

# Undated: Defense Budget: Coming to our senses: the defense budget in the 1990s

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COMING TO OUR SENSES  
THE DEFENSE BUDGET IN THE 1990s

INTRODUCTION

THANK YOU FOR THAT WARM INTRODUCTION.

I AM NOT GOING TO TRY TO MATCH THE ELOQUENCE OF THE SPEAKERS YOU HAVE HEARD TODAY. AS I LOOK OVER THE CONFERENCE SCHEDULE, I RECOGNIZE THAT YOU HAVE HEARD SOME OF THE BEST SPEAKERS ON DEFENSE ISSUES. I ALSO RECOGNIZE THAT YOU HAVE COVERED QUITE A BIT OF GROUND IN FAR-RANGING DISCUSSIONS OF THIS MOST IMPORTANT MATTER.

I AM GOING TO TRY TO SUM UP MUCH OF WHAT YOU HAVE HEARD. I AM GOING TO DO SO FROM MY PERSPECTIVE AS A STILL-NEW CHAIRMAN OF THE APPROPRIATIONS SUBCOMMITTEE ON DEFENSE. AND I AM GOING TO TRY TO DO SO WITHOUT ANY FLOURISHES OF RHETORIC. IT IS TIME FOR SOME PLAIN SPEAKING.

I THINK THAT WE HAVE GOTTEN OFF COURSE. THE WAY OUR GOVERNMENT PREPARES A NATIONAL BUDGET AND THE WAY WE APPROPRIATE FUNDS IN SUPPORT OF NATIONAL GOALS HAVE, I THINK, MOVED AWAY FROM A DIRECT COURSE OF ACTION WHICH CAN BOTH BE UNDERSTOOD AND SUPPORTED BY THE AMERICAN PEOPLE. AS A RESULT, WE LURCH FROM ONE FUNDING CRISIS TO ANOTHER, FROM ONE BUDGET "FIX" TO THE NEXT. HOW OFTEN IN RECENT YEARS HAVE WE HEARD THE WORDS "SHAM" OR "PHONEY" APPLIED TO OUR NATIONAL BUDGETS.

PLEASE UNDERSTAND FROM THE OUTSET THAT I DO NOT WISH TO CAST BLAME ON INDIVIDUALS, NOR DO I WISH TO FIND FAULT WITH PARTICULAR DECISIONS THAT MAY HAVE BEEN TAKEN IN RECENT YEARS. THROUGHOUT MY REMARKS, I WOULD ASK THAT YOU PLEASE BEAR IN MIND THAT I AM CRITICAL OF A SITUATION, OF THE WAY WE DO THINGS, NOT OF INDIVIDUALS WHO, I BELIEVE, ARE TRULY DOING THE BEST THEY CAN.

I ALSO AM UNDER NO ILLUSIONS ABOUT OUR ABILITY TO PERFECT THE SITUATION. YOU MUST REMEMBER THAT I SERVED IN THE ARMY THAT COINED THE TERM -- SNAFU -- AND YOU KNOW WHAT THAT MEANS.

#### **PERSPECTIVE ON BUDGETING**

WHEN I BECAME CHAIRMAN OF THE DEFENSE SUBCOMMITTEE, I BEGAN AN INTENSE COURSE OF STUDY OF THE DEFENSE BUDGET. I TRAVELED TO MILITARY INSTALLATIONS, AT HOME AND ABROAD; I READ BOOKS AND ARTICLES AND SEEMINGLY ENDLESS MEMORANDA ON THE DEFENSE ESTABLISHMENT; AND, I LISTENED CLOSELY TO THE THOUGHTS OF DEFENSE EXPERTS FROM ACADEMIA, INDUSTRY, THE MILITARY, AND THE GOVERNMENT.

INELUCTABLY, I CAME TO THE CONCLUSION THAT WE HAD LOST OUR WAY. COLLECTIVELY, CONGRESS AND THE EXECUTIVE, THE MEDIA AND THE DEFENSE ESTABLISHMENT, BOTH INDUSTRY AND THE MILITARY, HAD LOST SIGHT OF WHAT WE WERE ABOUT. WE HAD LOST THE COMMON SENSE -- THE SHARED VALUES, THE SHARED UNDERSTANDINGS -- WHICH HAD SERVED TO GUIDE OUR ACTIONS.

