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STRATEGY AND MONEY:  
THE DEFENSE BUDGET FOR FISCAL YEAR 1961

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by  
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USAF Historical Division Liaison Office




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## FOREWORD

This study analyzes one of the most difficult problems that continues to face the U.S. Government: how to balance the costs of national security against the overall needs of the nation and how to divide up the defense costs among the military services so as to secure the most effective forces and weapons. Strategy and Money traces some of the causes of interservice controversy to the complicated factors of budget-making and shows the effects of the budget on military policy. Using the defense budget for fiscal year 1961 as an example, the author describes the budget process during 1959-60, through the presentations by the services and reviews by the Joint Chiefs of Staff and the Secretary of Defense. The concluding section points out that the disagreements within the JCS over force programs and weapon systems reveal the degree to which money decisions have influenced strategic concepts and plans.

Strategy and Money forms a part of the larger History of Headquarters USAF. It is being published separately to make it more readily available throughout the Air Force.

  
JOSEPH W. ANGELL, JR.  
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STRATEGY AND MONEY:  
THE DEFENSE BUDGET FOR FISCAL YEAR 1961

Since World War II the most difficult, persistent, and perhaps significant problem facing the U.S. Government has been to balance national security requirements against the overall needs of the nation. Before World War II the problem hardly existed, for the size of the nation's military effort rarely created any major political issues. Throughout most of its history the United States followed a deliberate policy of maintaining only small military forces in peacetime. This limited the cost to an insignificant fraction of the national product. Only in wartime did military needs usually become preeminent and require a large proportion of the nation's resources. Until 1946 this pattern of chronic famine and occasional plenty prevailed, but it adequately served the needs of a country that was virtually immune to attack because of its fortunate geographic location.

Since 1945 a changed world has been in the making and its impact on the United States has been profound--particularly on the national security establishment. As a consequence of its assumption of the burdens of world leadership since World War II, the United States has had to maintain military forces far greater in size than ever before in its peacetime history. And it has also devoted a significant portion of its resources for economic and military assistance to many other nations. The overall demands of national security, therefore, have resulted in claims on U.S. national resources that in urgency and immediacy surpass those of any other aspect of its national life. In the formulation of national security policy and

the programs that must support it, the role of money has been a sometimes dominant and always major factor.

The enormously complex relationship between national security policy and the availability of resources, expressed in dollars, has become a potentially fateful one for the nation. With the exception of the Korean War years, when military estimates of requisite force levels governed the size of the defense budgets, civilian estimates of the economic limitations prevailed after 1945. In general, then, money has probably played the dominant or causal role in determining strategic concepts during this period.

The massive and closely interrelated structure that was articulated in the National Security Act of 1947 and subsequent legislation was a logical outgrowth of the World War II experience and a recognition of the rapidly changing environment of world politics. For the Army and the Navy it marked a drastic change from pre-World War II days when they had existed in their own separate compartments, rarely in competition with each other. Although they had developed a certain amount of cooperation in strategic planning and some other activities through the Joint Board in the 1920's and 1930's, the two services generally went their separate ways. This division of military affairs extended also to the Congress, where separate committees on military and naval affairs and separate appropriation subcommittees exercised legislative jurisdiction over the two departments. "Each service struggled along in its own world with its peculiarities and preoccupations, its own friends and enemies."<sup>1</sup>

World War II drastically altered the relationship between the services, dramatizing the virtues and necessity of closer cooperation. During

the war this cooperation had been achieved with little discord because of the abundant resources available to both services and their early fundamental agreement on division of responsibilities. Thus the Army took charge of the war against Germany, leaving the Navy with major responsibility for the war against Japan--a task that it greatly desired and that it was fitted for. Nevertheless, the practical requirements of combat operations and logistics demanded that the services achieve a high degree of coordination, and this in turn required measures of joint control exceeding any previously exercised.

The lessons of World War II impressed themselves deeply on the minds of civilian and military authorities alike. The postwar national security structure was based on a continuation and elaboration of the joint controls developed during the war. Between 1944 and 1947 the military services, including the not-yet independent Air Force, engaged in a struggle over the organization and responsibilities within the new structure that left its mark on all of them and foreshadowed the pattern of future conflicts among them. The roots of interservice competition became deeply imbedded during this period, and the nature of the national security organization that came into being insured continuation of this competition.

The seeming paradox of "unification" begetting competition was inherent in both the structure and its environment. The anxieties engendered among the services during the unification struggle continued to shape attitudes once the new organization began functioning. The services were concerned about their futures in a rapidly changing environment that was difficult to understand and to forecast. They were acutely aware of the effects



that they might have on each other and that the overall organization would have on them--their missions, strategic concepts, and programs. Above all, they were beginning to foresee the bitter competition for resources that would result from the consistent policy of starting the budget process by imposing a ceiling on the overall military appropriation request.

The military services had to contend with the enduring problem of adjusting relatively stabilized means to an unstabilized goal of security, for the Russians worked increasingly against a stable world order. The pressures of this process inevitably bred conflicts among the services that began almost immediately after the war and persisted thereafter with varying intensity.

By the late 1950's the major outlines of the differences in strategic concepts among the military services had been abundantly clear for some years. The services differed in their estimates of the nature of the military threat from the Soviet Union, their concepts of how best to cope with the threat, and the forces and programs required to carry out the concepts. They had sought to preserve a maximum of independence and initiative in determining, within the monies allotted them, the forces and programs best calculated to meet their needs. As a result, the Joint Chiefs of Staff (JCS) had never been able to develop a truly unified strategic concept. In 1959-60 the Army-Navy-Air Force team that had been formed by unification had still not been successfully harnessed and driven.

The consummate expression of the interservice dialectic is the annual budget process, which provides a "fiscal year synthesis" of strategy and money. The budget is the clearest expression of military policy and at the same time a controlling factor in the development of that policy. "The

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budgetary process--the decisive resource-allocating instrument--lies at the very heart of national security planning and programming. Plans and policies, without dollar signs attached, are mere aspirations. It is the budgetary process which translates them into actual programs."<sup>2</sup>

The effects of the interaction of strategy and money on the military services can perhaps most clearly be viewed from the standpoint of the Joint Chiefs of Staff. In this highest forum of the military, the services exchange views on strategy and, more recently, on each other's budgets. It is here, in the frank assessment of each other's programs, that the clearest expression of service attitudes and beliefs emerges. The essence of the interservice differences over strategy and money is revealed most enlighteningly in the JCS actions in 1959-60 on the military budgets for fiscal year 1961.

#### The Budget Exercise for Fiscal Year 1961

The U.S. Government's budget has become a prominent feature of our national life, consuming a large share of total national output since the beginning of World War II. And by far the greater part of the budget has gone for national security, primarily but not entirely for the military services. In terms of the gross national product, expenditures for national security rose from 2.2 percent in 1940 to 41.5 percent in 1944. By fiscal year 1950 this had declined to 6.4 percent. The Korean War set off another round of increases, expenditures reaching 14.1 percent of the total output of goods in 1952 and leveling off at approximately 10 percent after 1954. After the Korean War the military portion of the total U.S. budget was roughly 50 percent, ranging from \$34.6 billion of \$62.8 billion total in 1954 to \$41.3 billion of \$86.7 billion in 1961.<sup>3</sup>

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In recent years the budget has become not merely a means to an end, as originally intended, but almost an end in itself. More than any other single factor, it has served as the nexus between civil and military authorities. It has produced an extraordinary growth in the structural and functional arrangements for control of military appropriations and expenditures. The civil and military elements of the executive branch have become deeply intertwined, forming a complex bureaucracy subject to the pressures and shifting winds that affect most major political and economic bodies.

Because the consequences of executive and congressional actions on money can be so fateful for them, all of the military services, and the Office of the Secretary of Defense (OSD) also, have devoted a great deal of the time and effort of their staffs to the formulation of the annual military budget. Since each budget is profoundly affected by those that have preceded it and since, in turn, it will affect those that follow, the budget process has become perpetual, with adjustments among two or three successive budgets continually being made.

