
Acquisitions and Manpower

The specifics of the defense budget: unfit for modern war-winning

by Richard Freeman

The defense budgets for fiscal years 1981 and 1982 are not, as the Reagan administration claims, or as the press suggests, the funding plans for a massive military buildup. When funding for new personnel pay increases and replacements of a portion of the badly depleted U.S. weapons arsenal are taken into account, there is little increment in the budget left over for anything else.

Only a few dollars are allocated for the new technologies, the new weapons systems, and the industrial infrastructural buildup that would be necessary for the U.S. to pursue a war-winning strategy. In many cases, the funding is in exactly the other direction.

The difficulty with the Reagan administration defense budgets presented March 4 by Defense Secretary Caspar Weinberger is that, like the Carter administration before it, the Weinberger team rejects the idea of winning any war with the Soviets and espouses "deterrence adequacy," that is, equipping the U.S. with technologies outmoded, in some cases, by 20 to 30 years. In this light, the Reagan administration's defense budget, which does not propose one significant new system that wasn't contained in the previous administration's military budget, is just a beefed-up, warmed-over Carter policy plan. It will widen the gap between the militarily advancing Soviet Union and the United States (see Figures 2, 3, and 4).

'We can't catch Soviets'

At the topmost levels of the Weinberger DOD, and in the prime contractor and supplier industries with important policy input, there is the rock-hard belief, despite public policy pronouncements, that the U.S. is, and will remain, a second-rate military power.

Some of the people making current U.S. defense policy are extremely frank about this view.

According to James Lee, manager of marketing planning at Hughes Aircraft, who last fall delivered one of the keynote addresses at the Electronic Industries Association on DOD electronic purchasing policies, "We cannot and are not going to catch up with the Soviets in defense." Lee told *EIR*: "The DOD will build the MX missile, the B-1 bomber, and the Trident II. If we build these systems simultaneously, that will be very

costly and leave no money for social services or for NASA." Lee confirmed that "MX and others don't represent any technological breakthrough."

This view was reinforced by Nathan Higginbotham, manager of corporate and government programs for McDonnell Douglas Aircraft. Higginbotham told *EIR*: "There will be very little given to new technology financing. This is not possible. We've got to spend money just to replenish our arsenal. I would like to see beam weapons developed, but that will take years, with a lot of problems and no immediate yield. Therefore we'll have to spend for other things."

The strategy is further piped into the Defense Department from a 150-person unit called the Office of Program Analysis and Evaluations. This department is a remnant of the Robert McNamara whiz-kid systems analysts who have destroyed U.S. military capability since the 1960s through their cost-cutting procedures. This unit, headed by one of the six DOD assistant secretaries, has many people tied into "systems analysis," according to one of the department's economists. In their view minimal output, with minimal advances in technology, is the path the U.S. military must follow.

Overreaching the entire defense apparatus are the three top dogs at the DOD: Secretary Caspar Weinberger, Undersecretary Frank Carlucci, and Deputy Secretary Fred Iklé. It is a wonder that Iklé could have gotten into a Reagan defense cabinet at all. The former head of the Arms Control Disarmament Agency, Iklé is a known adherent of soft technology and mutual technological disarmament through the SALT process.

But his boss Caspar Weinberger, despite his tough-guy image, goes even further in this direction. Weinberger was the U.S. representative to the 1974 World Food Conference in Bucharest, where he pleaded the need for population control programs and cited the limitation of the world's food and other resources. Weinberger is contemptuous toward the massive industrial buildup and anti-environmentalist education that qualifies a nation for a real military defense policy.

Weinberger's manned forces deployment is a tipoff. Weinberger is vectoring U.S. armed forces away from conventional force use—massed standing army and

invasion forces—toward the use of many Rapid Deployment Forces, special units of 200 men and officers, who would deploy to harass and engage the Soviets and their supposed surrogates in regional hotspots. Conventional force size has been cut 40 percent since 1970 and degraded into an all-volunteer army along the lines recommended by Milton Friedman, leaving the U.S. with an army that is more than 25 percent illiterate, and rife with drug abuse. Weinberger and Reagan have both given their blessing to the all-volunteer army nightmare, while adding funds to increase its size by a few tens of thousands. Roughly 20 percent of the defense budget has to be spent on basic training and related expenses, since high turnover means a high retraining rate.