WHEN I FIRST CAME TO THE SENATE, WE THOUGHT OF A BUDGET AS A MEANS OF MEETING NATIONAL GOALS. WE SET FORTH OUR OBJECTIVES AND THEN WE DETERMINED WHAT WE WOULD NEED IN INCOME AND IN SPENDING TO ACHIEVE THOSE OBJECTIVES. NOW, WE HAVE INVERTED THE PROCESS. WE NOW SET THE BUDGET AS THE OBJECTIVE, AND THEN WE TAILOR OUR NATIONAL GOALS TO FIT THE BUDGET WE HAVE DECIDED UPON.

MOREOVER, WE MAKE SPENDING DECISIONS, NOT BECAUSE THEY ARE APPROPRIATE OR HAVE AN INTRINSIC VALUE, BUT BECAUSE THE BUDGET, AND THE WAY SPENDING IS "SCORED" DRIVE THE DECISION MAKING PROCESS. WE COMMIT TO SPEND NOW, BECAUSE WE HAVE THE "AUTHORITY" TO DO SO; WE STRETCH-OUT SPENDING, BECAUSE WE DO NOT HAVE THE "OUTLAYS" TO SUPPORT PAYMENTS. WE CONSULT THE ARCANE BUDGET SCORING RULES OF THE OFFICE OF MANAGEMENT AND BUDGET AND THE CONGRESSIONAL BUDGET OFFICE IN ORDER TO DECIDE WHAT TO BUY AND HOW TO BUY IT. AND WHEN THEY DISAGREE, REAL WORLD PROGRAMS SUFFER AS WE, IN THE APPROPRIATIONS PROCESS, ARE PRESSED TO FIND WHAT ARE TERMED CREATIVE BUDGET SOLUTIONS. CURIOUSLY, WE FUND AIRCRAFT CARRIERS, BECAUSE WE CANNOT AFFORD FAST SPENDING OPERATIONS AND MAINTENANCE PROGRAMS.

AS A RESULT OF THIS INVERSION, WE NEITHER MEET OUR NATIONAL NEEDS NOR DO WE ACHIEVE EITHER BALANCED OR EFFECTIVE AND MEANINGFUL BUDGETS. WE FAIL IN OUR ENDEAVOR, BECAUSE WE HAVE FAILED TO RECOGNIZE THAT WE CANNOT TAILOR NATIONAL NEEDS TO SUIT OUR TASTE IN BUDGETING. **WE DO HAVE** DEFENSE REQUIREMENTS, **WE DO HAVE** NEEDS FOR PURPOSEFUL GOVERNMENTAL ACTION AND PROGRAMS IN HEALTH AND EDUCATION, IN ENVIRONMENT AND IN ECONOMIC DEVELOPMENT.

NO GREAT NATION CAN LONG ENDURE, IF IT DOES NOT HAVE ASPIRATIONS -- THE HOPES AND DREAMS WHICH MOBILIZE PEOPLE TO SACRIFICE THEIR INDIVIDUAL INTERESTS FOR A GREATER GOOD. NO PEOPLE CAN BE EXPECTED TO SUPPORT A GOVERNMENT WHICH DOES NOT CONVERT THOSE ASPIRATIONS INTO ACCOMPLISHMENTS. AND I KNOW, AS YOU KNOW, THAT ASPIRATIONS CAN ONLY BECOME ACCOMPLISHMENTS BY BRINGING RESOURCES TO BEAR -- IN GOVERNMENT, THAT MEANS TAXING TO SPEND ON EFFECTIVE PROGRAMS AND PURPOSEFUL ACTION.

OUR BUDGET DEFICITS GROW LARGER BECAUSE OUR BUDGETS DO NOT ADDRESS NATIONAL NEEDS. THE PEOPLE RIGHTLY RESIST TAXES AND FURTHER SACRIFICES, BECAUSE THEY NO LONGER BELIEVE GOVERNMENT WILL USE THEIR MONEY TO MAKE THEIR HOPES AND DREAMS A REALITY.

WE WILL NEVER BALANCE THE BUDGET, IF THAT IS OUR ONLY PURPOSE. I BELIEVE THE AMERICAN PEOPLE WILL NEVER SACRIFICE TO BALANCE THE BUDGET OF A REMOTE, INATTENTIVE, INEFFECTIVE GOVERNMENT.

