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REPORT TO THE  
JOINT ECONOMIC COMMITTEE  
CONGRESS OF THE UNITED STATES 096041

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Comments On The  
Department Of Defense Report  
"The Economics Of Defense Spending:  
A Look At The Realities"

B-176898

BY THE COMPTROLLER GENERAL  
OF THE UNITED STATES

U.S.G.A.O. 1976

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COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548

B-176898

The Honorable William Proxmire  
Vice Chairman, Joint Economic Committee  
Congress of the United States

Dear Mr. Vice Chairman:

This is our reply to your September 13, 1972, request about the report "The Economics of Defense Spending: A Look at the Realities," issued by the Department of Defense in July 1972. Most of the information, and a preliminary version of the tables on military retirement in appendix II were discussed informally and provided to your staff by March 1973.

We do not plan to distribute this report further unless you agree or publicly announce its contents.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "James B. Parsons".

Comptroller General  
of the United States

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ABBREVIATIONS

BEA	Bureau of Economic Analysis
DOD	Department of Defense
GNP	gross national product
NIA	national income accounts

## CHAPTER 1

### INTRODUCTION

In a letter dated September 13, 1972, the Chairman, Joint Economic Committee, questioned the source and reliability of information in the July 1972 Department of Defense (DOD) report, "The Economics of Defense Spending: A Look at the Realities."

In that report DOD concluded that the national defense program proposed in the President's fiscal year 1973 budget represented the lowest cost program, in real terms, for 22 years. The phrase "real terms" refers to annual program expenditures expressed in dollars from which the effects of year-to-year price changes (inflation and deflation) have been eliminated. The approach DOD used is summarized in chapter 2.

The Chairman was concerned about the

- choice of the price index DOD used to remove the effects of price changes from annual DOD expenditures for goods and services,
- availability to other users of the index data DOD used, and
- effects of alternative approaches to comparing defense expenditures in real terms. (See chs. 3 and 4.)

In Washington, D.C., we interviewed officials of the Office of the Assistant Secretary of Defense (Comptroller) and the Bureau of Economic Analysis (BEA), Department of Commerce. We developed the charts presented as appendix II using defense expenditures information obtained from DOD, price index data from the Bureau of Labor Statistics, and implicit deflators from the BEA.

CHAPTER 2

DOD ANALYSIS OF DEFENSE SPENDING

The DOD report's conclusion concerned the size of real defense expenditures in fiscal year 1973 compared with those in prior years. The report and supporting workpapers indicated that DOD had considered three measures of annual defense expenditures: (1) the military budget, (2) national defense outlays, and (3) national income accounts (NIA) defense purchases. DOD presented its conclusion in terms of the national defense outlays.

The definition of the three measures of defense expenditures, their relationships to one another, and their values in selected years follow.

<u>Defense expenditure measures</u>	Expenditures		
	<u>Fiscal year 1964</u>	<u>Fiscal year 1968</u>	<u>Fiscal year 1973 President's budget</u>
	(billions)		
<u>Military budget</u> --outlays for DOD military functions and military assistance	\$50.8	\$78.0	\$76.5
Plus Atomic Energy Commission, stockpiling, Selective Service, and other defense-related activities	<u>+2.8</u>	<u>+2.5</u>	<u>+1.8</u>
<u>National defense outlays</u> --the national defense program as defined in the President's budget	53.6	80.5	78.3
Minus most military retired pay, adjusted for timing and other factors	<u>-2.7</u>	<u>-4.6</u>	<u>-1.6</u>
<u>NIA defense purchases</u> --purchases of goods and services as defined in the National Income and Products Accounts	<u>\$50.9</u>	<u>\$75.9</u>	<u>\$76.7</u>

DOD broke each measure of defense expenditures into components that could be separately expressed in real terms and then summarized to form national defense expenditures in real terms, as shown in the table below for the fiscal year 1973 military budget.

