

Defense and Fiscal "Reality"

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At the "budget summit" a year ago, the Administration and Congress cut the FY '88 defense budget by \$20.6 billion in recognition of fiscal "reality." Shortly thereafter, the Defense Department told the services to reduce their spending plans by ten to twelve percent a year for the next five years. The Air Force submitted a revised budget request for \$97.5 billion for FY '89. The Appropriations bill, passed this fall, gave USAF \$94.9 billion, distributed as shown here. Chronic complaints that defense was consuming too much of the federal dollar subsided a bit after the budget summit, but now are rising again. Even in the "good" budget years of the 1980s, defense took a smaller percentage of GNP than it had in the 1960s. As the chart below demonstrates, the real growth has been in entitlements and other mandatory federal spending.

The Air Force Budget

(Total Obligational Authority in FY '89 \$ billions)

	FY '89 Request	FY '89 Appropriations
Aircraft Procurement	16.6	15.9
Missile Procurement	8.2	7.2
Other Procurement	8.4	8.2
RD&E	14.9	14.5
Military Construction		
USAF	1.3	1.2
Air Force Reserve	0.1	0.1
Air National Guard	0.1	0.2
Operation and Maintenance		
USAF	22.0	21.7
Air Force Reserve	1.0	1.0
Air National Guard	2.0	2.0
Military Personnel		
USAF	20.1	20.1
Air Force Reserve	0.7	0.7
Air National Guard	1.0	1.0
Stock Fund	0.2	0.2
Family Housing	0.9	0.9
Totals	97.5	94.9

Source: DoD.

Where the Dollars Went

(As percentage of GNP)

Fiscal Year	National Defense	Entitlements and Other Mandatory Spending	Nondefense Discretionary Spending	Net Interest
1962	9.4	5.5	4.3	1.2
1963	9.1	5.6	4.3	1.3
1964	8.7	5.4	4.6	1.3
1965	7.5	5.1	4.8	1.3
1966	7.9	5.0	5.2	1.3
1967	9.0	5.7	5.2	1.3
1968	9.6	6.1	5.2	1.3
1969	8.9	6.3	4.4	1.4
1970	8.2	6.7	4.6	1.5
1971	7.5	7.6	4.7	1.4
1972	6.9	8.2	4.9	1.3
1973	6.0	8.6	4.6	1.3
1974	5.6	8.8	4.7	1.5
1975	5.7	10.2	5.6	1.5
1976	5.3	10.7	5.5	1.6
1977	5.0	10.2	5.5	1.5
1978	4.8	10.0	5.7	1.6
1979	4.8	9.6	5.5	1.7
1980	5.0	10.4	5.9	2.0
1981	5.3	10.7	5.7	2.3
1982	5.9	11.4	4.9	2.7
1983	6.3	12.0	4.7	2.7
1984	6.2	10.7	4.5	3.0
1985	6.4	11.1	4.5	3.3
1986	6.5	10.9	4.2	3.2
1987	6.4	10.8	3.7	3.1

Source: Congressional Budget Office.