ON THE OTHER HAND, IF WE PROMISE -- AND DELIVER-- THE PEOPLE WILL SUPPORT A STRONG DEFENSE PROGRAM, AND SPENDING FOR PROGRAMS WHICH ADDRESS THEIR ASPIRATIONS FOR A BETTER LIFE. THERE IS MUCH LEFT TO DO. IF WE COME TO OUR SENSES, WE CAN ACHIEVE. IF WE TRULY BUDGET TO MEET NATIONAL NEEDS AND END THE MUTUAL DECEPTIONS OF "SMOKE AND MIRRORS" BUDGETING, WE CAN DELIVER WHAT THE PEOPLE DEMAND AND WHAT THEY ARE PREPARED TO SACRIFICE FOR.

THAT IS THE PERSPECTIVE I BRING TO THIS JOB. I THINK IT IS TIME THAT WE COME TO OUR SENSES.

## APPROACH TO THE BUDGET PROBLEM

THIS YEAR THE APPROPRIATIONS SUBCOMMITTEE ON DEFENSE BEGAN ITS HEARINGS NOT BY LISTENING TO THE WASHINGTON MILITARY ESTABLISHMENT, BUT BY SEEKING THE VIEWS OF THE SENIOR COMBAT COMMANDERS, THE COMMANDERS IN CHIEF.

WE SOUGHT TO LEARN WHAT THEIR PRIORITIES WERE, WHAT THEY THOUGHT WOULD BE NEEDED TO ACHIEVE VICTORY IN WAR. WE ASKED THEM IF THEY WERE READY -- COULD THEY FIGHT AND TRIUMPH IN WAR TODAY. SADLY, SOME HAD DOUBTS THAT THE UNITED STATES, WITH THE FULL MAGNITUDE OF SPENDING WHICH HAS ACCOMPANIED DEFENSE PROCUREMENT IN RECENT YEARS, COULD PREVAIL IN THE VERY CONFLICTS WHICH ARE MOST LIKELY TO OCCUR. RAPID RESPONSE TO A BREACH OF THE PEACE IN REMOTE AREAS REMAINS A PROBLEM. OUR THEORIES ON "LOW INTENSITY CONFLICT" BREAK DOWN WHEN WE REALIZE THAT WE CAN NOT GET THERE FAST ENOUGH AND IN SUFFICIENT STRENGTH TO STOP WHAT WE USED TO CALL "BRUSH FIRE WARS" FROM BECOMING LARGE SCALE ENGAGEMENTS.

EVEN MORE SHOCKING IS THE FACT THAT THE U.S. COMMITMENT TO NATO CANNOT BE MET. THE DEPARTMENT OF DEFENSE, KNOWING THAT WE CANNOT MEET OUR COMMITMENTS TO TRANSPORT TROOPS AND EQUIPMENT UPON THE OUTBREAK OF WAR IN EUROPE, NONETHELESS DOWNGRADES SPENDING ON SHIPS FOR THE TRANSPORT OF MEN AND SUPPLIES IN FAVOR OF ADVANCED FIGHTER AIRCRAFT AND EVER MORE SOPHISTICATED STRATEGIC SYSTEMS.

I BELIEVE THAT, IN PROCUREMENT POLICIES AND IN RESEARCH AND DEVELOPMENT, DEFENSE SPENDING SUFFERS FROM THE SAME AILMENT WHICH AFFLICTS THE NATIONAL BUDGET: WHEN SPENDING DECISIONS ARE DIVORCED FROM THE OBJECTIVE, THEY BECOME MEANINGLESS.

FOR THIS REASON, THE SUBCOMMITTEE RECENTLY INVITED THE UNDERSECRETARY OF STATE FOR POLITICAL AFFAIRS TO TESTIFY ON THE FOREIGN POLICY CONTEXT OF DEFENSE APPROPRIATIONS. IT MAY STRIKE SOME PEOPLE AS SOMEWHAT UNUSUAL FOR THE SUBCOMMITTEE ON DEFENSE TO BE HEARING TESTIMONY FROM THE DEPARTMENT OF STATE. TO MY MIND, HOWEVER, IT IS FITTING FOR OUR SUBCOMMITTEE TO EXAMINE DEFENSE APPROPRIATIONS IN THE CONTEXT OF THE FOREIGN POLICIES OR, PERHAPS BETTER STATED, THE NATIONAL SECURITY POLICIES WHICH APPROPRIATIONS FOR THE DEFENSE ESTABLISHMENT ARE INTENDED TO SERVE.