<u>Components</u>	<u>Millions of 1973 dollars</u>
Military personnel appropriations:	
Basic pay	\$16,681
Items denominated in basic pay	<u>1,851</u>
Total basic pay and related	18,532
Allowances unchanged since fiscal year 1964	818
Allowances added since June 30, 1963	170
Basic allowance for quarters	1,818
Hostile-fire pay	64
Permanent-change-of-station travel and transportation	1,215
Clothing, subsistence, and station allowances (cost related)	1,334
Military assistance, service funded	147
Other Active Forces costs	5
Reserve component allowances	<u>398</u>
Total allowances	5,968
Total military personnel appropriation	24,500
Civil service payroll	12,834
Family housing, excluding pay	<u>638</u>
Total pay and related	37,972
Operating costs, excluding pay	10,743
Procurement; research, development, test, and evaluation; and construction	<u>22,933</u>
Total nonpay	33,676
Military retirement	<u>4,853</u>
Total	<sup>a</sup> <u>\$76,500</u>

<sup>a</sup> Does not add due to rounding.

DOD then developed price indexes for all but two of the military budget components in "total basic pay and related." The price indexes selected for the other two components were modified versions of the Federal Purchases Deflator, published by BEA. DOD also used a modified version of the Federal Purchases Deflator as a price index for the two components of the "total nonpay" category. These components made up 44 to 59 percent of the military budget during 1952-73. For the "military retirement" component, DOD constructed a price index by assuming that all changes in retirement pay (relative to total retirement pay in the base year) were price changes.

By applying these price indexes to each component and summing the results, DOD stated defense expenditures in real terms, that is, in terms of the prices prevailing in a selected base year.

DOD also considered 3 base years: calendar year 1958, fiscal year 1964, and fiscal year 1973. DOD presented its conclusion on the basis of fiscal year 1973.

## CHAPTER 3

### CHOICE AND AVAILABILITY OF DATA DOD USED

The Chairman asked seven questions about the index DOD used for the two components in the "total nonpay" category.

#### CHOICE OF A PRICE INDEX

Question 1: What are the arguments for and against using the modified form of the Federal Purchases Deflator for non-pay components (except Commodity Credit Corporation purchases) to deflate the costs of goods and services that DOD procured from industry?

According to the Chief of the Government Division, BEA, the argument for DOD's use of the modified form is that it is the only index available dealing directly with Federal purchases.

He identified two arguments against this index. One argument is caused by conceptual problems with this or any other price index for public goods such as defense or education, the other argument stems from statistical problems. One of the major conceptual problems is caused by the difficulty of defining what price increase means where it is difficult to ascertain what is being purchased--the output of "national security" in some sense, or the inputs to "national security" such as tanks, planes, missile, and military organizations. The same problem exists for price indexes for any public good such as defense, health, or education. As a practical matter, this conceptual problem is generally resolved by attempting to measure the price changes in the inputs to the public good.

He said that this raises a second and virtually insurmountable conceptual problem--how to adjust for quality changes. He stated also that this problem is common to nearly all indexes, but is probably most pronounced in many DOD purchases. Simply stated, this is the problem of determining how much of the price change between two systems (in the case of DOD, such as two aircraft) is due to changes in the system characteristics, and how much is due to other causes. The price change measured by a price index for DOD purchases of goods and services should not reflect those portions of price changes due to quality changes in the items considered by the index.

He said that the version of the Federal Purchases Deflator used by DOD as a price index for DOD purchases of goods and services attempts to measure price changes in inputs to the final product of "national defense." There is no assurance that the effects of quality changes in the inputs are satisfactorily accounted for by this deflator.

He said that the statistical problems are caused by the lack of supportable answers to two questions: (1) do the component price indexes used to construct the overall index move in the same way as prices actually paid by the DOD for goods and services, i.e., are they representative of DOD purchases? and (2) are the weights developed for Federal purchases representative of the mix of DOD purchases of goods and services?

The answer to the first question is not known because there has never been any systematic and sustained effort to collect information on prices paid by DOD (or any other Government agency). Consequently, the Federal Purchases Deflator (and that version of it used by the DOD) is constructed from elements of other price indexes (including the Consumer Price Index, the Wholesale Price Index, and construction indexes) instead of from DOD purchases of goods and services and their prices. He said that indexes used to deflate elements of the Federal Purchases Deflator are therefore based on prices paid by consumers or private industry as well as by Government agencies. Consequently, the implicit price deflator constructed from these indexes is at best an approximation of prices DOD actually paid. This is so because what the constituent indexes actually measure--the movement of prices paid by consumers, private industry, and Government--is not necessarily the same as the movement of prices paid by the DOD for the same good or service.