What they are worried about

The defense budget for fiscal year 1981 is projected by the Reagan administration at \$178.6 billion, \$7.4 billion above Carter request levels and that of 1982 is projected at an appropriation level of \$222.8 billion, an additional \$26.4 billion above the Carter request level.

An inventory of the leading items of the U.S. defense budget's weapons-acquisitions program and its research and development budget demonstrates that the Reagan defense budget is merely a retrofitted Carter defense budget, without one significant innovation. Most of the programs are obsolete in today's modern technologies, and won't work.

- **Shipbuilding.** The Reagan administration has committed an additional \$4.2 billion to the \$6.6 billion allocated by the Carter administration fiscal year 1982 shipbuilding program. This will go toward increasing the U.S. active fleet during this decade from 454 to 600

ships, but will introduce no basic new modernizing technology. The program calls for the increase of the U.S. carrier fleet from 12 to 15 to allow the United States to operate in both the Indian and Pacific Oceans. But to accomplish this, Weinberger proposes: 1) taking one outdated U.S. aircraft carrier, the *Oriskany*, out of mothballs; 2) building precisely one new nuclear-powered 90,000-ton-displacement carrier, for deployment at the end of the 1980s and; 3) taking the World War II battleship *New Jersey*, removing its gun turrets (to "save manpower," says a Pentagon source) and then calling it an aircraft carrier.

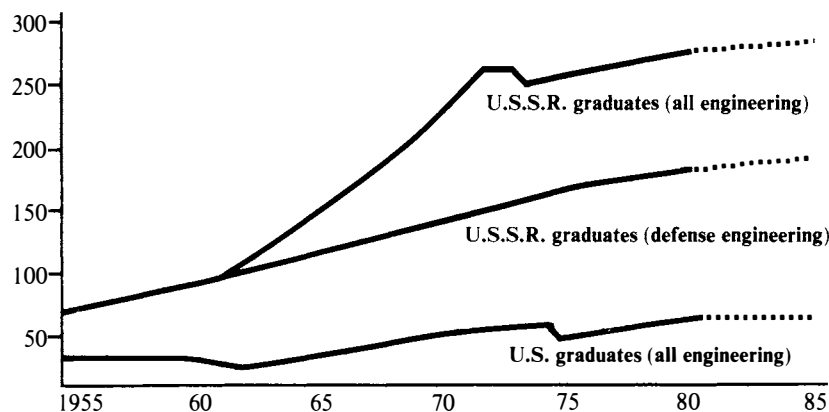
The extra \$4.2 billion will also go for building a cruiser, two frigates, and a submarine, and purchasing and reconvertng from oil to diesel fuel six container ships from the bankrupt Sealand Corporation. Of 13 vessels purchased, only 5 will be newly built.

Of the total "new" 144 ships, as many as half could simply be "reactivated" older ships, stripped down and loaded up with electronic gadgetry, which doesn't add to military capability but does create a final market for electronics goods. The other ships that will be constructed from scratch will take from 5 to 10 years to be built.

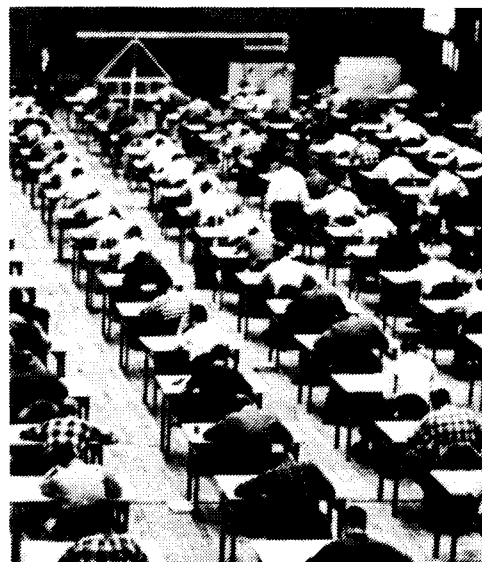
- **Land-Based Intercontinental Ballistic Missiles.** The leading item here is the MX missile system, which is the brainchild of the RAND Corporation, with input from the likes of Paul Nitze and the Vienna-based Institute for Systems Analysis.

