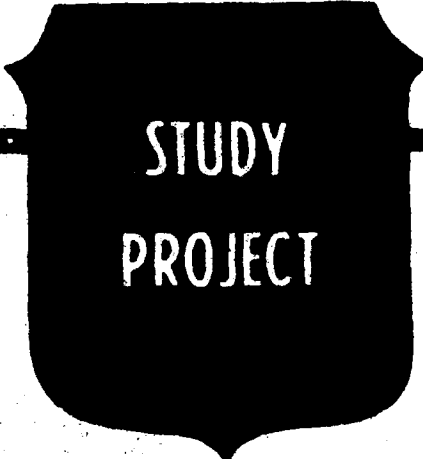


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THE INTERRELATIONSHIP BETWEEN POLICY AND RESOURCES

BY

MS. RONNIE I. GERSTEIN
Department of Army Civilian

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USAWC MILITARY STUDIES PAPER

THE INTERRELATIONSHIP BETWEEN POLICY AND RESOURCES
AN INDIVIDUAL STUDY PROJECT

by

Ronnie I. Gerstein
Department of Army Civilian

Colonel (Ret) Eugene H. Grayson, Jr.
Project Adviser

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ABSTRACT

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This paper examines the interrelationship between policy and resources. Different levels of national strategy policy are evaluated with particular focus on defense policy. The thesis has applicability to other policy processes such as foreign and domestic. An evaluation of resources, or budgets, is also included, together with a historical perspective and the role and influence of Congress. There is no intention to presuppose that this interrelationship between policy and resources does not presently exist. Rather, it is to only emphasize that an interrelationship and interdependence between the two must be predominant throughout all processes.

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INTRODUCTION

This paper examines the interrelationship between policy and resources. Different levels of national strategy policy are evaluated with particular focus on defense policy. However, the thesis has applicability to other policy processes such as foreign and domestic.

National policy, which is influenced by the capabilities and limitations of military strategy, "is defined as a broad course of action or statements of guidance adopted by the government at the national level in pursuit of national objectives."¹

"Strategies are the lines between the intentions and perceptions of budget officials and the political system that imposes restraints and creates opportunities for them."² "Strategy refers to the methods and means used to achieve these purposes. Grand strategy is the usual label for the way a state intends to pursue its national strategy goals."³ Policy can reflect different levels although some confusion may be prevalent concerning the definition of each. National strategy is described as "the art and science of developing and using the political, economic, and psychological powers of a nation, together with its armed forces, during peace and war, to secure national objectives."⁴

National strategic policy is the purview of the President and the National Security Council (NSC). The Department of Defense (DOD) or the Office of the Secretary of Defense (OSD) is responsible for delineating national defense strategy with the

Joint Chiefs of Staff (JCS) having accountability for national military strategy. The approved JCS definition is "The art and science of employing the armed forces of a nation to secure the objectives of national policy by the application of force, or the threat of force."⁵ "The prime objectives of U.S. military strategy are: a) to deter nuclear war; b) to deter or defeat any attack on the United States or on its European, Pacific, and other allies; and c) to deter or defeat any attack on U.S. vital interests."⁶ Senator Nunn proffered the following definition of strategy as:

fundamental national security objectives such as deterring military attacks against the United States, preventing nuclear war and deterring attacks against our allies, or insuring access to markets of the world for our control. By military strategy, I mean the way that we structure and plan to use our military forces based on the threat and resources available to achieve our national security objectives.

Resources, or budgets, equate particularly to dollars for dollars are necessary to reach a certain level force structure or manpower/personnel and also to purchase materiel. Resources are allocated during budget development processes.⁸ A budget is defined as concerned with the translation of financial resources into human purposes--a series of goals with price tags attached.⁹

Not only do budget data yield a useful picture of national security policy, but the formal rules for allocating resources--the budgeting system--may be viewed as a mechanism by which the administration can shape and manage the substance of that policy.¹⁰

The policy/budgetary processes have many players. In addition to those already referenced, i.e., the President, NSC,

and the Defense Department, other participants include those associated with the military-industrial complex. However, the other most important partner in these processes, as mandated by the United States Constitution, is the Congress. (The applicable sections of the Constitution are at Appendix A.)

ASSUMPTIONS AND LIMITATIONS

The research included several discussions with officials in the Defense Department (OSD, JCS, and Headquarters, Department of the Army (HQDA)). Also interviewed were a member of the Intelligence Committee and a staff officer on the House Armed Services Committee." Many primary and secondary sources are also included in this analysis. In addition, this paper incorporates a discussion of a 1960's Ph.D dissertation on the impact of the depression on the Army (from 1929 to 1936) as part of selective historical background information. It is a particularly relevant examination in view of the impact today's declining resources have on the Defense budget.

This paper does not delineate the multitude of policy and budget processes (although the Defense Department and its budget formulation processes are addressed.) Rather, it is an examination of the interrelationship between policy and resources. There is no intention to presuppose that this interrelationship does not presently exist. Rather, it is to

only emphasize that an interrelationship and interdependence between the two must be predominant throughout all processes.

Two highly placed sources in DOD postulated that the policy process is a means-and-end condition, with policy objectives comprising the end and resources constituting the means. Expounding on that correlation, the following methodology is postulated to ensure realistic policy and resources development. Resources and policy would be developed incrementally in priority sequence. The entire national strategy policy would have inherent in it certain objectives, resources to accomplish those objectives, and the risk associated with nonattainment. An increment might contain a commitment to various parts of each region of the world or the increment might reflect policy towards an entire region. The first increment is the absolute minimum required with the maximum risk and therefore the most important. Including each of these factors (policy objectives, resources, and risk assessment) would preclude gaps from appearing in the national strategy. Each additional increment would provide another level of capability.¹² Throughout the policy development process, increments could be restructured depending on changes to the environment; for example, the demise of the Cold War; the war in the Persian Gulf; or the budget deficit.

This process would preclude considerable restructure of either policy or resources; for example, each time new Defense Department appropriations and authorizations are enacted.

However, in order to provide stability to the process, the entire package, which equals the national strategic objectives, must remain the same.

ENDNOTES

1. Arthur F. Lykke, Jr., Military Strategy: Theory and Application, p. 3.
2. Aaron Wildavsky, Jr., The Politics of the Budgetary Process, p. 63.
3. Sam C. Sarkesian, U. S. National Security, p. 13.
4. Lykke, p. 3.
5. Wildavsky, p. 63.
6. Julius Duscha, Arms, Money, and Politics, p. 21.
7. Congress, Senate, Senator Sam Nunn speaking to the Senate, "Defense Budget Blanks," Congressional Record (March 22, 1990), S2966 and S2967.
8. For purposes of this paper, resource allocation and budget development are used synonymously.
9. Howard E. Shuman, Politics and the Budget, , pp. 1-2.
10. Arnold Kanter, Defense Politics, p. 59.
11. Interviews were conducted on 5 and 30 November 1990 and 11 January 1991.
12. This incremental approach is not a new one. Increments are part of the Army's Research, Development, and Acquisition (RDA) process. The HQDA Assistant Deputy Chief of Staff for Operations and Plans for Force Department (ADCSOPS-FD) utilizes it in developing functional modernization plans. Training and Doctrine Command (TRADOC) incorporates capability packages in its Concepts Based Requirements System (CBRS).

POLICY DEVELOPMENT

As indicated previously, policy development is a complex process with a myriad of players.