I BELIEVE THAT TO PRESENT REQUESTS FOR DEFENSE APPROPRIATIONS, OR TO CONSIDER INDIVIDUAL WEAPONS SYSTEMS OR FORCE STRUCTURES WITHOUT REFERENCE TO THE ENDS THEY ARE INTENDED TO SERVE IS TO ROB THEM OF ANY INTELLIGIBLE MEANING. THUS, IN OUR HEARING, WE SOUGHT TO BEGIN A PROCESS WHICH PLACES THESE ELEMENTS OF MILITARY POLICY IN THE NATIONAL SECURITY CONTEXT. WE BEGAN TO EXAMINE THEM ALONG WITH THE OTHER ELEMENTS --THE ECONOMIC AND FOREIGN POLICY CONSIDERATIONS-- WHICH COMPRISE THAT NATIONAL SECURITY CONTEXT.

THAT DEFENSE POLICIES SHOULD BE CONSIDERED IN SUCH A WAY WAS, I BELIEVE, THE INTENT OF THE NATIONAL SECURITY ACT OF 1947, WHICH, I AM CERTAIN EVERYONE WILL RECALL, CREATED WHAT WAS THEN KNOWN AS "THE NATIONAL MILITARY ESTABLISHMENT" AND WHAT BECAME KNOWN AS THE DEPARTMENT OF DEFENSE.

#### PREPARATION OF FISCAL 1990 BILL

I CANNOT TELL YOU NOW WHAT THE OUTCOME FOR DEFENSE APPROPRIATIONS WILL BE IN FISCAL YEAR 1990, BUT LET ME TELL YOU HOW WE WILL GO ABOUT OUR WORK.

0 THE APPROPRIATIONS SUBCOMMITTEE ON DEFENSE WILL HOLD MORE EXTENSIVE HEARINGS THIS YEAR THAN IN THE PAST SEVERAL YEARS, LARGELY BECAUSE WE HAVE FOUR NEW SUBCOMMITTEE MEMBERS, AS WELL AS MYSELF AS A NEW CHAIRMAN.

0 OUR HEARINGS WILL REFLECT MY INTENTION TO SET DEFENSE APPROPRIATIONS IN A FOREIGN POLICY/NATIONAL SECURITY POLICY CONTEXT. TOO OFTEN, DEBATES ON NATIONAL DEFENSE HAVE FOCUSED ON PARTICULAR WEAPONS SYSTEMS, WITH INSUFFICIENT ATTENTION PAID TO ANSWERING THE QUESTION OF HOW THESE WEAPONS SYSTEMS (WITHIN ACCEPTABLE COSTS) WILL BE INTEGRATED WITH OTHER WEAPONS SYSTEMS AND HOW THEY SERVE OUR NATIONAL POLICY OBJECTIVES.

0 WE HAVE AN INTENSIVE HEARING SCHEDULE. IT IS MY INTENTION TO COMPLETE AND PUBLISH OUR HEARINGS BEFORE TAKING LEGISLATION TO THE FLOOR. WE MAY NOT BE ABLE TO MEET THAT OBJECTIVE BECAUSE OF DELAYS AT THE GOVERNMENT PRINTING OFFICE, BUT MY SUBCOMMITTEE WILL DO ITS UTMOST TO HAVE NECESSARY INFORMATION AVAILABLE TO THE SENATE PRIOR TO VOTES ON DEFENSE APPROPRIATIONS.

0 WE WILL CONCLUDE OUR HEARINGS ON JUNE 22.

**COOPERATION WITH ARMED SERVICES COMMITTEE:**

0 I HOPE TO WORK WITH THE ARMED SERVICES COMMITTEE TO AVOID A REPETITION OF THE SOMETIMES RANCOROUS DEBATE WHICH HAS CENTERED ON THE INTERRELATIONSHIP OF AUTHORIZATION AND APPROPRIATION.

0 IN MY MIND, MANY OF THE FACTORS WHICH HAVE EXACERBATED THIS DEBATE CAN BE REMOVED, IF THE BUDGET RESOLUTION IS ENACTED ON TIME AND IF THE DEFENSE AUTHORIZATION BILL IS ENACTED IN A TIMELY MANNER.