For a given fiscal year, budgetary planning by the military services normally begins almost two years before the effective date of the budget. Intensive work is done at every level of the military services and up through the chain of command of the executive branch--JCS, OSD, Bureau of the Budget--until finally in the December or January preceding the beginning of that fiscal year there is published and transmitted to the Congress the enormous volume entitled The Budget of the United States Government.

Each service receives guidance from the Secretary of Defense in the form of guidelines tentatively establishing ceilings on the manpower, the



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new obligational authority (NOA), and the expenditures for the fiscal year. In preparing their budgets the services must first calculate and provide for fixed-expense requirements--chiefly personnel funds and operation and maintenance funds that together take more than half the total and are ordinarily spent within the same fiscal year for which appropriated. By contrast, procurement money, usually about 30 to 35 percent of the total, is spent over a period of many years. Only about 17 percent of procurement money is spent in the year for which appropriated, the remainder to be spent in subsequent years. Accordingly, budget planning must be for the long range, since some programs may run as long as 10 years. Only about \$4 to \$5 billion of the usual \$40 to \$45 billion DOD budgets of the late 1950's and early 1960's could be spent on new weapons. "It is the determination of how this relatively small amount of money is divided up that shapes the course of future strategy."<sup>4</sup>

As a corporate body, the JCS had no effective role in the actual formulation of the defense budget during the early and middle 1950's. It prepared and submitted to the Secretary of Defense statements of military requirements that were used in preparation of the defense budget, but beyond this it had no agreed responsibility in connection with the budget. In 1958, Secretary of Defense Neil McElroy included the JCS in the budget process proper when he referred the 1960 budget to the Joint Chiefs for their consideration. This action suggested to Gen. Maxwell D. Taylor, U.S. Army Chief of Staff from 1955 to 1959, that the "Secretary of Defense has come to feel more and more the need for the endorsement of the Chiefs of his

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final budget." He indicated further that in the past the JCS had had "insufficient knowledge of the overall defense budget to warrant an expression of opinion." Without a more active role by the JCS in budget-making, he could see "no discernible way to align military requirements, the military budget, and the service programs supported by the budget."<sup>5</sup>

Taylor took the initiative and proposed in February 1959 that the JCS initiate a study for discussion with the Secretary of Defense to clarify its participation in the development of the defense budget and to establish its responsibilities in relating strategic plans to the defense budget. He suggested that concurrently with the development of the strategic concept for the Joint Strategic Objectives Plan (JSOP)\* the JCS should forward to the Secretary of Defense a paper setting forth the criteria for determining the sufficiency of the principal categories of forces needed to fulfill the strategic concept. He listed these categories as follows: atomic retaliatory forces, forward deployed forces, strategic reserve forces (including strategic airlift and sealift), air defense forces, and forces for maintaining essential sea communications. After approval of the criteria by the Secretary of Defense, the JCS would develop and submit to the Secretary recommendations on the size and type of forces within each category by priority.<sup>6</sup>

The Joint Chiefs considered Taylor's proposal on 18 February and directed that the Joint Staff prepare a report on how it might be done. After further discussions and presentations by the Joint Planning Office of the

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Joint Staff, the Chairman of the JCS, Gen. Nathan F. Twining, recommended on 29 April that the Joint Chiefs engage in an exercise to determine the areas of service agreement and disagreement on major forces and programs. Twining pointed out that every year there were wide areas of agreement on major force composition of the services and that the differences only amounted to about 10 to 20 percent of the budget. He felt that it was extremely important for the preservation of military responsibility in military matters to have the JCS go on record and take credit for the wide areas of agreement. Twining urged that the Joint Chiefs send the information to the Secretary of Defense by 1 June to use as a basis for the budget.<sup>7</sup>

The JCS agreed on 1 May to conduct an exercise based on Twining's recommendation and approved a method for participation in the fiscal year 1961 budget. By 11 May each service was to exchange views with the other services on its own major force structure for fiscal years 1961 through 1963. These were to include the costs of major combat units or weapon systems. On 18 May each service was to submit to the JCS its views of the major force structures of the other services. The JCS would then identify areas of disagreement, make possible adjustments, and forward the results to the Secretary of Defense. This approach did not follow the detailed procedure devised by the Army, but it went beyond what the Air Force wanted.<sup>8</sup>

The Director of the Joint Programs Office of the Joint Staff recommended that each service also cost the major forces of the other services. Within the Air Force, the Deputy Director of Plans, Maj. Gen. Glen W. Martin, recommended to the Chief of Staff, Gen. Thomas D. White, that he not approve

this request by the Joint Programs Office. He urged that the Air Force "disclaim any capability of pricing the forces or programs of either Army or Navy. Similarly, we should reject as invalid any such pricing of Air Force programs or forces by any agency other than the Air Force." As the annual recipient of 45 percent or more of appropriated military funds, the Air Force might well lose more than it could hope to gain from such an exercise.<sup>9</sup>

#### Budget Presentations by the Services

The budget review proceeded as scheduled, and in the opening round of the exercise each of the services submitted its overall force programs, using agreed-on ground rules. With the exception of the Army, the services used the fiscal year 1960 manpower ceilings. New obligational authority ceilings were increased 5 percent for each fiscal year from 1961 through 1963, resulting in ceilings as follows: 1961--\$41.379 billion; 1962--\$43.448 billion; 1963--\$45.620 billion.<sup>10</sup>

The Army set forth more thoroughly than did the other two services its views on the budget and the strategic concepts that should guide the allocation of resources. The Army traced DOD efforts since 1948 to secure correlation of strategic plans and the budget and found that there had been no success in arriving at a meaningful method of explaining how money was spent in terms of overall defense missions. Efforts had always focused on relating individual service functions to available defense funds rather than relating overall defense functions to available funds. The Army position reflected Taylor's long-held view that combat functions of the three services as well as the budget should be looked at vertically instead of

horizontally. The three services developed their force requirements separately, so that general missions to which two or more of the services contributed--strategic retaliation and continental air defense, for instance--could never be seen in the aggregate, but simply in separate service packages.<sup>11</sup>

Having postulated its approach to budget-making, the Army proceeded to state the basic assumptions that should guide the JCS. The Army held that counterforce strategy was increasingly unproductive and infeasible and that the atomic retaliatory forces, particularly manned bombers, should be cut back. An "adequate deterrent" would be enough. At the same time, the forward deployed forces should be increased and given necessary funds. Accordingly, the Army proposed fund increases for the forward deployed forces and continental air defense and reductions for the atomic retaliatory force.<sup>12</sup>

The Navy, a "satisfied service" in Taylor's view because over the years it had "successfully fought for the concept of balanced, self-contained naval forces, including sea, air, and land components," did not rock the boat as strongly as did the Army. It accepted the need for the Army to continue to modernize its weapons and equipment, but it recommended that Army forces and personnel remain level through fiscal year 1963. For itself, it saw the need of an expansion of strength from 630,000 in fiscal year 1961 to 670,000 in 1963, and for the Marines an increase from 175,000 to 200,000. Concerning the Air Force, the Navy agreed that it should continue to provide the major deterrent capability but considered dispersal and mobility rather than hardening and concealment to be the prime solution to vulnerability of the Strategic Air Command to attack. It recommended reduction in



the B-52 program but an increase in the missile program for the Atlas and Snark. Finally, it called for reduction of USAF strength from 845,000 in fiscal year 1961 to 820,000 in 1963.<sup>13</sup>

The Air Force adhered to the view that had governed its planning and activities for many years. It regarded the Army as having essentially a defensive role in general war. The primary role of the Navy was control of the seas, and its major effort should therefore be to counter the Soviet submarine threat. The Navy's general war contribution was in its antisubmarine forces and its Polaris submarines, then under development. As for the attack carrier, the Air Force conceded it a general war role but considered that it had greater value in limited war situations. Against the advanced weapon systems of the mid-1960's, it seemed unlikely that the carrier could survive in a major conflict.<sup>14</sup>

To help the JCS in its deliberations, the Joint Programs Office carefully analyzed the detailed statements of the three services and set forth the major areas of agreement and disagreement. The latter exceeded the former by a large margin. The disagreement on allocation of defense funds for fiscal years 1961-63 was especially marked. As might be expected, for they had been consistent in asking for more money over the years, each service asked for a larger share of the defense budget for itself and recommended a smaller share for the other two services. Against the same overall fund ceilings, the three services prepared their estimates of the allocations that they thought should be made in the appropriations for fiscal years 1961 through 1963.