A policy alternative may be defined as a hypothesis: If certain things are done, then others will follow. A program tests this hypothesis in action. One way of thinking about objectives is that they are established before the hypothesis is tested and can be compared to the consequences. But without resources there can be no objectives. A hypothesis includes 'if' as well as 'then;' if in a program specific amounts of resources are combined in certain ways by people possessing particular authority, then and only then does the policy hypothesis exist in a form that can be tested. A policy hypothesis includes both means and ends, not just one or the other."

The process begins with national strategy, which is top down and directed by both the executive and legislative branches. It mandates the initial guidance for the other parts of the process. This policy, which includes the development of national security objectives, must be realistic and reflect the fiscal climate of the country. Inherent in formulation must be attention to the balance between strategic, foreign, and domestic policy.

The confusion over budgetary priorities and policy goals is both a reflection of ambivalent national attitudes toward the military and a stimulus to such ambivalence. On the one hand, there is the national preoccupation with world leadership and power, with national security, with fear of the Communist enemy and dread of the potential proliferation of nuclear weapons--and the respect for military attitudes of duty, order, authority, and patriotism that often accompanies this preoccupation. On the other hand, there is the national preoccupation with the quality and survival of the nation's own internal life, with the decay of the cities, the polarized races, the ecological crisis--and the preference for the values of freedom, compassion, individualism, and creativity that tends to accompany it.²

An escalating national deficit confronting higher savings- and-loan costs, as well as those from the Persian Gulf War, does not portend well during the budget allocation process. However, NSC sources indicated that the 1990 budget summit (perhaps for the first time in recent history) considered these factors when formulating the minimum force structure requirements during the forthcoming reductions. Such determinants support the national strategic policy promulgated in President's Bush's address on 2 August 1990 to The Aspen Institute.

After direction from the White House, OSD issues defense policy, with the primary form being Defense Resources Planning Guidance (formerly Defense Planning Guidance). This guidance

1. provides general guidelines on roles and employment of forces in support of U.S. national security interests;
2. states priorities for broad DoD mission areas and for allocation of resources; and
3. special topics and regional policies.³

Other OSD directives during the Planning, Programming, and Budgeting System (PPBS) (discussed later in this paper) also impact on defense policy.

Given the relatively unchanging environment during the Cold War, policy development may have been perceived as a continuum. It would begin with national strategy articulating national interests, and move towards defense and military policy at the strategic, operational, and tactical levels. Ideally, in this situation, policy would be stable and reflect a longer term.

However, in recent years, the external and internal environment, such as Congressional movement towards more and more

micromanagement resulting in budgets or the radically changing world order, have had profound bearing on policy development.

Regardless of the philosophical basis of policy and the mechanics of the process, the process goes through a variety of phases from policy inception to implementation to impact, with each phase affected by the power of the political actors involved. Moreover, phases are interconnected: What occurs in one phase has an impact on the other phases. Finally, policymaking and the policy process are never-ending. Most policies evolve from already established ones and are constantly being revised and passed through the policy process. The analogy of the spider's web is appropriate.⁴

As such, the process must be described as a dynamic, circular mechanism--one which repudiates rigidity in favor of flexibility. Fluctuations in one part of the policy mandate continual reevaluation of previous decisions at the other levels. Nonetheless,

It is only delusion to think that today's decisions can best be made without even a guess at what the world will be like when the weapon programs initiated today will have become the weapons the nation relies on in [the 21st century]. Not knowing how the world will change is no excuse for pretending that there will be no change, nor is it an excuse for failing to consider how today's decision will alter the world of that second decade.⁵

All elements of the external and internal environment must be factored into policy determination. For example, in formulating the Fiscal Year (FY) 1991 budget, the administration did not respond quickly enough to postulate policy reflecting the demise of the Cold War. The DOD budget signified "the last chapter of the old book vice the first chapter of the new book."⁶ As such, Congress rejected the President's Budget and approved a different one resulting in repercussions at each policy level. The contention was that if the President and his

bureaucracy could not respond in a timely manner (even through it acknowledged the slow workings of the bureaucracy) to the transforming world situation, Congress would take the lead and provide the necessary instrument of change. This was initially accomplished through the FY1991 Authorization and Appropriation Acts. Further, Senator Sam Nunn, Chairman of the Senate Armed Services Committee, concerned with the lack of national strategic policy, espoused his own theories (covering the entire policy spectrum to encompass resources) in a speech before the Senate on "Defense Budget Blanks" on January 23, 1990.

First, there is the threat blank. The basic assessment of the overall threat to our national security on which this past budget is based is rooted in the past. Second, there is a strategy blank. The development of a new military strategy that responds to the changes in the threat has not yet occurred. Third, there is a dollar blank [in reference to the lack of severe cuts to the FY91 DOD budget]. . . Fourth, there is a force structure blank. The Defense Department has not told us the size and structure of military forces over the next 5 years at their own budget levels. And fifth, there is a program blank [referencing Secretary Cheney's top-to-bottom reviews of major weapons programs]

Since then, the President has articulated a national strategic policy reflecting the new world order. Given on the day Iraq attacked Kuwait, he declared that

The defense strategy and military structure needed to ensure peace can--and must be different. . . We calculate that by 1995 our security needs can be met by an active force 25% smaller than today's. Our new strategy must provide the framework to guide our deliberate reductions to no more than the forces we need to guard our enduring interests -- the forces to exercise forward presence in key areas, to respond effectively to crises, to retain the national capacity to rebuild our forces should this be needed. . . maintaining a forward presence [Europe, the Pacific, the Mediterranean and the Persian Gulf] will remain an indispensable element of our strategy.

As previously espoused, an optimum methodology for policy development would be an incremental approach. This direction would include assessment of the risk associated with the threat. With the radical change in world order, risk assessment becomes even more imperative.

A nation's security is a function of the degree of risk a country is willing to accept. It can never be perfectly safe, and increased security requires increased costs, for freedom can so easily be lost.

The primary bipolar threat which permeated our society during the past forty years is at least in abeyance. (The nuclear threat remains a viable one through not very probable, at least in the foreseeable future.) Threats today in a multipolar world are endless.

The international environment is an important and constantly changing influence on U.S. policy. U.S. strategy is largely a response to perceived threats to American interests and objectives that exist in the international arena. . . . The perception of international threats to U.S. core values and interests is thus the base for the formulation and execution of national security policy.⁹

Given the declining state of the economy, the US can no longer afford to operate as the world's police force. Policy development must reflect those national interests which must be protected and whose risks are acceptable. However,

The existing threat environment calls not for costly crash efforts to counter dominant threats but the maintenance of an across-the-board program consisting of numerous and austere-conducted projects providing us with future options quickly to counter whatever specific threat does materialize. . . . There are many forks in the road and many alternative courses of action and the precise character and timing cannot be anticipated. In bureaucracies, decisionmakers are continually tempted to go too far . . . This can be done

only at the cost of neglect of uncertainties, lost flexibility, neglected and suppressed options, and less-than-optimal adjustment to changing opportunities and threats existing in the external environment. In evaluating any planning procedures, we must be on guard against the tendency to exaggerate the extent to which the future can be foretold and planning for it precisely charted. Modifications can be introduced into a system which will permit greater recognition of uncertainties and enhanced flexibility in the face of changes.

The incremental approach will prioritize national interests. This advocates that some interests are more important than others), the resources expended in that pursuit, and the threats and risks the nation is willing to assume. (The first increment is the most important, followed by the second, third, etc.) Within each increment would be a further prioritization. The interrelationship in incremental methodology is particularly important because the decisionmakers seldom "walk the priority lists" unfunding required programs.