The major idea behind the MX missile system is that to "increase the survivability of a land-based ICBM force," 4,600 hardened missile silo shelters will be built in the Western U.S. Beneath these silos 200 nuclear-tipped ICBM missiles will circulate on an underground

Figure 2
Undergraduate engineering, U.S. and U.S.S.R.
(thousands of graduates)



Source: National Center for Educational Statistics



conveyor belt system, and could be launched from any of these 4,600 above-ground silos. This system could cost at least \$100 billion or more. According to an engineer for one of the giant aircraft companies, his company has been given 23 million hours of work (or 11,000 man-days) on one small component of the MX system. This company usually doesn't get a work order for any one job of more than 1 million hours.

The problem of the MX is twofold: 1) the Soviets are developing high-powered laser beam and particle beam weapons to shoot down U.S. ICBMs in mid-flight and, therefore, 2) have little intention of firing on empty U.S. missile silos after launch as an antiballistic missile defense.

The vaunted protective feature of the MX is worthless.

- **Aircraft.** The B-52 bomber is an outmoded plane, and the new B-1 represents little basic advance over the B-52. These are airships that will be loaded down with the cruise missile but have little chance of reaching beyond the Soviet shield to penetrate the Soviet Union.

- **Research and Development.** While the U.S. is undertaking some basic new R&D work in electronics and metal alloy processes, these will not be of sufficient importance to make a significant change in the direction of U.S. military technology. For example, the DOD is placing high priority on Very High Speed Integrated Circuits (VHSIC), which will have a five-year funding effort of \$270 million. This will increase the speed of electronic pulses within integrated circuits by making the circuits smaller and thereby decreasing the distance the electric wave has to travel. But as last week's *EIR* demonstrated, the Japanese will soon have 85 percent of the world market in large integrated circuits, from

having only 7 percent of the market 10 years ago, because the Japanese advance their electronics industry by concentrating its advancement in industrial-related tasks. Lacking this orientation, the U.S. programs such as the VHSIC increase existing refinements in electronics, but don't pioneer new technological breakthroughs.

There are some military R&D programs, such as the CAD/CAM, an integrated, numerically controlled machine-tool-run factory of the future, which are beneficial to industry. But as Dr. John Ellison of the Industrial College of the Armed Forces told *EIR*, "That program is funding at \$200 million, but I'd like to see it at \$1 billion to make any breakthroughs."

On the other hand, the DOD's R&D effort is literally pouring money down a sinkhole by investing in a "mobility fuels program," which attempts to use "domestic synthetic fuels, improved energy-conservation methods and other fuel and energy sources," to run aircraft jet engines. This will increase costs several-fold, with reduced efficiencies.

The U.S. industrial base

The implicit question running through the defense budget is whether, even given the moderate buildup in replacing some of the depleted U.S. weapons arsenal, the U.S. has a chance of producing the weapons contracted for.

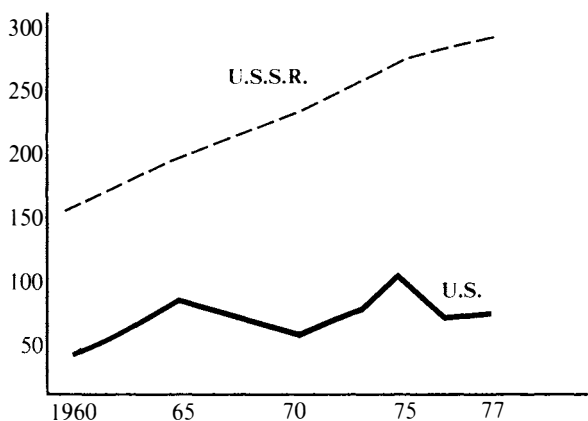
The lack of technology focus in the defense budget, combined with the wholesale gutting of the National Aeronautics and Space Administration, the U.S. fusion program, the U.S. science program for secondary education, and the gutting of U.S. basic industry through the loan-shark interest-rate policy of Fed Chairman Volcker, will combine to decimate the U.S. industrial base which forms the pipeline for defense production.

Between Sept. 17 and Dec. 3 of last year, the House Armed Services Committee convened an extraordinary set of 14 hearings on the "Capability of the U.S. Industrial Base." While most of the present testimony was warmed-up Harvard Business School rehashes, the testimony of Air Force General Alton Slay stood out as landmark testimony. With ample empirical support, Slay demonstrated that not only is the U.S. not producing the quantities of weapons needed to fight a war with the Soviets, but its industrial base is not equipped to gear up for such a war. Slay cited the following evidence:

- "lead times for titanium forgings we use in our aircraft and jet engines have gone up 87 weeks since 1978";
- "lead times for large aluminum forgings were recently reported at 115 weeks, an increase of 43 weeks from 1978";
- "steel forgings for landing gears have gone from 36 weeks in 1978 to 96 weeks in 1980."