Fiscal Year 1961 (Billions)

	<u>Army View</u>	<u>Navy/USMC View</u>	<u>Air Force View</u>
For Army	\$13.9 (34%)	\$ 9.2 (22%)	\$ 8.3 (20%)
" Navy	11.1 (27%)	18.0 (44%)	9.7 (24%)
" Air Force	16.4 (39%)	14.1 (34%)	23.4 (56%)

Total NOA--\$41.379

Fiscal Year 1962 (Billions)

	<u>Army View</u>	<u>Navy/USMC View</u>	<u>Air Force View</u>
For Army	\$15.5 (36%)	\$ 9.5 (22%)	\$ 9.0 (21%)
" Navy	11.5 (26%)	18.4 (43%)	10.3 (24%)
Air Force	16.5 (38%)	15.1 (35%)	24.1 (55%)

Total NOA--\$43.448

Fiscal Year 1963 (Billions)

	<u>Army View</u>	<u>Navy/USMC View</u>	<u>Air Force View</u>
For Army	\$15.3 (34%)	\$ 9.7 (22%)	\$ 9.8 (21%)
" Navy	12.5 (27%)	18.9 (43%)	11.3 (25%)
" Air Force	17.8 (39%)	15.4 (35%)	24.5 (54%)

Total NOA--\$45.620

Based on the estimates by the services for their own needs, the NOA's for the three years would be \$55.3 billion, \$58.0 billion, and \$58.7 billion respectively. On the other hand, based on their lowest estimates for each other's needs, NOA's for the three years would be minimums of \$32.1 billion, \$34.4 billion, and \$36.4 billion. The actual NOA's used as guidance were thus a bit closer to the minimums than the maximums.<sup>15</sup>

The disagreement on allocation of money among the services extended to their views of each other's specific force programs. On 63 line items presented by the three, agreement was as follows:<sup>16</sup>

<u>Presented by</u>	<u>Items</u>	<u>Agreement on</u>	<u>Percent</u>
Army	16	8	50
Navy	20	9	45
Air Force	<u>27</u>	<u>7</u>	<u>25</u>
	63	24	38

The big differences among the services came generally in the procurement programs, although there were some differences over size of forces. For many years the services had been used to accepting each other's force requirements as stated in the tabs to the Joint Strategic Objectives Plan. These had come to be considered fixed charges that consumed the personnel and operation and maintenance appropriations, usually more than 55 percent of the total. As previously indicated, the really intense differences were over new procurement money--perhaps \$4 to \$5 billion, about 10 percent of the total NOA. This relatively small amount of money excited the most attention from the three services because from it came the funds for launching new programs that helped shape their futures.

The force programs were considered not only in terms of units but also of procurement and of research, development, test, and evaluation (RDT&E). The services might agree on the size of forces but rarely on the procurement and RDT&E money for the force programs. The Air Force and the Navy in 1959, for instance, agreed with the Army on forces for 8 of its

16 programs, but they did not agree on the procurement for these programs and consistently lowered the Army's figures. The Army asked for an increase in number of divisions from 13 to 15 for fiscal years 1961-63, but the Navy wanted the level kept at 13 while the Air Force recommended a decrease to 11. Both the Air Force and the Navy reduced the Army's request for procurement money for its division program. To the Army's request for an increase in its Nike Ajax and Nike Hercules programs, the Navy and the Air Force responded with a decrease for both forces and procurement.<sup>17</sup>

The strongest opposition developed over the Army's proposal for \$6 billion for its Nike Zeus program during the three-year period. The Navy eliminated this entirely, while the Air Force offered \$300 million for research and development. The Air Force-Navy motivation here was obvious. The Army could not possibly secure such a large amount from its own budget without wrecking other essential programs. Under the fixed ceiling, the money for Nike Zeus would have to come from the Navy or Air Force or both. Such a diversion of funds from the other services, against their desires, could only be justified by demonstrable evidence of the overriding need for and certain success of the Nike Zeus. This the Army could not do, any more than the other two services could do so with some of their favorite programs.<sup>18</sup>

Of the Navy's 20 programs, the services agreed on the forces in 9, but the Army and Air Force reduced procurement in all categories where it was involved. The Navy wanted to decrease the number of submarines for fiscal years 1961-63, but the Air Force called for a larger number while

cutting the Navy procurement figure at the same time. The USAF stand was in keeping with its oft-reiterated contention that the Navy was neglecting its antisubmarine warfare function in favor of less vital missions. There was agreement on the Fleet Ballistic Missile Submarine Force (Polaris) for fiscal year 1961, but the services parted on procurement thereafter. The Navy wanted nine submarines per year, the Army recommended five, and the Air Force none. Once again, this was a very expensive program, but unlike Nike Zeus it had proved itself and had gained sanction at the highest levels of authority. Accordingly, it seemed likely to gain necessary funds even at the expense of the other services.<sup>19</sup>

There was less agreement on the Air Force programs than on those of the other two services because there were more of them and they accounted for almost 45 percent of the proposed defense budget for 1961. Of the 27 programs, the Army and Navy agreed on the forces for 5 of them, on the procurement for 1, and on the research and development for 1. In the remaining 20 programs, where the Air Force called for increases, the other two services either held them level or asked for reductions; if the Air Force recommended that programs remain level, the others called for cuts; and if the Air Force recommended reductions, the others called for still greater reductions.

The strategic bomber forces especially came under heavy attack from the Army and Navy, which for some years had held that the manned bomber was on the way out and that, furthermore, the Air Force had more than it needed for deterrent and atomic retaliatory missions. Accordingly, in the face of the USAF recommendation for an increase in the B-52 force and continued procurement, the Army recommended that the force be held level

and procurement canceled. As for the B-58, the Army considered it a marginal medium bomber and wanted to limit funding to the fiscal year 1960 appropriation. The Navy recommended reduction of this force and reduction of procurement. The Navy position indicated a willingness to go along with modernization of the B-52 force, by contrast with the Army's position. On the Air Force's B-70 program--the great hope of the USAF manned bomber advocates--the Army cut to 6 the Air Force's proposed procurement of 35 aircraft in fiscal year 1963, while the Navy offered research and development money for components but no procurement money. Army-Navy opposition to the B-70 remained strong because establishment of a large B-70 program would require huge appropriations that might well require diversion of funds from the Army and the Navy.<sup>20</sup>

The Army and Navy also opposed the greater part of the USAF requests for the ballistic missile program. The Navy recommended cancellation of the Titan ICBM program in fiscal year 1961 and use of Titan funds for Atlas. Both Army and Navy reduced procurement of the Minuteman and recommended no procurement of the GAM-87 (Skybolt) air-to-surface missile. The Navy went along with research and development on this missile, possibly with the thought in mind that it might prove adaptable to Navy bombers. Here again, the high priority of the ballistic missile programs could lead to adjustments of funds that might prove unsatisfactory to the Army and Navy.<sup>21</sup>

In every other category except one, the Army and Navy called for cuts in the USAF programs. The Navy canceled the F-108. The Army canceled the IM-99B (Bomarc) and the TM-76B (Mace), which were in competition with Army missiles. The Air Force wanted an increase in tanker planes, but the Navy

cut the number and the Army recommended no procurement. Only in airlift forces did the Army and Navy recommend more than the Air Force asked for. Against the USAF request of \$161 million for procurement of airlift planes in fiscal year 1961, the Navy recommended \$337 million and the Army \$611 million. Adequate airlift of its forces had long been a major goal of the Army.<sup>22</sup>

Within the Air Force there was concern about carrying the budget exercise all the way through. The Director of Plans, Maj. Gen. Hewitt T. Wheless, suggested to the Chief of Staff that since the requirement for the exercise was established orally at a meeting between Twining and McElroy, it might be "prudent to conclude the action in the same manner." The Chairman could point out to the Secretary of Defense the "inherent difficulties in the development of a major force structure at this time when so many fundamental issues are currently under study"--air defense and basic national security policy, for example. Wheless emphasized that if the JCS agreed to increases in certain forces or weapon systems it would have to make corresponding decreases elsewhere to keep in balance. The unspoken implication was that the Air Force probably had more to lose than to gain from such actions. Accordingly, Wheless reluctantly concluded: "If in the judgment of the JCS a memorandum must be forwarded to the Sec Def it might serve a useful political purpose although the inclosure may have no substantive value. Such a submission would allow the Sec Def to acknowledge that he has collaborated with the JCS and has considered their advice in the development of the FY-61 budget."<sup>23</sup>