Long lists of objectives are useless because rarely do resources exist to carry out more than the first few. The experience of the various federal commissions on national priorities, for instance, is that there is no point in listing 846 or even 79 national objectives because almost all the money is gone after the first three or four are funded. If choosing objectives means abandoning choice, choosing objectives is a bad idea.¹²

The perception is that the processes, i.e., policy and resource allocation, are usually separate and managed consecutively. This is not to advocate that this necessarily change, particularly in view of the complexities and protractedness involved. The recommended course of action is that strategic policy and resource allocation not be developed in

tandem. This would be avoided if the incremental approach were utilized. Needless to say, it is imperative that each increment, as well as their sum, i.e., that the total policy and resource package, reflect a realistic environment, e.g., the will of the American people together with the availability of resources.

ENDNOTES

1. Wildavsky, p. 182.
2. Adam Yarmolinsky, The Military Establishment, p. 93.
3. Robert P. Hilton, "The Role of Joint Military Institutions in Defense Resource Planning," in Making Defense Reform Work, ed. James A. Blackwell, Jr. and Barry M. Blechman, p. 173-174.
4. Sarkesian, pp. 117-118.
5. Committee for Economic Development, Congressional Decision Making for National Security, p. 17.
6. Several sources from the Congress and the Defense Department supported this assumption.
7. U.S. Congress. Senate. Senator Nunn, S2966.
8. George H.W. Bush, "Remarks by the President at the Address to the Aspen Institute Symposium."
9. Caspar W. Weinberger, "Strategy: The Driving Force Behind the Defense Budget," in Defense 87, p. 11.
10. Amos A. Jordan and William J. Taylor, Jr., American National Security, p. 58.
11. James R. Schlesinger, Defense Planning and Budgeting, p. 20-21.
12. Wildavsky, p. 184.

BUDGETS

In the most literal sense a budget is a document, containing words and figures, which proposes expenditures for certain items and purposes. The words describe items of expenditure (salaries, equipment, travel) or purposes (preventing war . . .), and the figures are attached to each item or purpose. Presumably, those who make a budget intend that there will be a direct connection between what is written in it and future events. Hence we might conceive of a budget as intended behavior, as a prediction. If the requests for funds are granted, and if they are spent in accordance with instructions, and if the actions involved lead to the desired consequences, then the purposes stated in the document will be achieved. The budget thus becomes a link between financial resources and human behavior to accomplish policy objectives. . . Viewed in another light, a budget may be regarded as a contract. Congress and the President promise to supply funds under specified conditions, and the agencies agree to spend them in ways that have been agreed upon.

The Federal budgeting process is an interactive one. Guidance is disseminated from the highest levels, i.e., the Office of Management and Budget (OMB). Final budgets, known as the President's Budget, are submitted to Congress at the beginning of each calendar year. The final product, which is approved by Congress, is comprised of appropriations and lines.

The traditional line-item budget is, of course, uninterested in objectives. Budgeters may have objectives, but the budget itself is organized around activities or functions--personnel, maintenance, etc. One can change objectives, then, without challenging organizational survival. Traditional budgeting does not demand analysis of policy, but neither does it inhibit it.²

Nonetheless, the budget process must be interdependent with policy determination.

Budgets can track the policy process and record substantive policy outcomes. . . Policy choices are associated with alternative distributions of scarce

resources. Policy decisions are reflected as the successful budgetary claims made by some agencies and programs at the expense of others. . . . For the policy-maker, this means that many of the major issues and controversies will routinely surface at regular intervals for his consideration; an important part of the decision agenda is reliability as a by-product of the annual budget cycle. For the analyst, a budgetary perspective is a potentially fruitful approach to understanding the organizational context of policy-making and to assessing politically accountable decision-makers' success in achieving their objectives. On the other hand, budgeting can actively shape substantive policy outcomes. The budgetary process yields unequal distributions of rewards and bargaining advantages as well as resources.³

The Federal budget process which supports the President's national objectives begins with OMB allocating to each agency fiscal constraints (also referred to as Total Obligational Authority (TOA))--or the top line of its budget. Ideally, in order to augment stability, this guidance would be distributed at the beginning of any budget (or program budget) process; however, the timing has rarely been apropos.

Normally, budget development emanates from a historical context such as the latest Congressionally enacted budget. However, for the past several years, the Executive Branch has commenced the fiscal year by operating under a continuing resolution (CRA). Congress has not passed Authorization and Appropriation Acts until well past its mandated deadline of September 30 and the consequence is further disruption. However, agreement with all (or more likely) any part of the President's budget can usually be translated into successful policy decisions.

In appraising the budgetary process, we must deal with real men in the real world for whom the best they can get is to be preferred to the perfection they cannot achieve. Unwilling or unable to alter the basic features of the political system, they seek to make it work for them in budgeting rather than against it.

Each agency then proceeds with its own process. (The Defense Department's is described later in this paper).

Resource allocation refers to the further dissemination of dollars, materiel, and manpower (or within DOD, force structure).

Clearly, few U.S. public spheres remain unaffected by even a marginal change in the various resource allocation patterns. Such changes, for example, affect U.S. involvement in the superpowers' arms race, perception of the United States by its allies and adversaries, unemployment rates, inflation, the scope of industrial profits and exports, research and development and technological advancement, together with political, diplomatic, psychological, urban, geographic, social, ethical and other spheres."

An effective resource allocation procedure will permit

top-level decisionmakers to (1) develop a medium- to long-term planning framework to guide their decisions; (2) make intelligent trade-offs in how resources are allocated among the multiple objectives that they have set; and (3) evaluate the results of their trade-offs and incorporate those evaluations into the next set of trade-offs they must make. Ideally, then, in making current decisions, managers have a strategic vision of where they want to go; they make the necessary trade-offs to get there; they evaluate the results of their trade-offs; and they alter their strategic vision and subsequent trade-offs in light of the evaluations of their previous decisions.

Trade-offs, the change in priority from one element of policy to another, are intrinsic at all levels of policy development and budget formulation. Since they are an intricate part of the incremental approach, as postulated throughout this paper, they arbitrarily must include resources.

A possible scenario is that the threat, e.g., Iraq, has now escalated. Using the incremental paradigm, assume that national strategy has been divided into five increments. Each increment represents a certain level of national interests, objectives, inherent risk, and the associated costs. To respond to the increased threat, the National Command Authority determines that, unlike last year, national strategy policy must have a higher priority than the other aspects of national policy, e.g., foreign or domestic. This equates to an increase in defense spending. Since only a finite amount of resources are available, the consequence will be to allocate less to the other programs in the President's budget.

At the defense policy level, trade offs would impact service balance. For example, to procure more weapons systems for the Air Force, the Defense Department might allocate fewer resources to the Navy. At the military strategic level, in order for the Army to pay for a fully modernization armored system might require a bill payer and trade offs within its aviation program.

The consequence of a budget which has been formulated hand-in-hand, i.e., increments, with policy, is one which is more realistic, is able to be more proactive vice reactive and stands a greater chance for survival.

ENDNOTES

1. Shuman, pp. 1-2.
2. Wildavsky, pp. 220-221.
3. Kanter, p. 3.
4. Wildavsky, p. 173.
5. Alex Mintz, The Political Resource Allocation in the U.S. Department of Defense, p. 10.
6. Robert J. Art, "From Budget Wars to 'Real' Wars: The Pentagon and Biennial Budgeting," in Making Defense Reform Work, p. 28.