With regard to the second statistical question above--he said the answer is unknown because (1) the level of detailed data needed to ascertain the actual mix of goods and services purchased by DOD is inadequate, and (2) the breakdown of types of purchases between DOD and non-DOD has not been done for the data supplied to DOD. He said that as in the case of the price indexes, there has been a similar lack of centralized systematic or sustained efforts to develop detailed breakdowns by commodity type of annual purchases throughout government.

Question 2: Does the modified form of the Federal Purchases Deflator used as a price index for DOD purchases of goods and services, including weapons systems, overcome the problems with price indexes discussed in a 1972 GAO report on the feasibility of constructing price indexes for weapons systems (B-159896, Apr. 10, 1972)?

No, it does not overcome the problems. Our 1972 report concluded that the available price indexes investigated were unsuitable because they were based on purchases of other than military items or because they did not necessarily include a sufficient cross section of military items.

Question 3: Has the Department of Commerce sanctioned DOD's use of part of a Commerce index to inflate and deflate prices of purchased goods and services?

The Chief of BEA's Government Division told us that Commerce provides, on request, any breakdown of the overall Federal Purchases Deflator to persons outside or inside the Government. DOD is only one of many such users. Commerce advises the users about any problems inherent in this data but has no control over its use.

#### AVAILABILITY OF THE DATA USED

Question 4: Who in the Department of Commerce was responsible for supplying the data to DOD?

The Chief of the Government Division supplied DOD with the quarterly published Federal Purchases Deflator and with some normally unpublished components of this index. He said, as noted before, that this data is available to anyone who asks.

Question 5: If the BEA data has been available for a long time, why has it not been made available to the public?

The Chief said that for at least 9 years the Federal Purchases Deflator has been available to the general public from BEA or its predecessor, the Office of Business Economics. He said that the unpublished components DOD used have also been available upon request.

Question 6: Did the technical experts at Commerce know that DOD was publishing the information, and if so, why did they agree it should be published?

The Chief of the Government Division said he did not know that the modified form of the Federal Purchases Deflator would be published as part of DOD's report. He was aware that DOD had previously used the data to express parts of defense spending in real terms at congressional hearings.

Question 7: Does Commerce plan to regularly publish deflated DOD expenditures based on the indexes DOD used in its 1972 report?

The Chief of the Government Division told us Commerce does not plan to publish such expenditures. At best, it would not know how to authoritatively do this until research being conducted by BEA for the U.S. Arms Control and Disarmament Agency is completed. This research has three objectives: (1) determine what an ideal military index would encompass, (2) determine other countries' state of the art in military index construction, and (3) develop a military index based on existing statistics. The Chief said that, after the research is completed, Commerce may still have insufficient information to publish deflated DOD expenditures.

## CHAPTER 4

### EFFECTS OF ALTERNATIVE APPROACHES TO COMPARING DEFENSE EXPENDITURES

Three questions concerned whether DOD's conclusion would have been different if alternative approaches had been considered.

#### ALTERNATIVES DOD CONSIDERED

Question 8: Does DOD's conclusion hold if alternative base years and alternative defense spending measures are considered?

Although DOD considered nine combinations of defense spending measures and base years, it based its conclusion on only one. Using national defense outlays as the measure of defense expenditure and fiscal year 1973 as the base year, DOD found that, in real terms, fiscal year 1973 defense expenditures were the lowest in 22 years.

We found that using the other eight combinations led to the conclusion that, in real terms, fiscal year 1973 defense expenditures were the least in 9 years rather than the least in 22 years in the case cited by DOD.

Question 9: To what extent does DOD's conclusion hold for the alternative base years and defense spending measures DOD examined?

The following tabulation shows the conclusions that result when alternative base years and spending measures were used.