The budget exercise went ahead as planned, and on 8 June 1959 the Joint Chiefs forwarded to the Secretary of Defense their advice on the major military force compositions and programs. They pointed out that there were major disagreements and unresolved issues--including the basic national security policy and air defense--but that these were under study. The matters at issue were of long standing and obviously not subject to quick resolution.<sup>24</sup>

The Secretary of Defense issued budget guidelines to the services on 2 July, establishing ceilings on NOA and expenditures for fiscal year 1961. The latter ceiling had come to exercise a great deal of control over the programs of the services, requiring major adjustments and changes among them. The Secretary set the NOA limit for the military services at \$38.7 billion with an addendum of \$3.4 billion, making an overall target of \$42.2 billion. He requested that the JCS comment on the military budget prior to his final approval of it. On 5 August, after substantial deliberation, the JCS approved the concept and procedure by which it would examine the content of the military estimates after they were submitted to the Secretary of Defense.

The Army had sought adoption of its original proposal for consideration of the budget. This would have involved nine steps by the JCS, of which the three most important were sending criteria of sufficiency to the Secretary of Defense, recommending the size and types of forces by category and priority, and developing force tabs and logistics for mobilization and combat operations. The Air Force, Navy, and Marine Corps rejected the Army proposal. The Air Force felt that the procedure was too long and that it would result in split views among the services on all three of the major actions.<sup>25</sup>



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Between 1 and 8 September the military departments submitted their budget estimates to the Secretary of Defense. In transmitting the Air Force's, Secretary of the Air Force James H. Douglas observed that it represented a compromise between requirements and fund availability. He pointed out that the expenditure ceiling--\$17.074 billion plus \$2.3 billion for construction and procurement--would require significant cancellations or reductions in USAF programs. Since an adequate funding level would not be available in 1961, during 1960 it would be necessary to cancel the B-58B, the airborne early warning and control aircraft, and the high-energy fuel project; reduce the KC-135 program; and cut back the number of wings. Douglas warned that the industrial impact of these reductions would be grave--the F-108 and KC-135 cutbacks would have an especially severe effect. Other programs reduced in the estimate included the B-52, F-105, T-38, T-37, and IM-99B Bomarc.<sup>26</sup>

On the same day that Douglas forwarded the Air Force budget, the Vice Chief of Staff, Gen. Curtis E. LeMay, sent to all USAF major commands a message warning of the implications of the budget. He notified them that the fiscal year 1961 expenditure target--forecast by OSD at \$18.8 billion for the Air Force--would require drastic reprogramming, since existing projection of the current program called for expenditures of more than \$20 billion in fiscal year 1961. The Air Force had submitted a minimum essential budget with expenditures of \$19.3 billion for 1961 and intended to push hard for its approval. LeMay directed all commands to revise their current program documents as of 14 September to agree with this minimum essential budget level.<sup>27</sup>

Earlier, on 18 August, while the services were still working on their budgets, Rep. George H. Mahon (Tex.), Chairman of the House Sub-

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committee on Department of Defense Appropriations, requested that the Department of Defense present certain budget data in terms of functional categories. Subsequently, in asking for this information from the services for fiscal years 1960 and 1961, the Assistant Secretary of Defense (Comptroller) specified five functional categories--strategic deterrent, continental air defense, general purpose forces, support forces, and unallocated.<sup>28</sup>

The Army and Navy were disturbed by and disagreed with the assumptions and guidance accompanying the list of categories. The nub of the issue was the strategic deterrent category, which applied almost exclusively to the Air Force. The Navy maintained that the functional categories did not accord with naval organization and that a misleading picture would result from placing versatile forces in a single-purpose role.

The Army was even more vehement in its statement accompanying transmittal of the data to OSD:<sup>29</sup>

In accordance with the assumption and guidance furnished by your office, the Army shows nothing under Category 1, 'Strategic Deterrent.' We have complied with your instructions but by no means agree that no Army forces are acting as a Strategic Deterrent. The Army considers that the presence of its forces throughout the world constitutes a real deterrent to possible enemy aggression. Therefore, we recommend that the title of Category 1 be changed to 'Nuclear Retaliatory Forces,' and, accordingly, this has been indicated on our submission.

The Army and Navy obviously considered themselves at a great disadvantage in the competition with the Air Force for funds because they were not permitted to include under the strategic deterrent category a substantial portion of their own forces. With the deterrent forces receiving the highest priorities in allocation of resources, the depth of Army and Navy feeling on this matter would be difficult to exaggerate. The significance of the Army and Navy objections is revealed in the tables submitted, the Navy insisting on submitting two tables--one showing attack carrier and associated support

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costs in the strategic deterrent category, the other showing them under general purpose forces:<sup>30</sup>

Air Force (Millions)

	<u>FY 1960</u>	<u>FY 1961</u>
Strategic deterrent	\$8,628 (47%)	\$8,641 (48%)
Continental air defense	5,351 (29%)	5,394 (30%)
General purpose forces	3,096 (17%)	2,782 (15%)
Supporting forces <sup>a</sup>	None	None
Unallocated	1,259 ( 7%)	1,285 ( 7%)

Army (Millions)

	<u>FY 1960</u>	<u>FY 1961</u>
Strategic deterrent	None	None
Continental air defense	\$1,197 (12%)	\$ 939 (10%)
General purpose forces	8,032 (80%)	7,974 (82%)
Supporting forces <sup>a</sup>	None	None
Unallocated	( 8%)	( 8%)

Navy (Millions)

(Attack carrier and associated support costs under strategic deterrent)

	<u>FY 1960</u>	<u>FY 1961</u>
Strategic deterrent	\$4,075 (41%)	\$6,230 (53%)
Continental air defense	208 ( 2%)	183 ( 2%)
General purpose forces	5,503 (48%)	4,268 (37%)
Supporting forces	796 ( 7%)	702 ( 6%)
Unallocated	( 2%)	( 2%)

(Attack carrier and associated support costs under general purpose forces)

	<u>FY 1960</u>	<u>FY 1961</u>
Strategic deterrent	\$1,737 (15%)	\$2,711 (23%)
Continental air defense	208 ( 2%)	183 ( 2%)
General purpose forces	8,472 (74%)	7,787 (67%)
Supporting forces	796 ( 7%)	702 ( 6%)
Unallocated	( 2%)	( 2%)

<sup>a</sup>Support costs distributed throughout.

Reviews by the JCS and OSD

Concurrently with the preparation of this information for the congressional committee, the JCS proceeded with a review of the budgets submitted by the services in early September. This review afforded the services further opportunity to plead their special cases before the Joint Chiefs sitting as a body. The Director of the Joint Programs Office of the Joint Staff provided background briefing on 30 September. He stressed that the limits on obligational authority and expenditures imposed by OSD had required the services to slip, adjust, and eliminate many programs. The controlling factor was actually the expenditure ceiling rather than NOA. Because of the expenditure ceilings imposed for fiscal year 1960 and proposed for 1961, the NOA submissions of the services had actually been \$2.4 billion less than the basic NOA ceiling of \$38.7 billion and \$.5 billion less than the addendum ceiling of \$3.4 billion--or \$2.9 billion under the overall ceiling (\$42.2 billion).