HISTORICAL PERSPECTIVE

The interrelationship of policy and budget is not a new phenomenon. In view of the separation of powers, i.e., the President as Commander-in-Chief and the Congress with appropriation authority, this relationship has been prevalent throughout much of our nation's history. This chapter examines the policy and budgetary development of selective periods during the twentieth century.

Traditionally, . . . budgeting [had] been conducted through the use of an administrative structure of executive departments and associated subdivisions. Budgets reflected the resources necessary to operate each department and were not related directly to the end products or outputs which the departments were to produce. Such budgets were reviewed by scrutinizing increases or decreases in proposed expenditures; particular[ly], . . . personnel, supplies, and equipment necessary to perform prescribed departmental activities. . . Any administrative control within such a budgetary system necessarily dealt with regulating resource inputs because those inputs . . . were not related to expected results in any systematic way. [As such,] traditional budgeting [did] little to enhance the economic notion of efficiency-- achieving a desired result at the lowest cost. . .

During the early years of the twentieth century, federal budget reform became an item of increasing concern to members of Congress [and] the Executive Branch. . . The overall thrust. . . intended, that costs and work loads be related in some meaningful way.

DEPRESSION (1929 to 1936)²

The Depression is particularly relevant as a correlation which confronts today's army, i.e., declining resources, a changing threat which is not so easily discernible, and a

drawdown of potentially mammoth proportions. "The Army planning and theory during this period were based on the 'insurance concept' of preparedness. [Objectives were to] discourage affront and aggression, protect the liberties and the property of its citizens, and to cope with any emergency that would challenge American safety and interests."³ The Army was particularly concerned that the preoccupation with drastically declining resources facing the country during this period would severely restrict its ability to perform its mission. It maintained that no substantial reduction was possible without violating the National Defense Act of 1920 which would abandon the requirements of national defense. It argued that the potentially outlandish reductions being proposed would necessitate a return to the pre-1916 military posture. The peacetime Army seemed unwilling, despite constant pressure, to adopt "new and untried procedures and programs." Its most essential requirement was that it be properly maintained regardless of size, with primary attention be given to a raise in pay. Nonetheless, the War Department conducted a study

. . . on the possibilities of effecting economies in the military establishment for submission to the President. Its objective . . . was to survey the military establishment with the aim of 'making extensive reductions' in the military budget without 'manifest injury to the national defense.' This reflected the understanding by the Chief of Staff that all military needs were not going to be met, and all that adequate preparedness could do would be to mitigate insecurity, not eliminate it. The problem in 1929 . . . was to provide adequate military force within a politically feasible and financially sound budget figure.⁴

What also was at stake was the "power of the purse." The Army had had primary responsibility for developing and submitting its own budget to the President. It was concerned that the Bureau of the Budget, as the President's agent, would usurp their obligation to determine which cuts were necessary in order to stabilize its budget. Such a shift would reduce the Army's power and influence.

If stabilization was the policy, Summerall wanted Hoover to give the Department a financial ceiling and make it the responsibility of the Army to stay within this limit . . . the gap between what was desired for the Army and actual appropriations was indeed significant and suggested that military planning should be more attuned to the meager funds that could be expected.⁵

Key to ensuring that military policy was effective was through the budget and that adequate resources designated for military purposes (my emphasis) had to be considered concerning the general financial condition of the country.

"The necessity of retrenchment in spending continued to be an onerous burden for the Army, and this fact had become the dominant factor in shaping national military policy."

In October, 1930, the Mechanized Force was finally assembled at Fort Eustis, Virginia. It was deemed advisable to assemble the unit with the equipment then available and to plan for the future development of equipment on the basis of experience gained from maneuvering a permanent mechanized force. In May of the following year, General MacArthur reversed this policy and ordered the Mechanized Force to be split up and disbanded and organized under the control of the infantry and cavalry chiefs. The realization that adequate funds to equip and organize an independent armored force would never be forthcoming because of the extreme expense involved undoubtedly had an important influence in the Chief of Staff's decision.⁶

Politics also played a central role throughout this period. The feeling was that the Army was the "sacrificial lamb" so as to comply expeditiously with federal fiscal policy.

The contention was the basic purposes of the Constitution and essential needs of the defense were gradually being considered as a needless expense. A sense of helplessness and resignation prevailed in some military circles, and it was felt that the remedy for the continuing budget deficiencies probably would be a further skeletonization for the Army in order to meet the demands of the "newcomers to the federal payroll and the scope of the federal government."

MacArthur, as Chief of Staff, reaffirmed that the FY33 budget represented only "the minimum that the Army must have in order to exist for a single year rather than the true requirements of national defense."⁸ Future budgets also had severe policy ramifications. In 1935, Congress voted to prohibit the use of relief funds for military or naval purposes. As such, the Army was forced to abandon its initial mobilization plans which required one million men. It determined that such plans were unrealistic because of budgetary constraints and was forced to devise a much smaller, moderate and balanced force.

The availability of funds and the limitation imposed on procuring supplies and equipment forced Army planners to base mobilization plans on a force which would be capable of only defense and initial protection. . . a force based on a "defensive policy." .. Knowledge of the fact that the Army was unable to supply even its minuscule standing force with modern weapons because of budgetary limitations gave impetus to the revision of mobilization plans.⁹

The General Staff, however, was

inflexible, doctrinaire, and adamant about the civilian components and the maintenance of a trained military potential that could expand mobilization as the nucleus of a

mass 'citizen' army. All else, including equipment and materiel in general would be willingly reduced, sacrificed, or eliminated.

Conclusion.

. . . Constant budgetary pressure instilled a habit of thought resistant to change and to new and possibly expensive ideas. The keynote of General Staff policy was preservation before progress. This was the direct result of the need throughout the early 1930's to maintain the military establishment at the irreducible minimum.

The shortage of funds during the prolonged economy period developed the reaction among Army planners in preparing budget estimates for projects and programs, they should base their estimates on what funds to expect rather than on what was needed. Thus, the availability of money dictated policy [my emphasis].

1947 WAR DEPARTMENT POLICIES AND PROGRAM REVIEW BOARD¹²

This after-actions report following the end of World War II studied the application of resources and the formulation of policy. One conclusion addressed not only balance but allocation by priority. Another resolution contemplated the implications of cost on military effectiveness.

Within the total funds appropriated for national security, especially if they are inadequate to meet the ideal requirements of all services, it is essential that a proper balance be achieved between Army, Navy, and Air Force. . . Obviously, where both dollars and volunteers are short of the total which each service would require to attain ideal requirements, shortages ought to be allocated according to some system of priority.

Cost is a major controlling factor in determining the effectiveness of the D-Day force. If the Nation will not give continuing financial support to a standing Army of sufficient size to meet D-Day requirements, it is generally agreed that recourse must be sought in mobilization potential in the form of civilian components, which are less expensive

but which, nevertheless, would form an effective basis for expansion between M-Day and D-Day.

1945 - 1961

This period has been characterized as one with interservice rivalry, somewhat irregular civilian control which improved somewhat in the 1950s, and relatively limited Congressional participation.⁵

TRUMAN. Upon assuming the presidency, Truman's primary objective was to balance the budget.