<u>Measures</u> <u>of defense</u> <u>expenditure</u>	<u>Base years</u>		
	<u>Fiscal</u> <u>year</u> <u>1973</u>	<u>Fiscal</u> <u>year</u> <u>1964</u>	<u>Calendar</u> <u>year</u> <u>1958</u>
Military budget	Least in 9 years	Least in 9 years	Least in 9 years
National defense outlays	Least in 22 years	Least in 9 years	Least in 9 years
NIA defense purchases	Least in 9 years	Least in 9 years	Least in 9 years

More detailed data on the effect of these alternatives is shown in appendix II.

EFFECT OF ALTERNATIVE TREATMENT OF  
MILITARY RETIREMENT EXPENDITURES

Question 10: For each combination of base years and defense spending measures DOD considered, what is the effect of expressing military retirement expenditures in real terms using any of the following published price indexes?

- Gross National Product (GNP) Deflator.
- Federal Purchases Deflator.
- State and Local Government Purchases Deflator.
- Wholesale Price Index.
- Consumer Price Index.

Military retirement expenditures are elements of two of the defense spending measures considered: the military budget and the national defense outlays. The third measure considered, NIA defense purchases, excluded most military retirement expenditures.

DOD's conclusion, expressed in terms of the national defense outlays, was based on removing the effects of price changes from military retirement expenditures. DOD assumed that any change in military retirement pay (from year to year) was a price change. The effect of this assumption is that military retirement expenditures, in real terms, are the same in all years as military retirement expenditures in the base year. Thus, the actual trend of military retirement expenditures was eliminated from the basis for DOD's conclusion.

Our analysis of 30 possible situations (combinations of 3 base years, 2 measures of defense expenditures, and the 5 suggested price indexes) showed that, in each case, expressing military retirement in real terms leads to the conclusion that, in real terms, 1973 national defense expenditures are the lowest in 9, rather than 22 years.

Details of the above analysis are shown in appendix II.

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## Congress of the United States

### JOINT ECONOMIC COMMITTEE

(CREATED PURSUANT TO SEC. 5(a) OF PUBLIC LAW 104, 71TH CONGRESS)

WASHINGTON, D.C. 20510

September 13, 1972

The Honorable Elmer B. Staats  
 Comptroller General of the United States  
 General Accounting Office  
 Washington, D. C.

Dear Elmer:

I am very much disturbed by several aspects of the Defense Department's release, The Economics of Defense Spending: A Look at the Realities.

As you well know, the Joint Economic Committee and I have had a long-standing interest in obtaining reliable data on defense production as it relates to the performance of the overall economy. Indeed, as a result of this interest, you have responded to our recommendation by conducting a feasibility study of the construction of price indexes for weapons systems which you reported to the Committee last April. As indicated in the enclosed press release, your study pointed to the extremely complicated measurement problems in deriving deflated defense expenditures, and indicated that much more work had yet to be done before satisfactory information would be obtained.

The new Defense Department study purports to supply authoritative information on deflated defense expenditures. Would you have your staff look into the source of this material, its reliability and its comparability with the data your staff has been preparing for this Committee and the Congress.

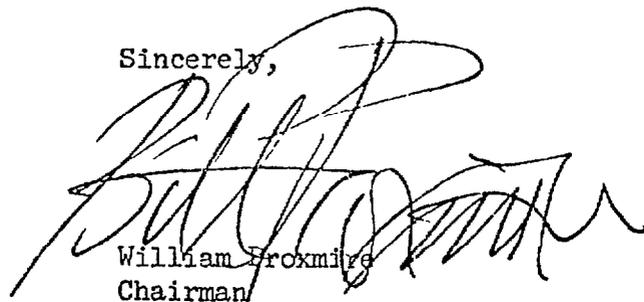
I am particularly disturbed by the timing of the release of this study -- just a short time before the election. If the data on which real defense spending estimates have been available for a long period of time, why have they not been made available to the public generally long ago? I am particularly interested in knowing who in the Department of Commerce was responsible for making the data available to the Defense Department, and whether the technical experts at Commerce knew that Defense was publishing the information, and if so why they agreed it should be published.

The Honorable Elmer B. Staats  
September 13, 1972

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I hope you and your staff will be able to furnish this information to me in the very near future.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read 'Bill Proxmire', is written over the typed name and title.

