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Economic Choices 1984

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and biography that will remain a classic in its field.

RAYMOND G. O'CONNOR
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Hamilton, Nigel. *Master of the Battlefield: Monty's War Years 1942-1944*. New York: McGraw-Hill, 1983. 863pp. \$25.95

Nigel Hamilton's middle volume of his monumental three-volume biography of Montgomery covers the period 1942-1944, beginning with Alamein and ending with victory in the Battle of Normandy. It is of special interest to Americans because it was during this period that Monty was first thrown into close contact with Patton, Bradley, Eisenhower, and other Americans. In Normandy, Monty had serious disagreements with Ike and the others over basic strategic questions. This led to thriving controversies over what Monty did or did not say, and what he did or did not intend to do. In dealing with these controversies, Hamilton takes Monty's point of view. He agrees with Monty on every issue, indeed sometimes claiming more for Monty's genius than even Monty himself would claim. The one criticism Hamilton has of Monty is that Monty simply could not or would not adjust himself to his role, or take some pains to be aware of the pressures on his superior, Eisenhower.

What will be of most interest to serving officers, however, is not Hamilton's defense of Monty on this or that disagreement, but rather Hamilton's admirable discussions of

Monty on the subject of command. Monty had a fine mind, and he had used his powers of thought to concentrate on the problem of command. He had tested his ideas in battle, at almost every level of command. He knew what he was talking about, and can be read with great profit today by those put into command situations.

Although Eisenhower never benefited from it, in certain areas Monty did have broadness of mind. Far more than Patton or indeed most other fighting generals, Monty was sensitive to the problem of public morale. In the spring of 1944, for example, during the preparations for Overlord, Monty took the time to visit the factories where the war goods were being manufactured. He would make a speech, urging the workers to one last great effort, to give his boys the tools with which to win the war. Then he would break off and chat informally with the workers. He was tremendously popular, a man who cultivated his own image, vain, difficult—but a superb showman and politician as well as general. He really did do wonders for British morale. It is one of Hamilton's virtues that he brings this out.

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Rivlin, Alice M., ed. *Economic Choices 1984*. Washington, D.C.: Brookings Institution, 1984. 171pp. \$22.95, paper \$8.95

Kaufman, William W. *The 1985 Defense Budget*. Washington, D.C.:

Brookings Institution, 1984. 54pp. paper \$6.95

After fourteen years the Brookings Institution has ceased publication of its widely acclaimed annual analysis of the proposed federal budget. In place of that volume this year Alice M. Rivlin, director of the Brookings Economic Studies Program and former director of the Congressional Budget Office, has edited a work by herself and other Brookings staff and consultants that examines key issues affecting the US economy. The proposed FY 1985 defense budget is treated in a chapter in *Economic Choices 1984* that is based upon Kaufman's longer monograph *The 1985 Defense Budget*.

The Brookings authors see the principal challenge to the US economy in 1984 to be the development of policies that will sustain economic growth and facilitate economic change. Economic growth is essential to meet the expectations of Americans for a rising standard of living and to ease the process of economic change that forces like technology require of dynamic economies. After a period of relative economic stagnation and increasing inflation in the 1970s, factors seem favorable for a return to noninflationary growth as in the 1960s. However, the Brookings analysts believe that the otherwise optimistic outlook for a growing US economy is marred by federal budgetary policies which have created high deficits and interest rates that will discourage the private investment necessary for a growing, productive, and internationally competitive economy.

Although these prospective budget deficits could be reduced or eliminated by raising taxes, by cutting nondefense spending, or by less defense spending, the Brookings analysts argue for a compromise plan which would eliminate part of the deficit through actions in each of these areas. They recognize that one's policy preferences depend upon value judgments about the relative size of the public and private sectors, and the importance of the various functions performed by the federal government. However, if the basic economic assumptions of the Brookings study are accepted (and the Reagan administration has tended to make more optimistic ones that result in a smaller deficit problem), less action in one direction such as raising taxes means more vigorous moves in other areas such as cutting government spending programs. While some have argued that excessive defense spending has been the source of the deficit problem, a review of the data shows that increases in defense spending have been offset by even greater cuts in nondefense spending, and the budget deficits result principally from revenue losses due to tax cuts and the decline in national income when the economy has been in recession.

In the Brookings plan for deficit reduction about half of the deficit eliminated through legislative actions would come from tax increases. In raising taxes one wants to avoid impacts that would retard economic growth and make the tax system less

equitable. The Brookings study proposes a tax on the cash flow of individuals and corporations. Such a tax would fall on spending rather than income and encourage the savings and investment that fuel economic growth. Alternatives to this proposal such as a value-added tax are discussed, but the emphasis is that increasing tax rates to raise more revenue to deal with the deficit problem is not enough. The tax system also needs reform to improve fairness and to promote economic efficiency.

Although domestic spending as a percentage of GNP is projected to decline through the end of the decade as a result of large cuts in a number of programs, further cuts are called for to deal with the deficit problem. In the short run the Brookings plan would make the greatest reductions in federal spending growth in nondefense categories, while by 1989 these reductions would about equal the proposed cuts in the growth of defense spending. In the first stage they call for a one-year freeze on nondefense spending, except for programs to help the poor. In later years the growth of spending would be reduced through changes in social security benefits, payment to hospitals for medicare services, civil service and military retirement programs, and agricultural assistance. Such proposals are likely to meet substantial resistance from the affected parties, and it will be hard to secure their passage by Congress. Reforms of military retirement will take a considerable period to show any favorable budgetary effect if

present service members and retirees are not subjected to benefit reductions. Also any changes in retirement benefits would have to be considered in terms of the total military compensation package and what form that package must take in order to attract and retain enough persons to meet military personnel requirements.