At the end of World War II, America had twelve million men and women in uniform. By December, 1948, at the end of President Truman's first term, the entire force had been reduced to one and a half million, largely as a result of the Administration's attempt to balance the budget and reduce the national debt.⁶

To accomplish this end, he imposed a budgetary ceiling on defense expenditures. The methodology was categorized as the "remainder" approach. Defense received funding

by estimating general revenues, subtracting funds earmarked to domestic programs, foreign aid, and interest, and devoting the remainder to defense spending . . . Domestic political priorities ensured that there would be inadequate monies for the forces-in-being believed needed to contain Soviet power; by default, reliance on mobilization continued."⁷

Truman also expressed considerable frustration with his inability to allocate money without congressional approval. He

identified the anomaly when discussing the problems Eisenhower would face upon taking office: 'He'll sit here (tapping his desk), and he'll say, 'Do this! Do that!' and nothing will happen. Poor Ike, it won't be a bit like the army. He'll find it very frustrating."⁸

In 1949, the Commission on Organization of the Executive branch of Government, usually termed "the First Hoover Commission" formally recommended adoption of a reformed Federal budgeting system.¹⁹ A second-generation concept of budgetary reform, rooted in economics, was "program budget" was also being developed at the same time. It

. . . attempted to focus attention on outputs--or programs-- which were 'ends to be served by the government,' rather than on dollars to be spent or resources to be consumed. . . It focuses on objectives and costs necessary to obtain those objectives, and has a multiyear dimension.²⁰

It was during this period that NSC 68 was formulated.

The Joint State-Defense Department report delivered to the National Security Council in April 1950 advocated an immediate and large scale build up in our military and general strength and that of our allies with the intention of righting the power balance and in hope that through means other than all-out war we could induce a change in the nature of the Soviet systems . . . [It] called for a substantial increase in defense expenditures, warning that the United States must be capable of dealing with piece-meal aggression and subversion, with both limited and all-out war. The problem was how to sell a substantial increase in the defense budget without an imminent threat in an administration committed to a policy of economy and balanced budgets. The problem was solved on June 25, 1950 by the North Korea invasion of South Korea.²¹

EISENHOWER. Eisenhower shared with his predecessor a desire to reduce military expenditures and balance the federal budget. He had campaigned on a peace and economy platform and was committed to reducing the Truman budget deficit through a tax reduction and spending cuts.

At the same time program budgets were being appraised, RAND was integrating that concept with operations research and

economic analysis techniques. RAND attempted to apply economic criterion of efficiency to analyses of long-range Air Force problem.

The more efficient are our military planners. . . i.e., in minimizing costs for the accomplishment of given missions, or, saying the same thing the other way around, in maximizing military worth while incurring given costs--the higher will be our economic war potential.²²

Having established a coherent and uncompromising national strategic policy, Eisenhower set about to manipulate the budgetary process. He was criticized because

the political leadership had failed to exploit the budgeting system as a means by which to achieve a coherent and coordinated and coordinated defense program . . . Eisenhower . . . was concerned about how much was spent but exercised minimal control over what was bought.²³

Nonetheless, he did have success with the budgetary process in support of his policy and understanding the linkage between the two.

If an administration were seeking to shape and direct defense programs by means of the budget, the most potent level points to the funding of weapons systems, that is, to the procurement accounts. . . These [weapon systems] choices . . . have become . . . the key decisions around which much of the defense program revolves. . . The Eisenhower administration exercised its national security policy preferences through the operations of the defense budget cycle. . . The budget was the blueprint of the administration's defense policy, and the budget process was the mechanism for monitoring compliance.²⁴

1961 - 1969

During this period, explicit, arbitrary budget ceilings were removed and fiscal constraints were based on appropriation targets. Secretary of Defense Robert McNamara was the primary

authority during this period. It was his construction of a program budget which strengthened and centralized the Secretary of Defense's policy and budget control.

In 1961, McNamara established the Planning, Programming, and Budgeting System (PPBS). The intent was "to achieve centralized civilian control over the Department of Defense's operations and to allocate resources by cost-effectiveness criteria."²⁵ As such, PPBS has become a control mechanism, ensuring that the DOD budget attains those objectives approved by the Secretary of Defense.²⁶

Planning, Programming, and Budgeting Systems require a structure in which all policies related to common objectives are compared for cost and objectives. Not a single theory for a particular area of policy but, rather a series of interrelated theories for all policies is required. If we barely sense the relation between inputs and outputs in any single area of policy, however, how likely are we to know what these relationships are across the widest realm of policy?²⁷

It was during this time that the Armed Services Committees in the Congress enjoyed expanded authority. Both evolutions generated more civilian control concerning defense decisions.

The budget ceiling approach had not proven an effective means of rationally structuring the U.S. defense program. In effect, service missions were determined independently, monies were allocated on a "fair shares" basis, and programs were developed with little regard for what the other services were doing. . . [Upon instruction from President Kennedy] "Develop the force structure necessary to our military requirements without regard to arbitrary or predetermined budget ceilings. And secondly, having determined that force structure, procure it at the lowest possible cost."²⁸

While Kennedy had directed that political, economic, and social factors be considered in policy deliberations, McNamara,

before the Senate appropriations Committee, testified that

I believe that our Nation can afford whatever we need to spend on our military security, so there is no financial limit placed on the defense budget. To be quite frank with you we didn't even add it up until we decided on each element of it, because it wasn't a question of "What does it add up to?" that determines whether a particular element is to be approved, but rather whether that element supports a clear military requirement. . . The \$12.9 (billion) of fiscal year 1967 budget request which I cut were cut out not because we couldn't afford it and not because we didn't have the financial ability to pay for it and not because of some arbitrary financial limit established in the budget but rather because those requests did not appear to support a bona fide military requirement.²⁹

1969 - 1975

This period marked a breakdown in agreement concerning foreign policy and defense strategy. During this phases, Congress had more public participation concerning defense policies and programs.

During the Nixon/Ford era, budgetary decisions were determined according to fiscal guidance procedures. Carter displayed significant distrust towards the military and, as such, diminished even further their leverage in the budgetary planning process.³⁰ Particularly noteworthy during this administration was the

The decision in 1977 to forego production of the B-1 bomber . . . represented one of the few times a president has rejected an inherited major weapons system after it had completed development and was ready for production.³¹

1980-1990

The antithesis of his predecessor, President Reagan, during his first administration, successfully accomplished the large military buildup necessary to confront the increasing threat to US vital interests. However, during his second term, this success shifted to concern over the demands of the escalating defense budget and the availability of resources. The focus no longer became how to spend more effectively but rather how much of a reduction in defense resources was possible.

The central problem confronting the Reagan Administration's military strategy is the same problem that has plagued U.S. military strategy since 1945--a peacetime imbalance of ends and means, responsibilities and resources, commitments and capabilities, of a magnitude sufficient to call question prospects for success in the event of war...Senator Sam Nunn has concluded that "the Reagan Administration's military strategy far exceeds our present and projected [military] resources."³²

CONCLUSION

A common thread running throughout much of this discussion has been the ability of the executive branch to perceive that policy execution was highly unlikely unless accompanied by sufficient resources. The evidence supports the conclusion that in many instances, resources strongly influenced defense policy. History also confirms that both the executive and the legislative play key roles in both the policy and budgetary processes. Even more significant is the resolution that both factors--the determination of policy and the availability of resources--must

be in concert with national interests. An inability to recognize these conclusions will only result in failure to meet national strategy objectives.

