

**UPDATE**

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## CLINTON'S DEFENSE BUDGET FALLS FAR SHORT

(Updating *Memo to President-Elect Clinton* No. 4, "A Plan for Preserving American's Military Strength," December 28, 1992.)

President Clinton's 1995 defense budget, which allocates \$1.29 trillion for defense from 1995 through 1999, continues his Administration's systematic dismantling of the nation's defenses so painstakingly rebuilt by Ronald Reagan in the 1980s.<sup>1</sup> In the Clinton plan, the Department of Defense will fall short of its funding requirements—as outlined in the Administration's own "Bottom-Up Review"—by nearly \$100 billion. The Administration and Congress must stop looking for "savings" in the defense budget, which has paid more than its share in cost-cutting efforts by three Administrations since the Reagan build-up peaked in 1985.

To be sure, Clinton slightly raised this year's defense budget by \$1.8 billion.<sup>2</sup> However, when adjusted for inflation, the 1995 defense budget still shows a decline of 0.9 percent. This is the tenth straight year of declining defense budgets. Furthermore, the budget will decline in inflation-adjusted terms in each of the next four years beyond fiscal 1995. Thus, the Clinton Administration is now committed to fourteen years of uninterrupted decline in the defense budget.

This year's defense budget will harm national security. In every category—force structure, modernization, combat readiness, and maintaining the quality of military personnel—the amount to be spent is based not on how much defense is needed, but on budgetary considerations. National security policy is not being made based on threats identified by Clinton's national security advisers, but on spending caps provided by his budget advisers, most of whom have no knowledge of America's defense requirements. This approach represents an abdication by Clinton of his highest constitutional priority: to provide for the nation's defense.

The Clinton budget will lead to several damaging outcomes. They are:

- ❖ **A force that is too small to defend America's interests.** The Clinton Administration, on September 1, 1993, adopted a blueprint for America's future forces. The plan was the result of a comprehensive study of defense policy called the "Bottom-Up Review." It called for a force in 1999 of 15 Army divisions, 346 Navy ships, 20 Air Force tactical wings, and 174,000 active-duty Marines. But it is now clear that the Clinton Administration has no intention of meeting these goals. The Clinton 1995 defense budget has nowhere near the money required to support this plan.<sup>3</sup> The Bottom-Up Review Force (BURF) will require about

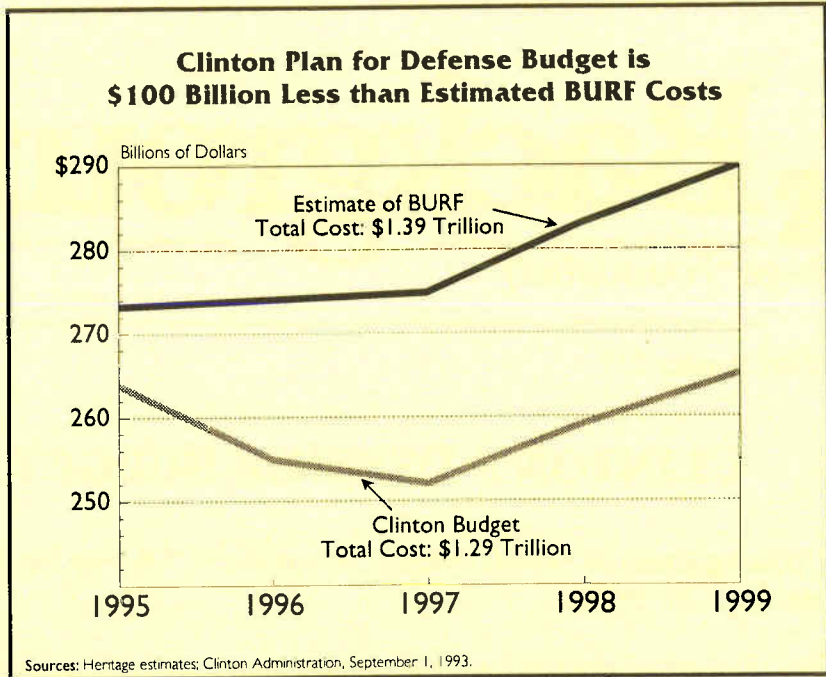
1 All figures are for budget authority, the amount the Pentagon is authorized to spend for a given period, as opposed to outlays, or the amount actually spent.

2 This quote comes from the transcript of the budget briefing included in the package of materials accompanying the Department of Defense News Release No. 043-94, February 7, 1994.

3 The assessment that the Clinton Administration's defense budget is too small to support its own force structure plan is shared by

\$1.39 trillion for the five-year period covering fiscal years 1995 through 1999.<sup>4</sup> Since the Clinton 1995 budget allocates only \$1.29 trillion, the President is \$100 billion short of his target.