Analysis of the addendum money requested by the services--some \$2.9 billion--revealed that most of it was for procurement--70 percent overall--while some 13 percent was for RDT&E. A comparison of the maximum service budgets--a total of \$55.3 billion--with the proposed NOA showed that \$26.1 billion of the former was for procurement as against \$12.5 billion in the overall NOA. This was a difference of \$13.6 billion. By contrast, the RDT&E of the NOA was actually higher than the services requested in their maximum estimates--\$3.3 billion versus \$2.8 billion.<sup>31</sup>

The Navy fared better than either the Army or the Air Force in the budget recommendations for fiscal year 1961, in that one program received more than asked for. The following tables list certain major forces or programs of the military services, the recommendations of each military service, and the DOD-recommended budget for fiscal year 1961:<sup>32</sup>

FY 1961 Budget Recommendations  
(in Millions)

<u>Forces or Programs</u>	<u>Recommended by</u>			
	<u>Army</u>	<u>Navy</u>	<u>AF</u>	<u>DOD (basic plus addendum)</u>
<u>Army</u>				
Divisions	15	14	11	14
Nike Zeus	\$1,165(R&D)	\$0	\$100(R&D)	\$323(R&D)
Air defense bns	104 $\frac{1}{4}$	94	86 $\frac{1}{4}$	88 $\frac{1}{4}$
<u>Navy</u>				
Attack carriers	12	14	9	14
Submarines	97	116	107	122
Cruisers	14	15	10	15
Destroyers/frigates	218	234	200	234
<u>Air Force (Wings/Sqs)</u>				
Strategic forces	36/117	39/148	42/153	38/138
Air defense forces	18/54	20/62	22/67	20/64
Tactical forces	33/111	33/108	33/108	30/108
Air transport sqs (MATS)	/40	/34	/21	/21

A USAF analysis of the Department of Defense budget found that for fiscal year 1961 the Air Force would be receiving 46 percent of the NOA

and 47 percent of the expenditure allowance. Procurement money for the three services would decline from 34 percent of the total in fiscal year 1960 to 32 percent in 1961. The conclusions were that the services showed greater concern for equipment and modernization than for manpower and force levels; that there was need for greater continuity between succeeding-year budgets; and that the absence of an agreed Joint Strategic Objectives Plan led to waste of substantial investments in development of weapon systems later canceled because increased funds could not be obtained as they entered the inventory.<sup>33</sup>

During the latter part of October, each service made a presentation to the Joint Chiefs in support of its budget and programs. The Army reiterated the concepts underlying its budget and used the opportunity to make a strong plea for the Nike Zeus. It recommended that supplemental funds of \$1.2 billion be added to permit putting the Nike Zeus into full production in fiscal year 1961. This would have to come from elsewhere than Army funds, and there was little likelihood of arousing enthusiasm in the other services. The Navy pointed out that its annual accounts (operation and maintenance especially) remained level but that its continuing accounts (procurement, RDT&E, and military construction) had been reduced below prior years, resulting in slippage and stretchout of programs. Addendum funds would bring these accounts up to a more satisfactory level.<sup>34</sup>

The Air Force stressed that the threat from the manned bomber would continue even after the advent of the ICBM and that the programs contemplated

under its \$19.3 billion estimate were not adequate to meet the known and foreseen increases in Soviet capabilities. Reduction of the expenditure ceiling for 1961 to \$18.3 billion or even \$18.8 billion would have a serious impact on the Air Force, adversely affecting the full range of activities. It would result in lack of funds for the airborne alert, a slow-down in modernization of aircraft, an acceleration of the cut in number of wings, a decrease in target coverage, an immediate reduction in air defense, and the inability to meet NATO commitments. Already the F-108 had been canceled and the B-58 reduced.<sup>35</sup>

While the services were presenting their cases to the Joint Chiefs, OSD proceeded with its review--"markup"--of the budget. The OSD review of 21 October did not accept the Air Force's minimum essential expenditure ceiling of \$19.345 billion, reducing it to \$18.270 billion. A week later, after a reclama by the Air Force, OSD raised it to \$18.603 billion, an increase of \$333 million.<sup>36</sup>

This did not signify the end of the budget battle within the executive branch, for there were still more reviews to be made before final approval by the President. Accordingly, the services continued to study each other's programs as well as their own in an effort to bring about changes in the NOA and expenditure ceilings approved by OSD. Further discussions of the budget among the Joint Chiefs early in November produced no results, since no service was willing to yield funds for the programs of another service.

The USAF experience in preparing data for the use of its leaders in these and subsequent budget discussions was probably typical of that of

the other services. Staff officers prepared numerous papers and studies (and more than a few polemics) attacking the assumptions and programs of the Army and Navy and defending those of the Air Force. According to the Director of Plans, the budget "as presently apportioned emphasizes lower priority programs of Army and Navy being funded at the expense of higher Air Force programs. This is in conflict with Basic National Security Policy." If the budget ceilings held firm, priority programs of the Air Force vital to national security could not be funded without reapportionment of funds from the Army and Navy. As had been pointed out earlier by the Director of Budget, Brig. Gen. Robert J. Friedman, the Air Force "could not win a contest of this kind by generalized assertions of mission priority or even by demonstrated requirements of a particular force structure." The only effective approach would be to furnish conclusive proof of the superiority of USAF concepts and weapon systems over those of the Army and Navy. The possibilities of doing this in the fall of 1959 were not bright.<sup>37</sup>

In supplying ammunition to General White for use in JCS discussions, Wheless and Martin and their fellow-planners argued strongly against Army and Navy programs and the assumptions on which they rested. The Army and Navy continually pleaded for modernization of forces but would not reduce manpower to achieve it, as the Air Force had been doing. The Army, Wheless maintained, could reduce its oversea forces to the token required by political commitments and consolidate its forces in the United States, closing down posts in the process. The "reason posts are retained is based on archaic Army view of long mobilization period preceding war." Even more significant to the Air Force was the "ever increasing spiral of



Army aircraft requirements [which] lends credence to the allegation that the Army is evolving a new Army Air Corps." The Army was developing and purchasing missiles that overlapped and duplicated each other and it was purchasing materiel for M+12 months, contrary to basic national security policy.

The indictment of the Navy was no less thorough. The carrier contribution to war did not justify the level of OSD funding. The general war capability of the carrier was minimal in the USAF view--each carrier in the Sixth and Seventh Fleets could put up an average of only six all-weather attack planes. Out of 7,000 aircraft, the Navy could put up only 24 all-weather 1,000-mile bombers from aircraft carriers on station. "One of the major keys to saving money in the Navy is the attack carrier strength, since, except for Polaris and ASW carriers, all other naval expenditures are directly related to the size of the attack carrier force." As for Polaris, its principal contribution was to provide diversity of attack--otherwise, it was limited in its capability. More of the Navy effort should go to counter the Soviet submarine threat; but of 671 aircraft requested by the Navy, only 120 would go for antisubmarine warfare, and other expenditures for antisubmarine warfare were also lagging.<sup>38</sup>

These efforts by the Air Force to convince the Army and Navy that they should realign their programs to save money for the use of the Air Force were no more successful than similar efforts by the other services. Their recourse had to be to higher authority--the Secretary of Defense, the National Security Council, and the President. Discussions with the Secretary of Defense and with the President and his advisers continued through most of November. On 25 November the Department of Defense presented its

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budget to the National Security Council. Final approval by the President came in December.<sup>39</sup>

Presidential approval did not terminate the budget process within the executive branch of the government. On the contrary, it required actions by the JCS and the individual services that had been foreseen when the Budget began to assume shape during the summer and fall of 1959. During late December 1959 and January 1960 the three services presented to the JCS proposed reductions and changes in forces assigned to the unified and specified commands that would result from adoption of the fiscal year 1961 budget. On 18 January 1960 the President submitted the fiscal year 1961 national budget to the Congress. For the DOD, he requested \$40.9 billion in new availability--\$40.6 billion in new appropriated funds and \$0.3 billion in transfers from DOD revolving funds. Expenditures for the year were estimated at \$41.0 billion.