ENDNOTES

1. Fabian, pp. 265-266.
2. This entire section is based on John W. Killigrew's 1960 Doctorate Dissertation on The Impact of the Great Depression on the Army, 1929-1936. The author used extensive primary research, e.g., Army memoranda to accurately reflect the times. Nonetheless, this examination is particularly applicable to today's circumstances which confronts declining resources and a drastic drawdown of military forces.
3. Ibid, p. I-14.
4. Ibid, p. II-18.
5. Ibid, P III-6.
6. Ibid, p. V-1.
7. Ibid, p. V-12.
8. Ibid, P. V-16.
9. Ibid, p. XV-24.
10. Ibid, p. Concl - 2.
11. Ibid, Concl - 3.
12. This section reflects the Final Report of the War Department Policies and Review Board, dated 11 August 1947.
13. Ibid, p. 8
14. Ibid, p. 44.
15. Nancy J. Bearg and Edwin A. Deagle, "Congress and the Defense Budget", in American Defense Policy, ed. John E. Endicott and Roy W. Stafford, p 337).
16. T. R. Fehrenbach, This Kind of War; a Study of Unpreparedness, p. iii.
17. Jordan and Taylor, p. 62.
18. Sarkesian, p. 55.

19. Fabian, p. 266.
20. Ibid.
21. Jordan and Taylor, p. 64.
22. Charles Johnston Hitch, "Economic Aspects of Military Planning," U.S. Air Force Project RAND, p. 2.
23. Kanter, p. 59.
24. Ibid, p. 68.
25. Art, p. 28.
26. Fabian, p. 265.
27. Wildavsky, p. 199.

28. Jordan and Taylor, p. 71.
29. Kantor, p. 89.
30. Mintz, p. 24.
31. Jordan and Taylor, p. 106.
32. Jeffrey Record, Revising U.S. Military Strategy, p. 44.

CONGRESS

The Constitution mandates that Congress has the power to declare war and raise revenues. With the President having responsibility as Commander in Chief over all forces, the founding fathers' intent was to establish a checks-and-balance system. Nonetheless,

As Richard Neustadt pointed out in his well-known study of the presidency, "The Constitutional Convention of 1787 is supposed to have created a government of 'separated powers.' It did nothing of the sort. Rather, it created a government of separated institutions of sharing powers."

This checks-and-balance system also ensures that Congress will be an equal partner in the defense process.

Congressional performance is not measured simply by how deeply Congress cuts the defense budget--or any budget for that matter. We think there is widespread and enduring consensus around the idea that Congress acts best in an oversight role--reviewing presidential judgment, checking the frequently distorted political vision of executive agencies, and monitoring the quality of program development and implementation. Oversight does not necessarily require sharp reductions in the President's budget. What it does require are well-organized procedures to help busy Members of Congress surface critical issues, force informed debate and decisions on these issues, and induce competence out of the Executive Branch as well.²

Congress influences the policy-making process through its appropriation of funds, by changing the President's budget (e.g., disallowing or adding new programs), and by focusing public attention on policy implications. In addition, "Congress makes its most important choices by choosing what not to consider. Uncontrollability is a biased form of control."³ It is

doubtful, however, whether Congress fully appreciates how its budget decisions impact strategic, defense, and military policy.

The constitutionally mandated responsibility of appropriation results in a significant influence over the defense budgeting process:

First, Congress has gradually limited the discretion available to the executive in the spending of defense appropriations. Specifically, limits have been set on executive ability to shift congressionally appropriated funds within or between individual accounts, to impound (or refuse to spend) allocated funds, to carry over unspent funds indefinitely, and to make widespread use of large, undesignated contingency funds. As a result, executive determination of actual defense spending is increasingly confined to what Congress has expressly stipulated. Second, almost all defense items other than pay must face an annual legislative "double jeopardy": authorization (a process by which programs are designated and costs established) and appropriation (by which the actual monies are approved to fulfill the authorization). . . Initiative remains largely with the executive, reflecting its greater resources and its sophisticated systems analysis capacity in particular. But although Congress continues to be largely reactive, it is also more able and more willing than previously to challenge the executive on more specific programs. . . . Requests themselves are scrutinized more thoroughly. . . Congress can enhance the quality of American forces through oversight and effective initiative.; at the same time its lack of any adequate systems analysis capability, and its particular vulnerability to the domestic political pressures of weapons production, can easily distort its perspective. Budget requests may be increased or decreased, in part or in whole; rarely, however, will they be left alone."⁴

Enacting unwanted requirements or disallowing programs which have been submitted in the President's budget, an integral part of his national strategy policy (and hence, defense and military policy as well), will often have a destabilizing consequence on the Defense budget. This is particularly relevant because future defense programs and budgets emanate from the latest

Congressionally approved budget. (This could be the latest legislation or even a Congressional committee mark.) For example, Army policy now dictates accepting near- and mid-term risk in order to protect future warfighting capability and preclude technological surprise. To accomplish this objective, the FY91 President's budget terminated tank plant production in the near term. Nonetheless, the FY91 Authorization and Appropriation Acts directed that the Army initiate an upgrade program in FY91 with Army supporting in FY92 and continue tank production in FY92.⁵

Congressional refusal to accept this presidential directive could possibly be attributed any or all to the following: a genuine concern with the impact on the industrial base; Congressional apprehension over the Army's ability to maintain a heavy force; or simply, pork barrel (a parochial concern for jobs within a Congressional district). Whatever the intent, Congressional legislation could possibly have serious effects on all levels of strategic policy. In developing future programs and budgets, the Army must find a billpayer (trade off) from its already drastically declining resources to pay for a system it did not particularly require. Secondly, if Army policy had been to move away from a heavy force to a light one, this Congressional mandate would have serious repercussions in its ability to sustain such a policy direction.⁶

Focusing public attention on policy implications is vital because Congress serves

as a link between the American people and their Government, bring popular feelings and opinions to the notice of the often isolated ranks of policy-makers in Washington, while at the same time serving as a medium through which policies can be introduced and explained. In a democracy, where lack of public support for a policy can prove fatal to its prospects, the importance of such a function is manifest.

The result of public interest or citizen impact often pork barrel. Such pork barrel interests often drives policy, particularly defense. An example are Congressionally mandated base closures, something the Congress continually delays in executing. While Congressional responsibility to constituents is clearly recognized, the public interest may not be well served when these parochial concerns are either the only or the primary consideration. For example, legislating a program which the Army neither wants nor needs in order to preserve jobs is clearly a waste of tax dollars.

The case of local constituency interests, deviation from guardianship of the budget is exceedingly powerful because it touches on the most basic relationship a Congressman may have--that with the people who elect him and might conceivable defeat him--and because Congressman are prone to take as an article of faith another of their roles as defender of constituency interest.

The cumbersomeness of the Congressional process is another area of concern. Often no less than ten separate committees (or subcommittees), review or act upon the defense budget. This requires countless hours preparing and evaluating testimony as well as the requisite time spent by senior leadership before

Congress in what are sometimes repetitive statements before more than one committee. In addition, the Pentagon devotes endless hours preparing, coordinating, and approving Inserts for the Records (clarification to or further amplification of testimony) and responses to Congressional investigations or studies. These, in turn, must be analyzed by Congressional staffers and briefed to the appropriate Members. Congress, too, must suffer through this unwieldy process. "The chief consequence of this structural disunity is to divide the congressional perspective, making the creation of integrated and coherent legislation and policy almost impossible."³ This is not to deny the importance of the oversight function but rather to question the expediency, efficiency, and effectiveness of legislative micromanagement.