William Proxmire  
Chairman

Enclosure

A COMPARISON OF FISCAL YEAR 1973  
AND PRIOR YEAR REAL MILITARY BUDGETS

<u>Fiscal year</u>	Real military budget (excluding military retirement)		
	<u>Calendar year 1958 dollars</u>	<u>Fiscal year 1964 dollars</u>	<u>Fiscal year 1973 dollars</u>
	(000,000 omitted)		
1952	\$47,823	\$51,541	\$ 84,388
1953	55,500	59,457	95,142
1954	51,800	55,174	89,152
1955	42,704	45,998	75,399
1956	40,377	43,483	71,029
1957	41,808	44,922	72,586
1958	41,454	44,503	71,532
1959	42,448	45,446	72,309
1960	41,955	44,899	71,262
1961	42,399	45,314	71,637
1962	45,909	49,070	77,629
1963	46,634	49,812	78,546
1964	46,425	49,577	78,237
1965	41,244	44,213	71,116
1966	46,948	50,164	79,815
1967	56,575	60,264	94,667
1968	62,975	66,979	104,358
1969	60,034	63,984	99,955
1970	54,483	58,156	92,274
1971	49,097	52,471	82,850
1972	45,554	48,743	76,455
1973	42,665	45,673	71,647

A COMPARISON OF FISCAL YEAR 1973  
AND PRIOR YEAR REAL NATIONAL DEFENSE OUTLAYS

Fiscal year	Real national defense outlays (excluding military retirement)		
	Calendar year 1958 dollars	Fiscal year 1964 dollars	Fiscal year 1973 dollars
	(000,000 omitted)		
1952	\$51,393	\$55,456	\$ 90,441
1953	58,785	63,071	100,709
1954	55,030	58,729	94,628
1955	45,500	49,073	80,144
1956	43,305	46,705	75,991
1957	43,946	47,272	76,211
1958	44,261	47,591	76,292
1959	45,310	48,593	77,166
1960	44,679	47,895	75,879
1961	44,999	48,175	76,046
1962	48,618	52,051	82,224
1963	49,177	52,610	82,858
1964	48,975	52,382	82,559
1965	43,423	46,611	74,812
1966	48,317	51,669	82,136
1967	58,047	61,883	97,161
1968	64,988	69,194	107,774
1969	62,014	66,162	103,314
1970	56,183	60,025	95,156
1971	50,467	53,978	85,175
1972	46,948	50,277	78,820
1973	43,732	46,847	73,457

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A COMPARISON OF FISCAL YEAR 1973  
AND PRIOR YEAR REAL NIA DEFENSE PURCHASES

<u>Fiscal year</u>	<u>Real NIA defense purchases</u>		
	<u>Calendar year</u> <u>1958 dollars</u>	<u>Fiscal year</u> <u>1964 dollars</u>	<u>Fiscal year</u> <u>1973 dollars</u>
	(000,000 omitted)		
1952	\$49,449	\$53,446	\$ 87,760
1953	57,130	61,361	98,429
1954	54,293	57,967	93,611
1955	44,378	47,913	78,577
1956	42,357	45,726	74,684
1957	44,161	47,494	76,508
1958	45,832	49,215	78,458
1959	45,729	49,025	77,743
1960	44,665	47,881	75,860
1961	44,710	47,876	75,647
1962	48,615	52,048	82,220
1963	48,941	52,367	82,533
1964	47,250	50,600	80,183
1965	44,280	47,497	75,995
1966	47,300	50,619	80,732
1967	57,457	61,273	96,347
1968	62,495	66,619	104,341
1969	61,684	65,821	102,858
1970	56,786	60,648	95,986
1971	49,173	52,641	83,391
1972	47,096	50,429	79,023
1973	46,084	49,276	76,700