The budget remained under review by the Administration until Congress completed action on it almost six months later. This permitted desirable revisions to be made in response to rapid changes in the political and technological scenes. Major revisions proposed to Congress on 6 April involved an accelerated but reduced program for continental air defense against manned bombers while shifting emphasis to defense against ballistic missiles. The changes also expanded the USAF ICBM and space programs, increased procurement of long leadtime items for the Polaris, and reduced the attack submarine program. Still further changes, proposed to Congress on 12 May, concerned additional funds for airlift aircraft, antisubmarine warfare, and Army modernization.<sup>40</sup>

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Presidential approval of the Department of Defense Appropriation Act, 1961, came on 7 July 1960. The new money totaled \$39.997 billion, of which \$17.158 billion went to the Air Force. By the subsequent military construction appropriation, the Air Force received \$.627 billion in additional funds, and eventually a total availability of \$17.914 billion. This was 43 percent of the DOD's new obligational availability for fiscal year 1961--\$41.7 billion, including \$41.3 billion in new appropriated funds and \$0.4 billion in transfers from DOD revolving funds. Of the total, the Army received \$10.174 billion, the Navy \$12.506 billion, and OSD \$1.092 billion.<sup>41</sup>

It was plain after the event that the JCS had exercised little effect on the final composition of the budget. As had been true in previous years, the individual services retained a generally free hand in determining how they would use their funds within the overall ceilings. Such influence as was exercised to increase or decrease individual programs of the services came from the civilian authorities in the Department of Defense or the White House. Since the Joint Chiefs did not agree on basic assumptions and priority national tasks, they found it impossible to look at the budget from a truly joint viewpoint.

Nevertheless, there was an important harbinger of the future in this seemingly unproductive effort. It was clear that the civilian authorities desired the JCS to play a more prominent role in the consideration of the overall Department of Defense budget. There were also indications that if the military services, operating through the JCS, could not reach agreement on basic strategic concepts and programs, civilian authority might

well extend its vast decision-making powers still further to areas that the military had long considered their professional prerogative. The orientation of the budget in terms of major military functions, regardless of service, was also foreshadowed during the fiscal year 1961 budget process and became more evident with each succeeding budget. It appeared clear that in time many--if not most--of the important decisions on the budget would be taken out of the hands of the military services and assumed by the JCS and the Office of the Secretary of Defense. The impact of the JCS on the budget under these changed conditions would depend on the extent to which the Joint Chiefs could reach agreement on the fundamental bases of strategy and the military programs that flow therefrom.

#### Underlying Factors in Budget Decisions

The complex factors affecting both the formulation and the substance of the fiscal year 1961 budget were, of course, the product of a long evolution within the national security establishment. These factors had undergone changes and refinements over the years, but they were not new to or unexpected by the Joint Chiefs, who had been living with them since World War II.

The underlying impulses affecting the formulation of both strategy and the military budget included the technological revolution, the continuous inflation of costs, and changing international commitments of forces. The technological revolution required continuous modernization of the forces--new weapons, supporting equipment, and facilities. The increasing costs of these weapons as they became more intricate to build and operate

were further compounded by the continuing economic inflation. Faced with more rigid fiscal controls over their budgets after the Korean War, the military services found themselves squeezed between slowly rising budgets and much more rapidly rising costs of all kinds. Since it proved impossible to ease out from between these millstones, the services adopted stretch-outs, reductions, and other adjustments in forces and programs as the normal mode. Changing international commitments, resulting from political and strategic impulses, greatly complicated and at times dominated consideration of the military budget.

The great constant in the national security policy process throughout the post-World War II era was the continual and highly significant interaction between strategy and money. This is inevitable under the American system of government. Neither strategic nor financial considerations have ever been the sole determinant of national security policy. The military budget, accordingly, represents an accommodation between strategy and resources and a compromise between the military services and their civilian superiors. The manifestations of the interaction between strategy and money in the fiscal year 1961 budget process are especially meaningful in reaching an understanding of the development of national security policy and the budget.

The basic function of the JCS is to translate national security policy into strategic plans and programs. The Joint Chiefs develop these plans and programs within a broad framework of policy that is itself the result of a delicate balance of conflicting and interacting domestic and international pressures. The most definitive guidance to the JCS is expressed

in the annual NSC statement entitled "Basic National Security Policy" (BNSP). This paper consists of a broad outline of U.S. objectives and policy and a discussion of the political, economic, and military elements to support these. The BNSP has no direct relationship to the formulation of the budget, but its indirect effect can be weighty. It has always been subject to continual and conflicting interpretation by the military services and within the JCS. Indeed, the BNSP has become the focus of an annual debate within the JCS as each service chief has sought to have incorporated in it the strategic concepts indorsed by his staff.<sup>42</sup>

The major statement of strategy and programs issued by the JCS to implement the BNSP is the Joint Strategic Objectives Plan (JSOP). This annual document provides planning guidance for the force levels beginning five years hence and extending three years. It generally contains an intelligence estimate of the military threat for the period; a strategic concept for the conduct of cold, limited, and general war; a logistics annex; and a tabulation of forces required to support the strategic concept. The "force tabs" have "generated the greatest divergence of views within the Joint Chiefs of Staff," who have usually not been able to agree on the "best combination of forces supported by the financial outlays which the Secretary of Defense has considered feasible for planning." Accordingly, the force estimates have been generally too high and too expensive to be acceptable to the Secretary of Defense, who rejected them or imposed fiscal ceilings that produced more acceptable forces and programs.<sup>43</sup>

In 1959 the debate within the JCS over the BNSP continued to center about the issue of limited war. During the discussions in June 1959 the

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Army, Navy, and Marine Corps recommended reorientation of the BNSP to recognize and plan for what they considered the increased likelihood of limited war. They believed that there was waning confidence within the Free World in the ability of the United States to provide meaningful security. They did not consider the BNSP flexible enough to provide for limited war eventualities. The Air Force disagreed, supported the BNSP priority on the deterrent force, and regarded general war forces as adequate to handle limited war situations.<sup>44</sup>

The annual debates over the BNSP and the JSOP were essentially an epilogue to the running discourse among the services that covered most of the strategic policy questions in detail during the year. The enlarged and more formal role of the JCS in relation to the Secretary of Defense in the fiscal year 1961 budget process intensified this discourse and revealed more completely the service differences over programs and the funds required to finance them.

The differences in basic strategic concept among the military services in 1959-60 were of long standing and had their origins in World War II. The U.S. military services had emerged from the war with differing understandings and interpretations of the lessons to be derived from it. But they agreed on one important premise--that future application of the lessons would be within the context of a war with the Soviet Union. Each service felt impelled to justify itself in terms of such a war.

Transcending all other World War II indicators of the future was the combination of the atomic bomb and strategic bombardment that provided the keystone of American postwar strategy--the concept of deterrence. Winston Churchill put the proposition of deterrence most plainly when, in

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March 1949, he declared: "It is certain that Europe would have been communized and London under bombardment some time ago but for the deterrent of the atomic bomb in the hands of the United States." Deterrence appeared to offer the twin advantages of maximum military power and lower costs as compared with the maintenance of conventional forces strong enough to meet the threat of the huge Red army. As it was put somewhat more crudely after the Korean War, the deterrent concept permitted "a bigger bang for a buck."

The implications of deterrence eventually produced a cleavage among the services. The Army and Navy found themselves at a serious disadvantage within this strategic framework of which the Air Force was the chief artisan. The precipitate and disorderly demobilization after V-J Day had almost destroyed the Army and Navy as effective fighting forces, and the budgetary limitations of 1948-50, in part at least the result of the application by the Administration of the deterrence concept, prevented them from fashioning conventional war forces that could serve as a deterrent to the Russian army in Europe. The Air Force, too, had been decimated by demobilization, but it had the atomic bomb. As the keeper of the bomb--the only military service with the ability to deliver it--the Air Force considered itself the deterrent to a general war between 1945 and 1950.\*

Despite the growing U.S. reliance on the strategic deterrent force, until the Korean War the military dollar was divided into roughly equal parts among the services. The Air Force aggressively sought a larger share of the military dollar, justifying the claim by its priority mission as the deterrent force. This led to a drawing of sharp strategic and financial

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\* See George F. Lemmer, The Air Force and the Concept of Deterrence, 1945-1950 (AFCHO, 1963).



lines among the three services, which eventually resulted in the Army and Navy generally joining to challenge some of the basic assumptions on which the Air Force case rested and to oppose its receipt of the lion's share of the military budget. With the exception of the Korean War years, when the trebling and quadrupling of military appropriations relieved the heavy pressure on the services, this split among the services existed throughout the decade 1950-60.