This shortfall cannot be a surprise to the Administration, because the procedure used to calculate it was used by former Defense Secretary Les Aspin to criticize George Bush's defense proposals in 1992, when Aspin was Chairman of the House Armed Services Committee. The BURF most closely resembles what then-Congressman Aspin called his "Option C." Option C provided the foundation for the defense budget Congress drafted in 1992. Aspin estimated that Option C would cost \$270 billion in current dollar budget authority in fiscal year 1997.<sup>5</sup>



But the BURF, which Clinton has said will cost just \$252 billion in 1997, is larger than Option C. For example, Option C provides for only 137,000 active-duty Marines, while the BURF provides for 174,000. Further, while Option C planned for 18 Air Force fighter wings, the BURF calls for 20. Taking the cost of the slightly larger BURF into account, and using Aspin's own cost calculating procedures, the BURF should cost about \$275 billion in 1997. But the Clinton budget provides only \$252 billion in 1997, thus revealing a one-year budget gap of \$23 billion. Over the entire five-year period from 1995 through 1999, the shortfall is close to \$100 billion.

Since that is the case, the Clinton defense budget will result in a force that is far smaller than the BURF. This force will resemble another force described by Aspin called "Option B." Option B calls for just 12 Army divisions, 290 Navy ships, 14 Air Force tactical wings, and 134,000 active duty Marines.<sup>6</sup> A force this small could not address the two "nearly simultaneous" major regional conflicts that the Bottom-Up Review states must be addressed to protect the nation's vital interests in the post-Cold War world.

### Clinton's Bottom-Up Review Force vs. What His Budget Will Buy

	Force Budget Will Buy	Bottom-Up Review Force
 <b>Army Divisions*</b>	12	15
 <b>Air Force Tactical Wings</b>	14	20
 <b>Navy</b>	290 Ships 8 Carriers	346 Ships 12 Carriers
 <b>Marine Corps Personnel</b>	134,000 Active	174,000 Active

\* Accounts for separate brigades and regiments not organized into divisions.

opinion leaders across the political spectrum. Editorialists at *The New York Times*, for example, on January 28, 1994, argued: "As Mr. Clinton must know, these [Bottom-Up Review] force levels—which Congressional Republicans are sure to support—will end up costing far more than his proposed \$260-billion-a-year budgets over the next five years."

4 For a full assessment of the Bottom-Up Review, see Lawrence T. Di Rita, et al., "Thumbs Down To The Bottom-Up Review," Heritage Foundation *Backgrounder* No. 957, September 22, 1993.  
 5 Les Aspin, "Defense 1997 Alternatives," February 25, 1992.  
 6 *Ibid.*

❖ **A “hollow” military that is not combat ready.** The Clinton defense budget, when coupled with the force structure decisions made in the Bottom-Up Review, will damage the ability of the military to stay ready for combat. To meet the austere budget goals, the military services will have to cut funding for the operations, maintenance, modernization, and training needed to stay ready for war.

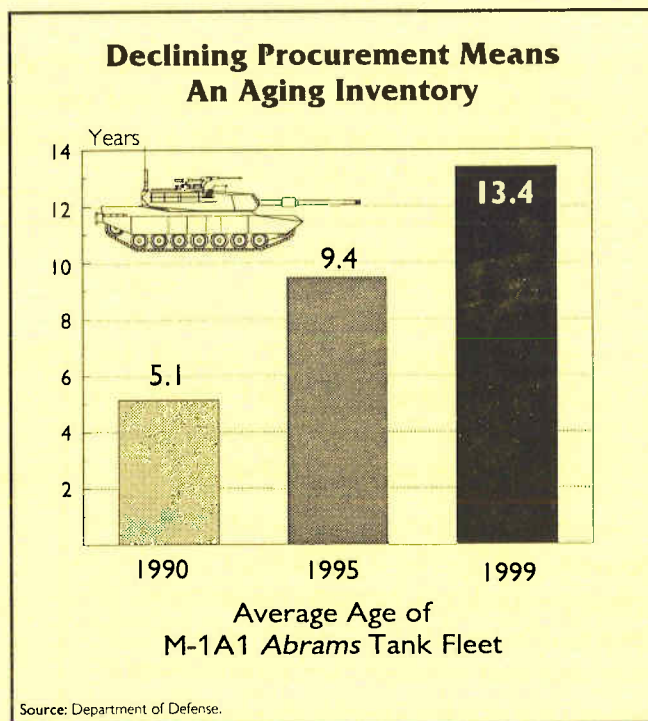
The damage to military readiness caused by the competition for dollars is already evident. For 1994, the Army estimates that it can pay for just over half (58 percent) of scheduled equipment overhauls.<sup>7</sup> Ammunition supplies, a critical indicator of readiness, are also declining due to budget reductions. The Army is now consuming ammunition out of its war supply for training purposes. Only 15 percent of the Army’s ammunition is certified as war-ready, based on shelf-life and other factors.<sup>8</sup> Finally, the Pentagon’s own outside group assessing military readiness, called the Readiness Task Force, has determined that the frequency and length of Marine Corps deployments overseas is preventing Corps units from participating in required training activities.<sup>9</sup>