Members of Congress themselves often lament the legislature's neglect of broad policy issues and effective oversight in favor of a preoccupation with the details of defense programs and budgets. The repetitiveness and inherent conflicts of the three overlapping congressional process--budgeting, authorizing, and appropriating--are cited particularly as a source of instability and inefficiency. . . . Few members would dispute the current role of Congress is less than ideal. Senator Sum Nunn, chairman of the Armed Services Committee, summarized the problem well in October 1985: "I cannot remember when we have had a floor debate on our national military strategy and how well we are doing in carrying out that strategy. We have not had a serious debate about the important relationship between our national objectives, our military strategy, our capabilities, and the resources to support that strategy. . . . Instead, we are preoccupied with trivia. . . . It is preventing us from carrying out our basic responsibilities with broad oversight."¹⁰

The trend towards micromanagement can possibly be attributed to the perception that the budget submissions are unrealistic

(for example, not reacting to changes in the environment) and in past years, DOD unable to manage its programs efficiently (the \$700 coffee pot). Nonetheless, the consequence of micromanagement only adds to the instability attributed to the defense budget process.

Since power is often found in the purse (the name of the game is to get the resources, for without resources, the mission-- strategic, operational, or tactical, can not be performed!), it is in the best interests of both branches to establish better communications and sensitivity towards policy directions and national interests. Knowing that the President's budget is "dead on arrival" and subject to massive changes by Congress (which has apparently been the predicament for at least five or six years) is extremely dysfunctional. The result is to create unwarranted disruption to the national strategy which needs to preserve some semblance of stability. The importance of the legislative input is clearly acknowledged. However, it is not micromanagement but oversight.

Congress has an inherent role to play in the formulation and implementation of U.S. defense policy. It is a key forum for periodic debates on U.S. security objectives and alternative strategies intended to achieve those goals, based principally on the executive branch's presentation of its own conclusions. This dialogue between Congress and the White House should include not only questions of the necessary size and character of military forces but also far more basic questions about threats posed to U.S. interests and means available to counter them.

ENDNOTES

1. Richard Haass, "The Role of the Congress in American Security Policy," ed. John F. Reichart and Seven R. Strum, Jr., American Defense Policy, Fifth Edition, p. 548.
2. Beang and Deagle, p 336.
3. Wildavsky, p. 247.
4. Haass, p. 559.
5. Department of Army, Office of Deputy Chief of Staff for Operations and Plans, DAMO-FDR, FY91 Congressional Budget Decisions Impact, 7 November 1990, charts.
6. The conclusions expressed are the author's conjecture based on experience with the process. The author was unable to formally confirm either Congressional intent or impact on policy.
7. Haass, p. 571.
8. Wildavsky, p. 49.
9. Haass, p. 551
10. Blackwell and Blechman, pp. 259-260.
11. Ibid, p. 258.

DEPARTMENT OF DEFENSE BUDGET

The Department of Defense is a cabinet-level organization. Reporting to it are fourteen defense agencies and the three military departments, Army, Navy, and Air Force). The military departments, each headed by a civilian secretary, are responsible for recruiting, training, and equipping their forces, but operational control of these forces

41(signed to one of the unified and specified commands. As of May 1, 1990, DOD employed almost five million people, including active duty service members, civilian employees, and reserve forces in approximately 1,300 military installations and properties throughout the world. This number is expected to be drastically reduced over the next five years. The FY91 President's budget represented five percent of the gross national product or 23.7 percent of federal outlays and 13.9 percent of federal spending.'

The Secretary of Defense is primarily responsible for shaping the defense program in support of national strategic policy. The mechanism to achieve these objectives is the defense budget.

Defense budgets reflect the military capabilities that define the Pentagon's national security mission, the organizational objectives of the services, and the outcomes of the interactions among participants with different program priorities. Robert McNamara probably stated this position most forcefully: "policy decisions must sooner or later be expressed in the form of budget decisions on where to spend and how much." A comparison of the budget estimates that the

services submit to the secretary with the defense budget that the president presents to Congress reveals to the services which among them succeeded and which failed. From the president's perspective, the comparison indicates how successful politically accountable civilians have been in imposing their view of the requirements of national security on the uniformed bureaucracy. The budget cycle not only drives much of the policy process, but the formal budgeting system which defines that cycle also distributes bargaining resources unequally among the participants and produces differences in ability to influence outcomes.³

Decisions pertain to choice of weapons systems and levels and types of force structure as well as the infrastructure required to support both. The purpose of the defense budget can best be described as follows:

The defense budget translates our national security strategy and our perception of the threats to our vital interests into the forces, systems and support required to provide the American people with an adequate, high-confidence defense in the years ahead. . . this budget represents our best estimate of the resources needed to protect the American people and their interests from identified threats. . . sole purpose of the defense budget is to reduce the risks to our interests by providing the quantity, quality and type of forces necessary to achieve the desired goal of our strategy . . .

These determinations will usually have profound impact on foreign and domestic policy as well as military strategy and defense budgets.⁴

. . . The magnitude of budgetary support is perceived to be intrinsically important. President Nixon and Henry Kissinger believed that the aggregate level of defense expenditures is an important signal to foreign nations of U.S. resolve.⁵

Different patterns of allocation of resources naturally have different impacts on the balance between strategic and conventional forces, the ratios between military investment programs.. and operating... programs, and those between the competing armed forces.... Moreover, it is now generally believed that the context between the superpowers concerns not total expenditure for national

security but spending on research and development and procurement of strategic systems'

The defense budget debates are usually the most predominant aspect of national security policy formulation and provide a primary forum for Congressional participation.

The Constitution makes no provision for a clear division of labor in the design of the shape and size of the armed force of the United States. Nevertheless, since the creation of the Bureau of the Budget in 1921 (from 1974 known as the Office of Management and the Budget, or OMB), in the defense budgeting area the initiative has shifted to the executive. Several factors account for this development: . . . the President's role of Commander-in-Chief[;] the large executive bureaucracy[;] and the close ties between the executive branch and the uniformed services. . . [as well as] political and even psychological reasons: Throughout the dozen years after World War II, except when confronted by similar competing programs, Congress never vetoed directly a major strategic program, a force level recommendation, or a major weapons system proposal by the Administration in power .. During the Cold War, Congress was simply not going to assume the responsibility for weapons selection. Congressman Les Aspin made a similar point more bluntly, "Playing it safe usually means buying more."

Under PPBS,

First, precise strategic objectives of the military establishment should be determined; next, activities necessary to achieve those objectives in the long run should be identified; and finally, every attempt should be made to minimize the cost of those activities. Budgetary decisions were thus to be based on programs or missions and their objectives and not on program inputs as in the past, when decisions were based on appropriation categories. Moreover, under PPBS, appropriations were to consider planned future commitments rather than only the conventional one-year budgeting cycle.

The budget process usually commences with the development of the plan (consisting of from six (mid term) to thirty years (long term)), e.g., The Army Plan (TAP). The Plan then changes to a

Program (recently expanded from five to six years) with a focus of the near and mid term, which then converts to the two-year budget. Despite the 1986 DOD Authorization Act which legislated that the Defense Department submit a two-year budget, the budget is formulated (though not the plan or program) or amended at least once a year. For example, in FY 1989, the services submitted three budgets: the FY89 President's budget (under President Reagan), an Amended Budget Submission, and the Bush budget.

The entire process can take more than two years--from the development of the plan (the Army's research, development, and acquisition process requires an additional eighteen months) until Congress approves the President's budget. The process is a time-consuming involving most of the Pentagon workers at all levels as well as untold numbers outside Washington. The following underscores the impact of budget development on the bureaucracy:

The annual budget is the time for decision. As one Navy officer explained, there is a pervasive tendency in the Pentagon to postpone decisions, to keep the options open, and to avoid conflict. The annual budget cycle, since it forces decisions, is a major locus of influence: "No one gets serious about deciding anything until the budget is due." One Air Force officer observed: "The budget-makers, who allocate the budget and the budget reductions, are, in one sense, running the Air Force."