The "New Look" of the Eisenhower administration in 1953 placed renewed emphasis on deterrence and resulted in drastic cutbacks of the conventional war forces built up during the Korean War, especially those of the Army. This basic policy decision rested American defense on the nuclear arsenal--in small wars as well as general wars. Reducing their limited war forces, the three services would substitute nuclear firepower for men and nonnuclear weapons. One of the prime inspirations for the policy appeared to be financial--the desire to maintain a stable economy and to balance the budget. These had been objectives of the Truman administration also, between 1946 and 1950, but it had not followed through on the deterrent policy to the degree that the Eisenhower administration did beginning in 1953. Both administrations sought the minimum deterrent adequate for national security. This desire to minimize the military burden on the economy appeared to require an effort to stabilize the burden--to define for as long a period as possible the level of military effort needed for security.<sup>45</sup>

The Air Force was the chief beneficiary of this policy, and from fiscal year 1955 through 1960 it received a share of the Department of Defense NOA ranging from 39 percent up to 48 percent. During the same period

the Army received the smallest share, ranging from 21 to 25 percent. It could not accept such a situation, which threatened to deprive it of a mission comparable in importance and prestige to those of the Navy and the Air Force, nor could it accept the assumptions on which the situation was based. Often the Navy supported the Army in its repeated challenges to deterrence and the programs that flowed from it. Although the actual number of splits among the Joint Chiefs was small during these years, it is significant that most of them were concerned with matters of basic national strategic policy and the major programs of the services.

By the late 1950's the strategic debate among the services had become centered about the general-war-versus-limited-war proposition. The Army Chief of Staff, General Taylor, preferred the term "flexible response" instead of "limited war." As long as the United States maintained an overwhelming preponderance of nuclear military power, the deterrent concept, which belonged primarily within the general war context, dominated national strategic policy. This meant that the Air Force would receive the largest share of the defense dollar and that within the Air Force the Strategic Air Command would receive almost half of the USAF dollar. Overall, during the late 1950's, SAC averaged about 20 percent of the total defense budget. Given the ceilings in military budgets during this period and the continually rising costs, the Army and the Navy, as well as certain elements within the Air Force, generally found it difficult, if not impossible, to attain the desired and unilaterally required levels of strength and equipment. If they were to approach the goals they had set for themselves, they would have to bring about some change in national policy that would permit the allocation to them of larger shares of

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the military budget. This could only be done by adjusting SAC's role and stature within the military establishment. And this, in turn, could be accomplished only by demonstrating that the fundamental theory on which SAC's paramount position rested was becoming less valid.<sup>46</sup>

The Army and Navy found their justification for challenging the deterrence thesis in the acknowledged emergence of the Soviet Union as a major nuclear power in 1955-56. Their logic postulated that the ability of the Russians to mount a full-scale nuclear attack on the United States tended to diminish SAC's role because the two nuclear forces would act as a mutual deterrent and there would exist a relatively stable balance. In the resulting nuclear stalemate, other types of military forces would move to the center of potential conflict. Indeed, the nature of the most likely conflict itself would change from a general nuclear war to a limited war using conventional forces.

To lend added weight to their arguments for shifting resources from SAC, the Army and Navy advanced also the thesis of "overkill." They maintained that SAC already possessed a capacity to destroy the Soviet Union many times over--that the nuclear stockpile far exceeded the requirements of deterrent strategy. Much hinged on the issue of targeting--the establishment of priority target systems for destruction. If the enemy's industrial system constituted the top-priority target, this meant attack on urban areas. Since the number of such areas was limited, the number of bombs needed, allowing a liberal margin of safety, could be computed.<sup>47</sup>

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The main outlines of the Army-Navy position came into focus and appeared to rest on three general premises:

1. Limited war was more likely to occur than general war.
2. The United States possessed too great a capability for general war and not enough for limited war.
3. Targeting should be on urban industrial complexes.

From such premises only one conclusion could be drawn.<sup>48</sup>

The Air Force defended its position on general war and the major component elements of general war--SAC, targeting, and the nuclear stockpile--consistently and tenaciously. It held that the threat from the Soviet Union was total--political, economic, and military--and that the most serious and immediate threat was Soviet airpower. General White maintained in 1959 that the Soviet emphasis on "air and space power" would continue and that aerospace power would play the dominant role if war occurred. But this did not mean that deterrence alone was the sole means of national defense; he rejected the thought that there was such a thing as an absolute and infallible deterrent.

The Air Force further asserted that there existed within the general war capacity of the nation--and this included all of its forces--an adequate limited war capacity. Moreover, the Air Force did not accept the possibility of limited war with the Soviet Union. Acceptance of such a view, it believed, would vitiate the strategic offensive forces and reorient the U.S. military structure toward World War II-type forces and concepts. The Air Force complained that the other services tended to consider limited war priorities apart from other priorities instead of within the overall framework. The United States could not afford to deemphasize nuclear

weapons, as favored by the Army and Navy, for the national budget would not permit maintaining a state of preparedness to fight limited wars.<sup>49</sup>

The Army-Navy view of the function of the nuclear strategic deterrent came to be known as finite deterrence, for it assumed that to deter a war it was necessary only to be prepared to destroy the great urban-industrial concentrations of the Soviet Union. The Air Force, aware of the implications of such a strategy in terms of targeting, nuclear stockpile, and SAC strength, had moved in the direction of what it called counterforce strategy. Fundamentally, counterforce strategy called for first priority in targeting to be given to the enemy's military forces--especially his long-range striking strength. Because of the dispersed nature of such forces, it would be necessary for the United States to maintain for this purpose a far larger strategic nuclear force than was necessary for a finite deterrent. Adoption of the finite deterrent concept would inevitably result in a large reduction in SAC strength.

By 1959 the major question in the general-war-versus-limited-war context was how much nuclear deterrence was enough. The Air Force regarded SAC as the cornerstone of the whole national military structure and had been giving SAC top priority for resources of all kinds since before the Korean War; when reductions occurred, SAC usually suffered least among USAF commands. From the Air Force viewpoint this was logically consistent, for without SAC as the ultimate sanction the other military forces of the nation could not function effectively. It was not only the great instrument of last resort but also an absolute prerequisite to the conduct of limited war.<sup>50</sup>

Consistently the Air Force maintained that SAC needed more strength than the other services were willing to accord it. The Air Force believed that the Army and Navy were optimistic in their appraisal of the U.S. nuclear

war posture vis-a-vis the Russians. It asserted, and Secretary of Defense McElroy agreed, that conceding the first blow to the enemy required the maintenance of a force in excess of that needed to destroy the enemy. How much in excess would depend upon the degree of vulnerability of SAC and other nuclear deterrent forces.<sup>51</sup>

It seemed to the Air Force that the pressure from the Army and Navy for greater limited war forces was chiefly "a lever to gain greater support for a greater percentage of defense appropriations." Lt. Gen. John K. Gerhart, DCS/Plans and Programs, noted that supplemental funds provided for the Army and Navy went into "air defense systems, space programs and Polaris and not the so-called weapons for limited war."<sup>52</sup>

The Air Force found further support for its position that limited war forces were adequate in the testimony of Secretary of Defense McElroy before a subcommittee of the House of Representatives in 1959. McElroy stated that the No. 1 requirement was to be prepared for general war but that about "60 percent of what we were spending was in the limited war area."<sup>53</sup>

In 1959 the Air Force maintained that its TAC forces were adequate to support the Army and that the available airlift was also adequate. Furthermore, in spite of the reduction in tactical air units that was under way, the overall combat strength would remain at least equivalent to current strength because of improved performance, firepower, and in-flight refueling. Mobility and flexibility would be greater.<sup>\*54</sup>

The 1961 budget deliberations among the services and at levels of civil authority above--OSD and NSC--reflected these divergent views. The Army, supported by the Navy, continued to press for adoption of its suffi-

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\* For a discussion of the limited war issue, see Charles H. Hildreth, USAF Logistic Preparations for Limited War, 1958-1961 (AFCHO, 1962).