Figure 3
Machine tool production

(in thousand units)



Source: "Current Industrial Reports: Metalworking Machinery," U.S. Department of Commerce and *Narodnoye Khozyaystvo SSSR*.

These are some of the most important components for the U.S. aircraft program, which is roughly one-third of all U.S. hardware acquisitions programs. Without such components, the aircraft-building program "doesn't fly."

Yet, the Reagan defense budget makes no provision for adjusting this serious dysfunction—unless one considers wiping out the conventional commercial aircraft industry through deregulation and high interest rates to be a solution to this lack of capacity problem. The air force has run simulated programs of surge conditions—maximum emphasis on increased speed of output of hardware—and found that even under such mobilization, the F-15 and F-16 fighter planes get off the production line no sooner than under normal conditions. This is how serious the capacity bottlenecks are.

With this evidence firmly grasped, many of the key members of the Senate Armed Service Committee questioned the credibility of Defense Secretary Caspar "Cap the Knife" Weinberger when he appeared before that committee to defend the Reagan defense budget. Weinberger, a firm believer in the idea of population control and the deindustrialization correlate that goes with it, simply lied his way through questioning by Sen. John Tower (R-Texas). The questioning went as follows:

Tower: Can you assure us that in fact there is the ability for the industrial base to absorb this [defense budget]? Does the industrial base have the capacity to carry out these programs in '81 and '82?

Weinberger: Yes. These programs will stop the erosion of our industrial base.

Tower: Can you give me an example of a program or programs that are required, but that you have not funded in this budget, because this industrial base can't sustain it?

Weinberger: Well, a number of defense suppliers have experienced the roller-coaster effect of our procurement policy over the years. Especially in areas like tactical aircraft, tanks, strengthening our missiles, and shipbuilding.

But others were willing to be more straightforward than Weinberger. General Jones, former Joint Chief of Staff head stated, "One of my greatest fears is our industrial readiness. It now takes three or four years to deliver aircraft. We are not prepared to mobilize, either."

Senator Barry Goldwater (R-Ariz.), another member of the Senate Armed Services Committee, stated, "The thing that most disturbs me is the continued deterioration of our industrial base, when we can't compete with the Japanese and the Germans in automobiles and avionics and aircraft because we have to worry about plants and modernization. Why, we can't even buy good steel. And we are dependent on strategic materials."

Figure 4
Balance of Power

United States	Soviet Union
Military Service	
Voluntary	Conscript
Total Armed Forces	
2,068,000	3,638,000
Strategic nuclear forces	
OFFENSIVE	
656 SLBM in 41 submarines	1,015 SLBM in 90 submarines
Strategic Air Command: 600 combat aircraft; 1,054 ICBM	Strategic Rocket Forces: 756 combat aircraft; 1,400 ICBM, 690 IRBM/MRBM
DEFENSIVE	
331 Interceptor aircraft	2,720 aircraft; 64 AMB Galash (ABMs) at 4 sites; 10,000 SAM launchers at 1,000 sites
ARMY	
774,200	1,825,000
17 divisions (4 armored, 5 mechanized, 5 infantry, 1 airmobile, 1 A.B.); Brigades: 1 armored, 1 infantry, 1 in Berlin, 2 special mission; 3 armored cov. regiments	169 divisions (46 tank, 115 mechanized rifle, 8 A.B.)
10,500 medium tanks; 22,000 AFV; 15,000 artillery and missiles, 26,000 AA artillery and SAM	50,000 heavy and medium tanks; 55,000 AFV; 33,500 artillery; 9,000 plus AA artillery and SAM
9,500 Aircraft/helicopter 191,500, 3 divisions; 573 medium tanks; 950 armored personnel carriers; 364 combat aircraft	
NAVY	
532,300	433,000
172 major combat surface ships; 75 attack submarines Reserve; 38 major surface ships, 4 attack submarines	59,000 naval airforce, 12,000 naval infantry, 8,000 coast artillery and rocket troops, 243 major combat surface ships, 243 attack and cruise missile subs
Submarines: 70 nuclear, 5 diesel	Reserve: 29 major surface ships, 117 attack submarines
Surface ships: 13 aircraft carriers, 20 cruisers, 67 destroyers, 65 frigates	Submarines: 85 nuclear, 158 diesel
	Surface ships: 3 aircraft, 35 cruisers, 97 destroyers, 107 frigates
AIR FORCE	
570,000	455,000
3,400 combat aircraft	4,650 combat aircraft

Gen. Slay: industrial base is shot in U.S.