PPBS is often discerned as being unwieldy and unstable. OSD resource guidance, often in the form of decrements, can be distributed as many as seven times each year. The perception is that policy and resources are not formulated together or even

concurrently. Such massive changes occurring so frequently can only have negative impact on not only the national strategy requirements but also its execution.

The budget cycle not only drives much of the policy process, but the formal budgeting system which defines that cycle also distributes bargaining resources unequally among the participants and produces differences in ability to influence outcomes.

Former Assistant Secretary of Defense Lawrence Korb provided the following reasons for the lack of success in the budget process:

In theory, the budget process should provide for a force structure closely related to the national security policy of the nation, and .. the policy should take into account the evolving threat facing the nation. However, in practice the fit between the threat, the policy, and force structure is quite loose. This lack of symmetry among these elements is caused by [some of the following] interrelated economic and political factors: . . . The length of time . . . can make outmoded or irrelevant any policy guidance. . . [Also, there exists] no purely scientific way of allocating the limited resources to support a particular national security policy. . . . The scope of the defense budget is simply too vast for any one central authority to administer in a coherent manner. . . . Output of the defense budget process is severely constrained by political realities. In the final analysis the size and distribution of the defense budget are affected strongly by the positions and relative influence of the players involved in the process. . . . Present policy options are often constrained by past budgetary decisions. A weapon system funded in a particular budget takes about six years before it becomes operational and then can last up to 30 years.

The process now seems to be only reactive, mostly to budget decrements. For example, terminating system A was hopefully in support of policy objectives. Most likely, it was probably a questionable system which made an sizeable contribution to a

recent decrement directed by OSD. By determining policy and resources in concert and by increments, many of the negative implications would be alleviated or perhaps even eliminated. However, until PPBS stabilizes with fewer changes in policy direction or TOA allocation and OSD gains control of the process vice Congress, the entire DOD process will not be proactive and not achieve the requisite level of efficiency.

The more efficient are our military planners . . . in minimizing costs for the accomplishment of given missions, or . . . in maximizing military while incurring given costs [,] the higher will be our economic war potential. Which means, for any given standard of living, the greater will be the military power we can bring to bear on an enemy. Economic efficiency is just as rewarding in the military establishment as it is in our factories, and for the same reasons.

ENDNOTES

1. Department of Defense, 1.Defense 90, p. 3.
2. Kanter, p 5.
3. Weinberger, p. 3.
4. "The importance of the budgeting process for control of defense policy was recognized as early as the 1949 amendments to the National Security Act. . . attempted to enhance the secretary's power by vesting in him full authority over the preparation of the defense budget. . . The budget is one of the most effective, if not the strongest, implements of civilian control over the military establishment." Kanter, p. 6.
5. Ibid, p. 5.
6. Mintz, p. 11.
7. Haass, p. 558.
8. Mintz, p. 27.
9. Kanter, p. 4.
10. Ibid, p 5.
11. George F. Brown and Lawrence Korb in American Defense Policy, ed. John F. Reichart and Seven R. Strum, Jr., Fifth Edition, pp.578-584.
12. Hitch, p. 2.

CONCLUSION

There have been periods throughout our history when either resources predominated or when policy was more important. The original focus of this paper was to determine whether resources drive policy. The analysis indicates that in peacetime, resources are often more of a deciding factor than policy considerations. Needless to say, this is only a generalization. For example, during the Reagan defense build-up, in an effort to assume superiority (or at least parity) with the U.S.S.R. in the Cold War, little doubt exists that policy was the stronger partner in the policy/resources relationship. In wartime, strategic policy normally determines the allocation of resources. During the Vietnam era, resources were not going to dominate the strategic policy considerations or the national interests. Therefore, costs for this conflict were submitted each year as part of a supplemental budget. The same has been true during the recent Persian Gulf War. But the bottom line must be the level of risk this nation is willing to assume vis-a-vis the amount of resources it is willing to spend at the expense of other programs.

The question of whether policy drives resources or vice versa fuels considerable debate. For example, some officials in the Department of Defense are somewhat skeptical that resources influence policy determination. They contend that objectives are

formulated and that resources provide the means to achieve those goals. If insufficient resources are furnished, fewer objectives will be attained or more risk will need to be accepted.

"Thus, to attempt to harmonize U.S. military obligations and resources by cutting the former to fit the latter would be inherently self-defeating."² However, one highly-placed source who addressed the U.S. Army War College Class of 1991 emphatically asserted that resources do in fact drive policy. He contended that it was up to Congress to decide on the allocation of resources and then, policy would be determined.

The primary responsibility of the military . . . is simply to get the most military effectiveness out of whatever funds, representing national resources, are allocated by Congress for military purposes. This is a problem of using with economic efficiency. It is a very difficult problem, which . . . military organizations have tackled with varying degrees of success.³ . . . The question is usually put in the impossibly oversimplified form: What does the military require to provide adequate defenses? "Requirements" are flexible and "adequate" is a relative term. What Congress really needs to know is: How much strength can be bought with military budgets of different sizes?

Nonetheless, after extensive research, no absolute conclusion can be reached. In fact, any attempt at resolution usually contains exceptions.

Resources change objectives--a million dollars might make one think of different things to do than would a thousand--as much as the other way around. Each analysis, as well as every practical application, should teach us much about what we prefer as about how much we put in. Ends and means are chosen simultaneously.⁴

The final conclusion can only be that neither policy determination nor budget formulation should be considered in a vacuum.

For sensible policy depends as much on knowledge of the world as it is, as on knowledge of the world as it ought to be. Knowing more about what the budgetary process actually accomplishes, we are able to suggest more appropriate and less drastic suggestions for change. The more we know about how the process works, the better position we will be in to make recommendations to policy makers that make sense, and that do not fool either the giver or the recipients of this advise.

This can only be accomplished through Congress and the executive working together in the national interest. An incremental approach, or any other which realistically contemplates the two domains together, will have an optimum influence on stability and, hence, the greater chance of success and long-term survival.

ENDNOTES

1. Interviews conducted on 29 November 1990 and 11 January 1991.
2. Record, pp. 49-50.
3. Hitch, p. 8.
4. Wildavsky, pp. 181-182.
5. Ibid, p. 150.

APPENDIX A

CONSTITUTION

ARTICLE I, SECTION 8. The Congress shall have Power to :
To declare War..;

To raise and support Armies, but no appropriation of Money to that Use shall be for a longer Term than two Years;

To provide and maintain a Navy;

To make Rules for the Government and Regulation of the land and naval Forces;

To provide for calling forth the Militia to execute the Laws of the Union, suppress Insurrections and repel Invasions;

To provide for organizing, arming, and disciplining the Militia, and for governing such Part of them as may be employed in the Service of the United States, reserving to the States respectively the Appointment of the Officers, and the Authority of training the Militia according to the discipline prescribed by the Congress;

..To exercise like Authority over all Places purchased by the Consent of the Legislature of the State in which the Same shall be, for the Erection of Forts, Magazines, Arsenals, dock-Yards and other needful Buildings;

Article II, Section 2. The President shall be Commander in Chief of the Army and Navy of the United States, and of the Militia of the several States..

Article I, Section 7. All Bills for raising Revenue shall originate in the House of Representatives. . .

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