Fiscal year	Military budget in fiscal year 1973 dollars (excluding military retirement) (note a)	Military budget in fiscal year 1973 dollars including military retirement which is expressed in fiscal year 1973 dollars using				
		GNP Deflator	Federal Purchases Deflator	State and Local Government Purchases Deflator	Wholesale Price Index	Consumer Price Index
(000,000 omitted)						
1952	\$ 84,388	\$ 84,968	\$ 85,103	\$ 85,182	\$ 84,821	\$ 84,919
1953	95,142	95,747	95,901	95,970	95,620	95,709
1954	89,152	89,800	89,976	90,028	89,669	89,760
1955	75,399	76,095	76,261	76,321	75,962	76,062
1956	71,029	71,803	71,967	72,041	71,658	71,781
1957	72,586	73,383	73,535	73,604	73,237	73,369
1958	71,532	72,382	72,538	72,618	72,233	72,365
1959	72,309	73,259	73,410	73,508	73,104	73,246
1960	71,262	72,275	72,443	72,536	72,123	72,263
1961	71,637	72,766	72,942	73,024	72,612	72,756
1962	77,629	78,900	79,117	79,156	78,740	78,889
1963	78,546	79,971	80,212	80,229	79,807	79,960
1964	78,237	79,912	80,159	80,190	79,739	79,897
1965	71,116	72,999	73,243	73,281	72,822	72,993
1966	79,815	81,937	82,188	82,217	81,717	81,927
1967	94,667	97,032	97,333	97,290	96,818	97,023
1968	104,358	106,972	107,319	107,196	106,793	106,966
1969	99,955	102,879	103,253	103,069	102,711	102,860
1970	92,274	95,505	95,775	95,691	95,355	95,471
1971	82,850	86,501	86,637	86,616	86,403	86,464
1972	76,455	80,539	80,617	80,618	80,465	80,501
1973	71,647	76,500	76,500	76,500	76,499	76,500

BEST DOCUMENT AVAILABLE

Fiscal year	Military budget in fiscal year 1964 dollars (excluding military retirement) (note b)	Military budget in fiscal year 1964 dollars including military retirement which is expressed in fiscal year 1964 dollars using				
		GNP Deflator	Federal Purchases Deflator	State and Local Government Purchases Deflator	Wholesale Price Index	Consumer Price Index
(000,000 omitted)						
1952	\$51,541	\$51,959	\$51,990	\$52,032	\$51,889	\$51,927
1953	59,457	59,893	59,934	59,969	59,842	59,869
1954	55,174	55,642	55,692	55,716	55,590	55,616
1955	45,998	46,500	46,540	46,569	46,451	46,480
1956	43,483	44,041	44,073	44,109	43,989	44,030
1957	44,922	45,497	45,519	45,552	45,446	45,491
1958	44,503	45,116	45,135	45,175	45,067	45,109
1959	45,446	46,132	46,138	46,188	46,086	46,128
1960	44,899	45,630	45,641	45,687	45,592	45,627
1961	45,314	46,129	46,134	46,173	46,098	46,128
1962	49,070	49,987	50,006	50,015	49,964	49,987
1963	49,812	50,941	50,859	50,853	50,827	50,841
1964	49,577	50,786	50,786	50,786	50,786	50,786
1965	44,213	45,572	45,550	45,553	45,586	45,579
1966	50,164	51,695	51,656	51,651	51,695	51,701
1967	60,264	61,970	61,940	61,887	61,995	61,979
1968	66,979	68,865	68,841	68,736	68,939	68,878
1969	63,984	66,094	66,058	65,911	66,202	66,099
1970	58,156	60,488	60,357	60,271	60,636	60,483
1971	52,471	55,105	54,852	54,802	55,331	55,101
1972	48,743	51,690	51,360	51,320	51,971	51,688
1973	45,673	49,175	48,724	48,676	49,579	49,205