Given the difficulties in raising taxes and in cutting nondefense spending further, defense spending is almost certainly going to be reduced below the levels considered most desirable by administration defense planners. Although the Reagan administration has been able to accelerate sharply the rate of growth in real defense spending, it has not been able to increase budget authority at the rate it believes necessary. Unless there is some international crisis that raises Congressional and public perception of the threat to national security, it is likely that the real growth in defense spending will be at a slower pace than proposed by the administration. What are the implications for national security? If all defense programs cannot be funded fully, where should cuts be made? Much debate has been generated on these questions and Kaufman's analysis of the FY 1985 defense budget will add more fuel to this discussion.

Although Kaufman does not disagree with the basic national defense strategy of planning to defend against expected threats to Western Europe, the Persian Gulf, and Korea, he believes that with more efficient defense programs the FY 1985

defense budget could be reduced to about \$260 billion and almost \$175 billion in outlays could be saved over the FY 1985-89 period without weakening the nation's defense capability. He would achieve these savings by reducing duplication in defense programs, by slowing the pace of modernization of defense equipment, and by eliminating programs that support questionable objectives. An example of each type of action will be given to show the flavor of his analysis. (Kaufman also provides alternative five-year defense plans for high-threat and low-threat situations.)

An example of duplication that Kaufman sees in defense programs is the Navy's procurement of the F-18 fighter, A-18 attack aircraft, the AV-8B Marine attack aircraft, and the F-14 fighter. If only the F-18 and A-18 are purchased, Kaufman sees savings of \$3.1 billion in FY 1985 budget authority. However, he does not explain why he believes these different aircraft are close enough substitutes so that only two types could be procured.

The requirement for carrier battle groups provides an illustration of savings that Kaufman argues are possible by eliminating programs that support questionable objectives. Although he sees some missions for carrier battle groups in contingencies in the Persian Gulf, in the Atlantic or Mediterranean, and in the Far East, he does not believe that the Navy will require 15 deployable carrier battle groups as the FY 1985-89 program calls for by the end of the

1980s. Allowing three battle groups for each contingency and another three in overhaul or refresher training would reduce the carrier battle group requirement to 12 with billions of dollars in budgetary saving. He does not think that it makes sense to use carrier battle groups to attack the Soviet Navy in its protected bases or to use carrier battle groups to deal with the long-range Soviet naval air threat when land-based interceptors could do it more cheaply. Hence, Kaufman concludes that serious justification has not yet been provided for 15 carrier battle groups and would cut three of them from the defense plan.

Although Kaufman agrees that US military equipment needs periodic upgrading and replacement, he finds the current modernization program is acquiring equipment at a pace that is too rapid and could make it difficult to afford to operate and support weapons systems. He finds the historical relationship is that, on average, operation and support costs will equal about 11 percent of the value of the equipment in inventory. If weapons are acquired so fast that operations and support funding falls below this proportion, it may be difficult to realize the full potential of all equipment. To avoid such problems Kaufman proposes an investment strategy that says, in the absence of dramatic technological improvements or more rapid Soviet acquisition of equipment, the United States should replace military equipment only at the end of its normal service life and the replacement value

of weapons and the investment budget should only grow at a rate of 5 percent a year in real terms. Many persons may find these rules-of-thumb too mechanical and believe that the pace of Soviet modernization is faster than Kaufman assumes. But defense planners do have to face the question of how to modernize without compromising readiness. If not Kaufman's approach, another is needed.

Both of the works reviewed here are worth reading. Even if one disagrees with the conclusions of the Brookings analysts, the reader will be stimulated by the arguments on some important issues facing US policymakers.

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Rohwer, Jürgen. *Axis Submarine Successes 1939-1945*. Introductory material translated by John A. Broadwin. Annapolis, Md.: Naval Institute Press, 1983. 386pp. \$23.95
Axis Submarine Successes 1939-45 is a translation and complete revision of Rohwer's *Die U-Boote-Erfolge der Achsenmächte*. Entirely superseding the earlier work, Rohwer's English version has now corrected and expanded the data using recently released action reports from archives in London, Washington, and Ottawa as well as extensive correspondence with naval officers involved in both sides of the submarine war and available Ultra signal information. After more than thirty years of compilation and analysis, Rohwer has produced,

unquestionably, the most accurate listing of Axis submarine attacks and their targets for World War II. Rohwer has replaced the inflated wartime claims from all sides of the war with solid data, based on critical examination of all available evidence.

The book is divided into two major portions. The largest of them (291 pages) is a chronological listing of submarine attacks in each major operating area: North Sea, Northern Theater, Baltic, Black Sea, Mediterranean, Indian Ocean, and Pacific. Each of these listings has 15 columns of data. Three of them give the nationality, name, and commanding officer of the submarine, while the remaining columns describe the time, the position, the ship attacked, and the weapons used. This information is supplemented by extensive footnotes explaining any discrepancies between the reports of attacking submarines and other evidence.

The second portion of the book (83 pages) is devoted to four different indexes which give page references to individual submarines, the names of submarine captains, the designations of allied convoys, and the names of the ships attacked. The indexes are followed by nine pages of charts which legibly reproduce the worldwide, standard grid system which the German Navy used during World War II.

Rohwer's book is a gold mine of information which can be used in a variety of ways. It will be useful and interesting for survivors, relatives, and students who search for data on a