work not repaired. Increase could be held down by repealing prevailing wage requirements of Davis-Bacon Act for military construction and repair work. Actual decrease military construction from FY 1979 to 1980 of over \$200 million.

Cost - \$500 million.

5. Operations and Maintenance

Objective: Administration has already raised FY 1981 O&M account by \$3.0 billion, due to higher fuel costs. Another \$2.0-3.0 billion should be added for additional costs of material maintenance and spare parts.

Cost - \$2.0 - \$3.0 billion.

TABLE V
PROJECTED ADDITIONAL COST
DEFENSE FUNDING FOR FY1981
(in billions FY1981 \$)

<u>Category</u>	<u>Cost</u>
Strategic Programs	8.75
General Purpose	14.00-15.00

Pay and Personnel	9.75
Ammunition, Spare Parts	5.00
Housing	.30
Other Military Construction	.50
Operations and Maintenance	2.00-3.00
Estimated Range of Add-ons	40.00-42.00

SUMMARY

Redressing the U.S.-Soviet military imbalance, alleviating the military compensation problem, replenishing U.S. war stocks and providing for increases in U.S. operational readiness will be an expensive undertaking. If Congress is serious about turning this untenable military situation around, it must take cognizance of the fact that unless a major modernization of U.S. military forces is made now, only two grim prospects exist: the time will come when national security will require that many of the additions recommended here will have to be made, at which time the cost of such military force modernization will be even higher; or the U.S. is prepared to accept this situation as is, and thereby risk the possibility of being the military inferior across-the-board of the Soviet Union for the remainder of the 1980s and suffer the adverse political and military consequences that inevitably will emerge from such a position.

Near-term political realities, based as they often are on what is feasible from a narrow domestic political perspective, should not obscure from congressional view the potential implications that failing to reverse current adverse military trends will have on the long-term U.S. posture in the world. Clearly, it does not now appear that this Congress or Administration will allow for the necessary defense investment required to accomplish this overhaul this year. That is not the sole important question, however. What is also important is that the effort be made to begin the process - and an analysis of the Administration's program and the probable outcome of the defense budget debate in Congress this year indicates that the prospects for initiating such action does not appear to be promising.

If Congress refuses to devote additional budgetary resources to defense this year - and also fails to make up for the large spending shortfalls that have accrued over the past in future years - it must accept the implications that such a decision will entail for the U.S. for the rest of the decade.

The responsibility for the current military procurement problem is shared by Democrats and Republicans alike. It can begin to be solved by them too, if a decision is made to base the U.S. defense program upon military requirements, rather than arbitrary budget ceilings. These are unusual times; this program is a response to these times. In ten short years, the U.S. strategic retaliatory force has become highly vulnerable, the U.S. Navy has been cut in half, the conventional balance has

significantly deteriorated in central Europe, and mobility forces that are severely constrained in their capabilities. The U.S. should heed the warnings of senior military officials referred to earlier in this exercise. For these reasons, the Congress should closely consider this, and all alternative defense programs, that it has before it this fiscal year.

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