

**RESOURCES FOR DEFENSE:
A REVIEW OF KEY ISSUES
FOR FISCAL YEARS 1982-1986**

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Congressional Budget Office**

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NOTE: Unless otherwise indicated, all costs in this report are in constant fiscal year 1982 dollars, all cost estimates represent budget authority, and all years are fiscal years.

PREFACE

Reflecting recent international developments and concerns about the capability of U.S. forces, the Congress provided a substantial real increase in defense budget authority for fiscal year 1981. The President's budget request for fiscal year 1982 proposes further real increases. As the Congress considers appropriate levels of defense spending for fiscal year 1982 and beyond, one of its key concerns will be allocating any further increases among competing defense requirements.

This defense debate will probably revolve around four key issues:

- o Are improvements needed for U.S. strategic forces?
- o Are improvements needed for conventional forces, particularly to enhance "readiness"?
- o How should resources be allocated between conventional forces supporting NATO and those required for operations outside Europe?
- o What are the prospects for maintaining a high-quality all-volunteer force?

Undertaken at the request of the House Budget Committee, this report reviews a selection of program alternatives that illustrate how different approaches to addressing these four issues would affect defense budgets for fiscal years 1982-1986. Its point of departure is the CBO "baseline" projection of the defense budget, which derives from Congressional action on the President's budget submission for fiscal year 1981. A subsequent paper will evaluate the Defense Department's budget request for fiscal year 1982 in light of the findings of this report. In keeping with CBO's mandate to provide objective and nonpartisan analysis, this report offers no recommendations.

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SUMMARY

Congressional debates over the fiscal year 1982 defense budget are likely to differ markedly from those of the 1970s. Since a consensus now exists to increase defense spending, the critical question this year will be: How should the spending increases be allocated?

The Congress will probably focus on four major areas:

- o What can be done to improve U.S. strategic capabilities?
- o Are improvements in general purpose forces also needed--particularly to enhance "readiness"?
- o Should general purpose force improvements be directed primarily toward the European theater, or should non-NATO requirements be given higher priority?
- o Will the United States succeed in maintaining a high-quality, all-volunteer force?

This report reviews a selected group of issues that illustrate how different approaches to resolving these four concerns would affect defense budgets over the next five years. The point of departure is CBO's "baseline" projection of the defense budget for fiscal years 1982-1986. The baseline includes all programs approved by the Congress for fiscal year 1981, and assumes that they are carried out according to the five-year schedules presented to the Congress by the Department of Defense (DoD). The baseline would require budget authority of \$196 billion in 1982 for all defense programs. Budget authority would grow from 2.2 percent to 3.2 percent a year through 1984 (see Summary Table 1). (Except as noted, all costs in this report are budget authority in fiscal year 1982 dollars.)

The report reaches the following broad conclusions concerning U.S. defense forces.

Strategic Nuclear Forces. The Congress has initially funded a number of strategic force improvements, but most of them would not enhance strategic posture until the late 1980s or beyond. Despite concern over near-term strategic capabilities, very few