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## Mobilizing U.S. Industry: A Vanishing Option for National Security

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artistic and technically informative drawings by James Dean. These drawings added a great deal to this reviewer's understanding of what was already clear prose. A list of acronyms at the beginning, a first-class glossary and space flight log at the end, and an unusually complete index all help to make the book a pleasure to handle. Author, illustrator and publisher deserve highest praise. *Liftoff* is "a piece of work."

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Ellison, John N., et al. *Mobilizing U.S. Industry: A Vanishing Option for National Security*. Boulder, Col.: Westview Press, 1988. 126pp. \$12.85

Mobilization is a topic which has been out of fashion for many years, despite occasional lip service to the contrary. This short volume (only 88 pages of text), by members of the International Economic Studies Institute, is a "cry in the wilderness." The message is straightforward. Nuclear parity has made strong conventional forces more important. Large budget deficits will inevitably force the country to choose cheaper, and thus smaller, high quality forces in being, backed up by stronger reserve forces and improved surge and mobilization readiness. The U.S. industrial base is being seriously eroded by international competition, calling into question surge and mobilization capabilities. This erosion is occur-

ring at a time when those capabilities should be expanding, not contracting. Accordingly, the authors call for a series of organizational reforms, new committees and new studies to focus attention on mobilization issues and to provide an administrative framework for enhancing the mobilization base.

The book begins with a short introduction, followed by an equally short chapter outlining the argument for the current and future importance of mobilization preparedness for defense. The argument, as noted above, is that conventional forces are increasingly important, and that tight budgets preclude the luxury of sufficiently large conventional forces in being. Further, the authors note that if arms control reduces Soviet conventional forces, mobilization becomes an even more viable U.S. national security option. Chapter III, which occupies half of the book, presents a series of case studies of some key sectors: raw materials, petroleum, ferroalloys, machine tools, and semiconductors. These studies serve to document the contention that the mobilization base is seriously eroding. Selected to represent basic inputs, processing and manufacturing industries, and high technology sectors, the case studies suggest common problems: diminishing domestic market share and growing reliance on foreign sector and subsector capacity; declining profits, capacity and R&D expenditures; a diminishing pool of skilled labor; and economic decline in subsector industries.

The authors have a very definite point of view: mobilization is increasingly important, the mobilization base is increasingly eroding, the problem is neglected, and corrective policy actions are available. Their argument is convincing up to a point. There is little question that the problem is neglected. They marshal a lot of evidence that the base is eroding, and they suggest numerous potentially useful policy actions. However, they are not entirely convincing regarding the importance of the problem. There are two crucial, interrelated considerations in determining whether mobilization is important—timing and cost. At one extreme, if the next war is fought by forces in being and ends before mobilization can take place, then enhancing mobilization capability is a waste of resources. This in fact has been the prevailing view for years. At the other extreme, if the war is sufficiently drawn out, the considerable U.S. resource base can eventually be brought to bear on the war effort, even if no mobilization planning whatsoever takes place. Between these two extremes are future war scenarios which suggest that spending money on mobilization capacity will enhance defense capabilities.

But even if mobilization capacity is a useful addition to overall national defense, it can be purchased only at the expense of other things, and those things may contribute *more* to defense. Thus, making a case that mobilization capability is useful as a

deterrent and in the event of a future war scenario is not sufficient to make the case that significant resources should be devoted to mobilization. It depends on what must be given up. Many of the policy options presented by the authors do not involve great budgetary cost. However, it is economic cost, of which budgetary cost may be only a small part, which is relevant in determining whether enhancing mobilization capacity is “worth it.” To take the most obvious example, trade barriers to protect strategic industries will raise prices and reduce real incomes of U.S. consumers, who purchase non-defense products which are also directly or indirectly produced by these industries.

The authors discuss both timing and cost, of course, but they are not explicit about either. Such detail is beyond the intended scope of the book. Their purpose is to call attention to the mobilization issue, not to recommend particular levels of mobilization planning or even to identify, except by example, sectors of the economy where mobilization planning should take place. Their explicit recommendations involve setting up an administrative structure for addressing the issue seriously—which would surely involve explicit questions of timing and cost.

Is this a good book? It depends. The argument is well developed and documented. It provides an excellent entry into the literature on the subject. However, it is not likely to

convince the skeptic. The skeptic will want to know more.

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Mintz, Alex. *The Politics of Resource Allocation in the U.S. Department of Defense: International Crises and Domestic Constraints*. Boulder, Col.: Westview Press, 1988. 149pp. \$21

Alex Mintz argues that studies of military spending have focused on the total level of expenditure while neglecting the components of the defense budget. This is an overstatement when one considers the numerous analyses of defense programs published by the Congressional Budget Office and the Brookings Institution, among others. But on the topic of the defense budget there is always room for more research. Mintz differentiates his work from other analyses by concentrating on the determinants of the principal appropriations categories, e.g. military personnel, procurement, etc., over the 1948-1980 period.

He applies an eclectic model with basic spending decisions determined by organizational practices and each budget component increasing on an incremental basis according to a fair share allocation principle. He finds that this bureaucratic politics model usually explains the pattern of defense spending quite well. It demonstrates how the DOD budgetary process has successfully resisted

reforms such as the planning, programming, and budgeting system (PPBS) and zero base budgeting (ZBB) when judged by the impact on the appropriations categories.

The one area of defense spending showing less incrementalism is military procurement, with considerable fluctuation from year to year. However, even the other budget categories show some nonincremental variations in response to internal and external shocks. Mintz draws on several theories, including the political business cycle, neo-Marxism, the arms race, and war mobilization, for his set of internal and external influences.

Some of his results are not surprising, while others seem counter-intuitive. It is not surprising that nonincremental military personnel spending is most influenced by war mobilization. Less obvious may be the model's finding that changing the party in control of the White House has a significant spending impact on military personnel. Increases come with Democratic administrations and decreases with Republicans. This politically related pattern is most likely due to Democrats being the president during most of the Korean and Vietnam wars, while Republicans were in office during most interwar and postwar periods.

Few readers will be surprised to learn that military pay hikes seem to follow an electoral cycle. The largest pay increases, in both number and size, came in budgets which coincided with a presidential elec-