APPENDIX II

Fiscal year	Military budget in calendar year 1958 dollars (excluding military retirement) (note c)	Military budget in calendar year 1958 dollars including military retirement which is expressed in calendar year 1958 dollars using				
		GNP Deflator	Federal Purchases Deflator	State and Local Government Purchases Deflator	Wholesale Price Index	Consumer Price Index
(000,000 omitted)						
1952	\$ 47,823	\$ 48,211	\$ 48,232	\$ 48,240	\$ 48,171	\$ 48,185
1953	55,500	55,904	55,934	55,935	55,885	55,886
1954	51,800	52,233	52,271	52,260	52,216	52,214
1955	42,704	43,169	43,197	43,189	43,157	43,156
1956	40,377	40,894	40,913	40,908	40,883	40,889
1957	41,808	42,340	42,351	42,343	42,332	42,341
1958	41,454	42,022	42,029	42,024	42,018	42,022
1959	42,448	43,083	43,077	43,078	43,087	43,087
1960	41,955	42,632	42,630	42,624	42,647	42,637
1961	42,399	43,154	43,145	43,128	43,183	43,162
1962	45,909	46,759	46,760	46,712	46,803	46,768
1963	46,634	47,587	47,586	47,518	47,649	47,598
1964	46,425	47,545	47,524	47,451	47,633	47,557
1965	41,244	42,503	42,460	42,382	42,617	42,524
1966	46,948	48,367	48,304	48,210	48,479	48,388
1967	56,575	58,156	58,099	57,953	58,306	58,182
1968	62,975	64,723	64,668	64,466	64,934	64,754
1969	60,034	61,989	61,920	61,670	62,251	62,015
1970	54,483	56,643	56,483	56,279	56,962	56,663
1971	49,097	51,538	51,262	51,076	51,956	51,561
1972	45,554	48,285	47,934	47,742	48,781	48,313
1973	42,665	45,910	45,439	45,215	46,569	45,974

Fiscal year	National defense program in fiscal year 1973 dollars (excluding military retirement) (note d)	National defense outlays from the President's budget in fiscal year 1973 dollars including military retirement which is expressed in fiscal year 1973 dollars using				
		GNP Deflator	Federal Purchases Deflator	State and Local Government Purchases Deflator	Wholesale Price Index	Consumer Price Index
(000,000 omitted)						
1952	\$ 90,441	\$ 91,021	\$ 91,156	\$ 91,235	\$ 90,874	\$ 90,972
1953	100,709	101,314	101,468	101,537	101,187	101,276
1954	94,628	95,276	95,452	95,504	95,145	95,236
1955	80,144	80,840	81,006	81,066	80,707	80,807
1956	75,991	76,765	76,929	77,003	76,620	76,743
1957	76,211	77,008	77,160	77,229	76,862	76,994
1958	76,292	77,142	77,298	77,378	76,993	77,125
1959	77,166	78,116	78,267	78,365	77,961	78,103
1960	75,879	76,892	77,060	77,153	76,740	76,880
1961	76,046	77,175	77,351	77,433	77,021	77,165
1962	82,224	83,495	83,712	83,751	83,335	83,484
1963	82,858	84,283	84,524	84,541	84,119	84,272
1964	82,559	84,234	84,481	84,512	84,061	84,219
1965	74,812	76,695	76,939	76,977	76,518	76,689
1966	82,136	84,258	84,509	84,538	84,038	84,248
1967	97,161	99,526	99,827	99,784	99,312	99,517
1968	107,774	110,388	110,735	110,612	110,209	110,382
1969	103,314	106,238	106,612	106,428	106,070	106,219
1970	95,156	98,387	98,657	98,573	98,237	98,353
1971	85,175	88,826	88,962	88,941	88,728	88,789
1972	78,820	82,904	82,982	82,983	82,830	82,866
1973	73,457	78,310	78,310	78,310	78,309	78,310

