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## Five myths about defense spending

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Defense spending is a massive part of our federal budget - and a cause of equally massive debate, whether in wartime or in peace. With fiscal pressures rising, Defense Secretary Robert Gates has detailed a reprioritization of Pentagon resources and a \$78 billion reduction in planned defense spending over the next five years. But he has also argued that "when it comes to the deficit, the Department of Defense is not the problem." Still, the \$720 billion defense budget is a very large share of federal discretionary spending - more than half in 2010. We can no longer separate national security from fiscal imperatives. Unfortunately, several myths keep us from a more disciplined defense budget.

### 1. Defense spending is dictated by the threats we face.

The challenges posed by terrorism, cyber-threats and military buildups by potential adversaries clearly play a role in shaping our national security strategy and defense budget. But so do competing government priorities in the face of limited resources, political and bureaucratic interests, and the influence of the defense industry. At times, these issues overwhelm security concerns.

As a result, budgeting decisions can appear off-course. Should we invest in our military's capacity to rebuild post-conflict societies, even if we are unlikely to engage soon in another war of regime change? Or should we spend as if we will soon confront China at sea and in the air, even if we are unlikely to do so? The White House, the Pentagon and Congress have enormous discretion in these decisions.

Sometimes funding also meets purely parochial or industrial needs. In August, for example, Gates announced his decision to close the Joint Forces Command in Norfolk, which costs \$240 million annually to operate. But after heavy criticism from state officials, Gates decided that half of the command's activities should continue, to be carried out by other Defense Department organizations in Virginia's Tidewater region. Local politics trumped efficiency.

### 2. The larger the Pentagon's budget, the safer we are.

Excessive defense spending can make us less secure, not more. Countries feel threatened when rivals ramp up their defenses; this was true in the Cold War, and now it may happen with China. It's how arms races are born. We spend more, inspiring competitors to do the same - thus inflating defense budgets without making anyone safer.

For example, Gates observed in May that no other country has a single ship comparable to our 11 aircraft carriers. Based on the perceived threat that this fleet poses, the Chinese are pursuing an anti-ship ballistic missile program. U.S. military officials have decried this "carrier-killer" effort, and in response we are diversifying our capabilities to strike China, including a new long-range bomber program, and modernizing our carrier fleet at a cost of about \$10 billion per ship.

This country has remained secure in eras of declining defense budgets, such as the postwar period of the Eisenhower presidency and the early post-Cold War years. Presidents George H.W. Bush and Bill Clinton reduced active-duty forces by 700,000, Pentagon civilians by 300,000, defense procurement dollars by 53 percent and overall national defense spending by 28 percent - and we were still able to carry out one of the Pentagon's top planning scenarios: occupying Iraq in 2003. (The wisdom of that decision is a different matter.)

### 3. Republicans like defense spending; Democrats don't.

Since 1945, defense spending has risen in wartime and fallen as conflicts end. Dwight Eisenhower reduced national defense outlays by 28 percent

from their 1953 Korean War peak. Presidents Richard Nixon and Gerald Ford went even further, cutting 37 percent from the defense budget after the Vietnam-era high in 1968. And President George H.W. Bush had cut 14 percent compared with the 1989 Cold War budget by the time he left office.

All these presidents were Republicans. Meanwhile, after adjusting for inflation, the most expensive defense budget in more than 60 years belongs to President Obama, a Democrat.

Of course, Democrats have also found savings at the Pentagon. Clinton extended the post-Cold War drawdown through his 1998 budget, and Obama will probably start post-Iraq and Afghanistan defense cuts soon - potentially with support from new Republican House leaders such as Eric Cantor (Va.) and Paul Ryan (Wis.), who have said that defense will not be exempt from the fiscal axe.

### 4. Today's levels of military pay and benefits are necessary.

Just as in any other labor market, the supply of and demand for workers determines the pay needed to maintain a professional military. But military pay and benefits are affected by other factors: Congress has learned that boosting military compensation is the easiest way to show that you're supporting the troops.

Gates expressed frustration in May with Congress's practice in recent years of adding half a percent to the military pay raises the Pentagon requested. While it does not sound like much, that increase is enormous - as much as \$450 million a year - because it applies to all active-duty troops rather than targeting key specializations that the military needs.

Benefit costs for the military have also been increasing. Health care has been a particular problem, with Pentagon health-care budgets rising from \$19 billion in 2001 to more than \$50 billion today. This increase has been driven largely by the growth in the cost of health care generally and the expansion of the beneficiary pool to include more retirees and reservists. Congress has also resisted the Pentagon's recent annual requests to increase enrollment fees for working-age retirees, even though these have not changed in 15 years.

### 5. Gates's cuts are enough.

They're a small step in the right direction, but the proposed cuts would still leave the level of defense spending far above what we need. The United States spent more on national defense last year, in inflation-adjusted dollars, than in any year during the Cold War, even though we no longer face an existential Soviet-style threat.

Our security situation permits us to spend in a more disciplined way, and our fiscal circumstances require it. Publicly held federal debt takes up a greater share of the U.S. economy - roughly 64 percent, according to the Office of Management and Budget - than any time since 1951. Failing to control this debt means that interest payments will consume future budgets and limit our spending, even for defense.

As we detail in an essay in the latest *Foreign Affairs*, the national defense budget proposals could be lower by an aggregate of roughly \$1 trillion through 2020, still leaving us to spend \$6.3 trillion on defense over that period. This can be done while retaining our military dominance and building a more effective and efficient force.

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