**MARKUP SCHEDULE:**

0 IF THE SENATE'S SCHEDULE PROCEEDS AS IT SHOULD, I WOULD PROPOSE TO SCHEDULE A SUBCOMMITTEE **MARKUP** FOR JULY 18, WITH THE HOPE THAT FULL COMMITTEE **MARKUP** COULD FOLLOW ON JULY 20.

**SIGNIFICANCE OF THE BUDGET RESOLUTION:**

THE SENATE PASSED BUDGET RESOLUTION PROVIDES \$305.5 BILLION IN BUDGET AUTHORITY AND \$299.2 BILLION IN OUTLAYS FOR NATIONAL DEFENSE, BUDGET FUNCTION 050. THIS AMOUNT INCLUDES FUNDING FOR NUCLEAR WEAPONS FACILITIES IN THE DEPARTMENT OF ENERGY, THE FEDERAL EMERGENCY MANAGEMENT AGENCY, ALL MILITARY CONSTRUCTION AND FAMILY HOUSING COSTS AS WELL AS ALL FUNDING UNDER THE JURISDICTION OF THE DEFENSE SUBCOMMITTEE. IN ACCORDANCE WITH THE BUDGET SUMMIT, THE AGREED UPON LEVEL REDUCES THE REAGAN BUDGET REQUEST FOR DEFENSE BUDGET AUTHORITY BY \$9.7 BILLION. THIS EQUATES TO A BUDGET OF ABOUT -1% REAL GROWTH. THAT IS, IT PROVIDES GROWTH FROM THE AMOUNT PROVIDED IN FISCAL YEAR 1989 TO COVER ALL BUT ONE PERCENT OF THE ANTICIPATED COST OF INFLATION.

0 MEETING THE LIMITATIONS SET FORTH IN THE BUDGET RESOLUTION WILL REQUIRE GREAT DISCIPLINE WITHIN THE CONGRESS AND IN THE MILITARY ESTABLISHMENT. THERE WILL BE SOME FAVORED PROGRAMS WHICH WILL NOT-- WHICH CAN NOT-- BE FUNDED.

0 IT IS IMPORTANT THAT EACH OF US UNDERSTANDS THAT MY SUBCOMMITTEE MAY NOT BE ABLE TO FUND DESIRED PROGRAMS, EVEN IF THE SUBCOMMITTEE RECEIVES SUFFICIENT BUDGET AUTHORITY IN THE ALLOCATION PROCESS. THAT IS BECAUSE, B.A. PROVIDED THIS YEAR WILL RESULT IN OUTLAYS NEXT YEAR -- AND THE DEFICIT IS MEASURED IN OUTLAYS, NOT B.A.

0 NEXT YEAR, UNDER GRAMM, RUDMAN, HOLLINGS THE DEFICIT CEILING IS \$64 BILLION. IF WE DO NOT HAVE A GOOD BA/OUTLAY MIX IN THE BUDGET RESOLUTION THIS YEAR AND WE TRY TO "USE UP" ALL OF THE BA WE GET THIS YEAR, WE WILL FIND IT EXTREMELY DIFFICULT TO MEET THE LIMIT ON THE DEFICIT NEXT YEAR.

I THINK WE CAN PRODUCE AN EFFECTIVE DEFENSE APPROPRIATIONS BILL THIS YEAR. WE WILL FIRST SET FORTH THE PRIORITIES AND THEN ALLOCATE AVAILABLE FUNDING. I SHARE THE VIEW THAT WE SHOULD NOT "SHAVE" PROGRAMS, TAKING A FEW MEN FROM A UNIT HERE AND A UNIT THERE, OR REDUCING THE NUMBER OF AIRPLANES IN A SQUADRON, BUT NOT REDUCING THE NUMBER OF SQUADRONS. INSTEAD, I THINK WE SHOULD DO ALL THAT WE CAN TO AVOID A HOLLOW FORCE, OR ONE WHICH EXISTS ONLY ON PAPER.

THE DECISIONS WE WILL HAVE TO MAKE WILL BE DIFFICULT. WE WILL DECIDE. WITH YOUR HELP, WITH THE CONTRIBUTION OF YOUR KNOWLEDGE AND, PERHAPS, WITH YOUR SACRIFICES, WE CAN MAKE GOOD DECISIONS.

I THANK YOU FOR YOUR ATTENTION. I NEED YOUR HELP. I KNOW I CAN COUNT ON YOU.