Fiscal year	National defense program in fiscal year 1964 dollars (excluding military retirement) (note e)	National defense outlays from the President's budget in fiscal year 1964 dollars including military retirement which is expressed in fiscal year 1964 dollars using				
		GNP Deflator	Federal Purchases Deflator	State and Local Government Purchases Deflator	Wholesale Price Index	Consumer Price Index
(000,000 omitted)						
1952	\$55,456	\$55,874	\$55,905	\$55,947	\$55,804	\$55,842
1953	63,071	63,507	63,548	63,583	63,456	63,483
1954	58,729	59,197	59,247	59,271	59,145	59,171
1955	49,073	49,575	49,615	49,644	49,526	49,555
1956	46,705	47,263	47,295	47,331	47,211	47,252
1957	47,272	47,847	47,869	47,902	47,796	47,341
1958	47,591	48,204	48,223	48,263	48,155	48,197
1959	48,593	49,279	49,285	49,335	49,233	49,275
1960	47,895	48,626	48,637	48,683	48,588	48,623
1961	48,175	48,990	48,995	49,034	48,959	48,989
1962	52,051	52,968	52,987	52,996	52,945	52,968
1963	52,610	53,639	53,657	53,651	53,625	53,639
1964	52,382	53,591	53,591	53,591	53,591	53,591
1965	46,611	47,970	47,948	47,951	47,984	47,977
1966	51,669	53,200	53,161	53,156	53,200	53,206
1967	61,883	63,589	63,559	63,506	63,614	63,598
1968	69,194	71,080	71,056	70,951	71,154	71,093
1969	66,162	68,272	68,236	68,089	68,380	68,277
1970	60,025	62,357	62,226	62,140	62,505	62,352
1971	53,978	56,612	56,359	56,309	56,838	56,608
1972	50,277	53,224	52,894	52,854	53,505	53,222
1973	46,847	50,349	49,898	49,850	50,753	50,379

AVAILABLE

Fiscal year	National defense program in calendar year 1958 dollars (excluding military retirement) (note f)	National defense outlays from the President's budget in calendar year 1958 dollars including military retirement which is expressed in calendar year 1958 dollars using				
		GNP Deflator	Federal Purchases Deflator	State and Local Government Purchases Deflator	Wholesale Price Index	Consumer Price Index
(000,000 omitted)						
1952	\$51,393	\$51,781	\$51,802	\$51,810	\$51,741	\$51,755
1953	58,785	59,189	59,219	59,220	59,170	59,171
1954	55,030	55,463	55,501	55,490	55,446	55,444
1955	45,500	45,965	45,993	45,985	45,953	45,952
1956	43,305	43,822	43,841	43,836	43,811	43,817
1957	43,946	44,478	44,489	44,481	44,470	44,479
1958	44,261	44,829	44,836	44,831	44,825	44,829
1959	45,310	45,945	45,939	45,940	45,949	45,949
1960	44,679	45,356	45,354	45,348	45,371	45,361
1961	44,999	45,754	45,745	45,728	45,783	45,762
1962	48,618	49,468	49,469	49,421	49,912	49,477
1963	49,177	50,130	50,129	50,061	50,192	50,141
1964	48,975	50,095	50,074	50,001	50,183	50,107
1965	43,423	44,682	44,639	44,561	44,796	44,703
1966	48,317	49,736	49,673	49,579	49,848	49,757
1967	58,047	59,628	59,571	59,425	59,778	59,654
1968	64,988	66,736	66,681	66,479	66,947	66,767
1969	62,014	63,969	63,900	63,650	64,231	63,995
1970	56,183	58,343	58,185	57,979	58,662	58,363
1971	50,467	52,998	52,632	52,446	53,326	52,931
1972	46,948	49,679	49,328	49,136	50,175	49,707
1973	43,732	46,977	46,506	46,282	47,636	47,041

<sup>a</sup>Military budget, excluding military retirement, as expressed in fiscal year 1973 dollars by DOD and partially presented in "The Economics of Defense Spending, a Look at the Realities," DOD (Comptroller), July 1972.

<sup>b</sup>Military budget, excluding military retirement, as expressed in fiscal year 1964 dollars in DOD workpapers.

<sup>c</sup>Military budget, excluding military retirement, as expressed in calendar year 1958 dollars by DOD and partially presented in "The Economics of Defense Spending, a Look at the Realities," DOD (Comptroller), July 1972.

<sup>d</sup>National defense program, excluding military retirement, as expressed in fiscal year 1973 dollars by DOD and partially presented in "The Economics of Defense Spending, a Look at the Realities," DOD (Comptroller), July 1972.

<sup>e</sup>National defense program, excluding military retirement, as expressed in fiscal year 1964 dollars by DOD workpapers.

<sup>f</sup>National defense program, excluding military retirement, as expressed in calendar year 1958 dollars by DOD and partially presented in "The Economics of Defense Spending, a Look at the Realities," DOD (Comptroller), July 1972.

Note: Underlined figures are less than fiscal year 1973 figures in real terms.