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ciency approach to force programs. This meant that a minimum level of sufficiency would be established for all major required forces and that this minimum level would be funded before any allocations were made to forces in order of priority. The Air Force adhered to its long-held position that funds should be allocated on the basis of essentiality of programs and that, to get the maximum value from limited funds available, programs with the highest priorities in meeting BNSP requirements should be funded first--regardless of the service budget in which they appeared. The Air Force was convinced that this was not being done. At the same time, the Army and Navy were certain that the sufficiency approach was not being taken. It may be inferred, therefore, that the actual approach to allocation of resources among the services was a pragmatic one rather than a dogmatic one--essentially a compromise between conflicting viewpoints that left all of the services dissatisfied--the Army and Navy more so than the Air Force.<sup>55</sup>

While the balance generally favored the strategic deterrent over the limited war capabilities, few programs were eliminated and fewer were given overriding and decisive priority. The tendency was to be partially prepared for most contingencies and well prepared for only a few. For it to have been otherwise, it would have been necessary to give the services all that they asked for, and this no administration was willing to do.<sup>56</sup>

The two senior services disagreed in their attitudes towards some USAF programs, usually simply in degree of acceptance or rejection. In general they sought to limit SAC programs, but in spite of their concern for limited war forces and air defense, they did not propose to increase materially USAF funds for these purposes since they desired increased

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appropriations for themselves. Under such circumstances, agreement on strategic concepts and programs among the Joint Chiefs could hardly be expected.

#### Money as the Root Factor

The natural tendency of military commanders is to seek a maximum of strength, and the Army, Navy, and Air Force adhered to this normal military approach in their statements of requirements. But the fixed ceilings on budgets resulted in a squeeze on the services that intensified as costs spiraled upward much more rapidly than did funds. This constant money pressure made it difficult, if not impossible, for the services to rise above their own interests, and they sought to justify their requirements more strongly than ever before, and at each other's expense. The level of debate was that of strategy, programs, and weapon systems, but the root cause was money.

The competition among the services for what each considered its appropriate share of the military dollar made it impossible for them to agree on overall priorities for force programs and weapon systems. The disagreements within the JCS over these programs revealed the extent to which strategic and financial considerations were intertwined as impulses to service attitudes.

One of the basic flaws in the national security process was the inability of civilian and military authorities to provide each other with fundamental guidance. The military services complained with justification that they could not get clear statements of national strategic policy to guide them. With equal justification, the civil administration complained that it could not get clear strategic advice from the JCS. Given the



nature of the policy-making process, at both the civilian and military levels, and the pressures to which it is continuously subjected, it may be that it is not possible to make policy for long-term periods. National policy is the result of the interaction of a host of domestic and international factors--budgets, taxation, partisan politics, technology, inflation, foreign relations. These influences are always in motion, changing and even reversing direction. It would seem that at best it is possible only to obtain a temporary fix that will give guidance until the authorities can arrive at another temporary fix. This does not mean that U.S. national security policy is in a constant state of instability, for the most fundamental concepts of the policy are fixed and enduring.

Both the means--military policy--and the goals--foreign policy--have been subject to such frequent changes in detail that each military service has sought stability of outlook primarily from within. Its own strategic concepts and programs have imparted to it a sense of permanence and reality that is lacking from other sources. Accordingly, its adherence to these concepts and programs has become deeper and stronger, making more difficult the reconciliation of divergent service views.

At times the services found themselves driven to extreme positions in the competition for money and became more unbalanced than they really wanted to be. This occurred sometimes because of the compulsion to favor their most effective and money-getting elements. The result was not only controversy among the services but often controversy within an individual service. The battle within the Army during the late 1950's between the adherents of missiles and of modernization of the ground forces

was won by the former chiefly because the leaders of the Army believed that they could get money more readily for missiles. Maj. Gen. John B. Medaris, subsequently commander of the Army Ballistic Missile Agency, made this clear to a gathering of top Army Ordnance Corps officers in November 1954:<sup>57</sup>

You're fighting a losing game. If you put all your energy and effort into justifying these conventional weapons and ammunition, even though I know we need them, I think you're going to get very little money of any kind. It is far easier to justify a budget with modernizations that are popular, and I would strongly recommend that you increase the amount you show in the budget for the production of missiles, limiting yourself on the other items to the modest quantities that you know you can get by with. If you increase your demands for guided missiles, I think there is a fair chance you can get a decent budget. Why don't you accentuate the positive and go with that which is popular, since you cannot get the other stuff anyway?

The eventual outcome of the Army's IRBM program was frustration, when the struggle between the Army and the Air Force for control of the IRBM was resolved in favor of the Air Force. In one sense, then, the Army's huge investment in the Jupiter IRBM may be considered a loss of funds that might have been applied to modernization of the ground forces.

Within the Air Force the struggle for money was chiefly between SAC on the one hand and TAC and ADC on the other. Here there was really no contest, for SAC occupied first place in USAF priorities and the other commands could make little headway against it. But the Army and Navy came to look on the Air Force as being unbalanced, with too much of its strength in SAC and not enough in air defense and limited war capabilities. While some adherents of TAC and ADC might agree, Air Force policy consistently upheld the overriding position of SAC.

The intraservice struggle within the Navy during the dozen years after World War II saw the triumph of naval aviation and the aircraft

carrier over the other elements of the fleet. The submarine and anti-submarine proponents waged an uneven battle until the advent of the nuclear submarine and Polaris drastically changed the picture. Polaris emerged with the top priority within the Navy because it offered the opportunity to create an effective nuclear deterrent force. The Air Force criticized the Navy for its lack of balanced forces--specifically its failure to create an adequate antisubmarine force because of its fixation on carriers and later on Polaris submarines.

The temptation to equate unilateral service interest with national interest is always present and difficult to resist. The choices among force programs and weapon systems grow more difficult as the threat to the United States, especially in the Air Force view, appears to grow greater and more varied while resources shrink relatively. More and more decisions appear to take on the aspect of gambles rather than simply calculated risks. Also the problem of whether a service should use resources for itself or for NATO and other countries is an extremely painful one. Here there is the ever present temptation to think in unilateral service terms rather than international terms, to resolve the dilemma in one's own favor. Actually, the final resolutions, at the highest levels of civil authority, may override the preference of the military service and make the decision on political rather than military or financial grounds.<sup>58</sup>

When considering the proposed weapon systems of the other services, each service is inclined to consider the impact on itself of the adoption and operation of these systems. An objective appraisal of the programs and weapon systems of the other services is extremely difficult if not

impossible for a service to make. If a proposed system seems to have merit in itself, it may be opposed because of differences in strategic concept. If it overlaps the function of another service, that service may seek to show that it can do the job better and faster. If it has both technical and strategic merit, it may be opposed by another service on financial grounds--the impact on the overall defense budget. Unspoken, but nonetheless omnipresent, is the effect on the service raising the objection. Sometimes, the financial effect on the service may be the factor that tips the scales against another service's weapon system, even when the requirement is evident. In estimating the costs of systems, the cognizant service tends to minimize while the other services maximize them. Estimates of the ultimate cost of the Nike Zeus ranged from \$7 billion by the Army up to \$15 billion by the Air Force and Navy. A similar disparity characterized estimates of the cost of the B-70.<sup>59</sup>

Each service is faced with the problem of balancing the present against the future. The mad rush of technology has produced a continuously unsettling effect on strategic planning and programming and budgeting. The fear of investing heavily in a system that will be obsolete or obsolescent within a few years has produced a tendency to go for the cheapest system during the interim period while awaiting the next major technological jump. But given the existing pace of technology, is there any longer such a thing as an interim period? The need to make choices between programs is a constant and often agonizing problem for the services and one that will continue to confront them. If they cannot make these choices for themselves, the decisions will certainly be made by civilian authority.

The relationship between strategy and money has taken on new and greater dimensions in recent years. The economic ramifications--both national and international--of strategic decisions are immense and complex. The impact of money decisions on strategic concepts and plans is far reaching and often decisive. The future of the United States, and perhaps of the world, may depend on the effectiveness with which these two powerful engines of national policy are controlled and balanced.

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## G L O S S A R Y

Appn	Appropriations
ASD	Assistant Secretary of Defense
BNSP	Basic National Security Policy
Compt	Comptroller
DOD	Department of Defense
JSOP	Joint Strategic Objectives Plan
NOA	new obligational authority
OASD	Office of Assistant Secretary of Defense
OSD	Office of the Secretary of Defense
RDT&E	research, development, test, and evaluation
SAF	Secretary of the Air Force
S/A(FM)	Secretary of the Army (Financial Management)
S/D	Secretary of Defense

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