The following are excerpts from a statement by Gen. Alton A. Slay, Commander of Air Force Systems Command, on Sept. 22, 1980 before the American Mining Congress in San Francisco, California.

I have chosen . . . an unpleasant theme—whose importance eclipses any other I could think about. I'm going to suggest to you this morning that our position in the international pecking order of military, technical, industrial, and economic power is slipping badly. I'm going to suggest to you that we are no longer the "Arsenal of Democracy," as President Roosevelt correctly tagged us 40 years ago. I'm going to suggest to you, in fact, that unless things take a turn for the better over the next several years, we may not even be able to correctly tag ourselves as the Arsenal of the U.S. . . .

At the time of the Cuban missile crisis, we had an overpowering edge over the Soviets. That strategic power edge has vanished. . . . The Air Force had almost 350 major squadrons, with 850,000 military people, operating 16,000 first-line aircraft, from nearly 250 installations worldwide. Today, we have just 250 major squadrons, not 350; we have just 550,000 military people, not 850; operating 7,000 aircraft, not 16,000; from 134 major installations, not 250; and not nearly so worldwide. About the same degree of decline can be measured in other services. In 1970, for example, our total armed forces strength stood at around 3½ million. Today, that fraction is about 2 million—a decline of almost 40 percent in almost a decade.

During the 1970s, Soviet spending on things related to military research and development, military weapon system acquisition, and military facilities, exceeded that which the United States spent by \$240 billion.

The total number of Soviet scientists and engineers engaged in all types of research and development activities is now approaching the 1 million mark, the largest research and development manpower pool in the world. . . . Last year, the Soviets graduated just under 300,000 engineers. We graduated 50,000 and that was a banner year for us. We have never graduated more than 52,000 engineers in any one year. The Soviets have three

times as many engineers engaged in military research. . . .

If you believe that one U.S. engineer is the equivalent of three Soviet engineers (which I don't believe), how long will that three-to-one ratio last, with them graduating six times the number of engineers each year than we do? How long do you think it will be before that ratio is five or six to one?

You can forget that old tale of poorly built, ineffective Soviet military equipment. If that tale was ever true, it certainly is not true now, nor was it true when the equipment they have in the field today was manufactured. They have highly sophisticated, reliable, and effective weapons and don't let anyone try to tell you anything different. I also want to put away the myth that the Soviets are bumblers when it comes to production. They are efficient producers and their factories are modern and well equipped. They are far outproducing us in every aspect of military production:

They produce about 20 armored vehicles for every one we field; the ratio of artillery tubes built is also ten to one in their favor; they build over twice as many fighters, and three times as many helicopters as we do; they field 18 surface-to-air missiles for every one we field; they build twice as many submarines and twice as many naval surface combatant ships as we do.

No, there's no solace to be had for us on either the R&D or production parts of the military equation. The Soviets are now, and have been for 20 years, on a concerted R&D acquisition offensive. They've had a constant forward thrust—a constant acceleration—that's given them the momentum we lack. . . .

But that's an average. Last year, we had a negative growth rate of eight-tenths of 1 percent. . . .

Moving up to the next industrial echelon, we find another capacity problem: there are only three remaining U.S. suppliers of large forgings, the kind we need for aircraft landing gear and engine components. . . .

The shrinking industrial base, coupled with increasing demand . . . worldwide for scarce materials, and products made from these materials has resulted in greatly lengthened lead times and-escalated costs. . . .

But I'm afraid that our near-term capability to surge—to do something to get hardware in the field quickly—is minuscule and that the long-term prospects aren't as grand as some people obviously think they are. For example, we recently appraised our surge capability for F-15 and F-16 fighters. We found that during the next 18 months, under surge conditions, and using all of the authority and clout we could muster, we could not receive any additional F-15 or F-16 aircraft beyond those currently contracted for.

One thing that we can do is to stir the pot. . . . I've been doing that as often as I can, since a sick industry equates, in my mind, to a sick defense posture.