To reverse this disturbing trend in readiness, the Administration is proposing to increase operations and maintenance funding in fiscal 1995 by \$4.9 billion from 1994 levels. But this one-time infusion of money will prove inadequate to avoid the emerging crisis in readiness. There are two reasons for this conclusion:

**Reason #1:** Clinton’s approach amounts to no more than a budget “shell game” in which too little money is moved around between accounts. In future years, for example, military pay will demand larger percentages of the defense budget. This is because the number of troops in Clinton’s force structure plan remains relatively high compared with the equipment purchases and operating costs provided in the budget. If the budget is to remain at the inadequate levels proposed by Clinton, then these other accounts will have to fall as military pay begins to consume a larger share of the total. In short, the reallocation of funds between accounts cannot solve the basic problem of an underfunded military force.

**Reason #2:** This reallocation of funds is also coming at the price of further reductions in the procurement budget. Reductions of the procurement account mean that the military will be operating aging equipment. For example, M-1 Abrams tank production ceased in the middle of 1993. As a result, the average age of the M-1 fleet will go from 5.1 years in 1990 to 9.4 years in 1995, and to 13.4 years in 1999. This is certain to result in increases in the cost of maintaining the fleet during the remaining years of this decade and into the next. Thus, the slashing of modernization funds also results in greater costs for programs under the Operations and Maintenance account.

❖ **A posture that leaves the United States, its allies, and forces abroad vulnerable to missile strikes.** The Clinton Administration’s assault on the nation’s missile defense program continues unabated with the 1995 budget. The budget request



7 Memorandum from Acting Secretary of the Army John W. Shannon to Secretary of Defense Les Aspin, June 15, 1993. Reprinted in *Inside the Pentagon*, June 24, 1993, pp. 7-8.

8 Briefing by the Munitions Industrial Base Task Force at The Heritage Foundation, February 15, 1994.

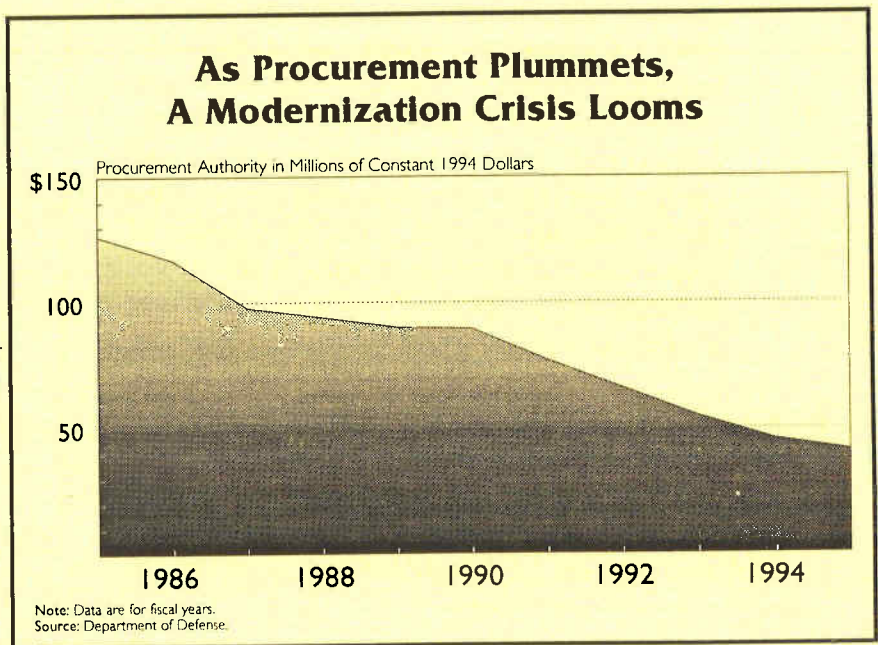
9 Department of Defense, "Defense Science Board Task Force on Readiness Interim Report," February 14, 1994, p. 6. Also see "Readiness Task Force Releases Interim Report," Department of Defense News Release No. 081-94, February 18, 1994.

includes only \$3.25 billion for the Ballistic Missile Defense Organization (BMDO) in fiscal 1995. This compares to \$7.6 billion that the Bush Administration planned to propose for this program. Further, the budget demonstrates that the Administration is even abandoning its own missile defense plan for the period from fiscal 1995 through 1999, which was formulated during the Bottom-Up Review. This longer-term plan already imposed a \$22.9 billion, or 56 percent, cut in the program. Now the Administration is saying that even the \$18 billion that remains is too much. Another \$1.1 billion has been eliminated from the five-year budget.

The Clinton Administration's Attack on the BMD Budget			
Billions of Dollars FY '95-'99	Bush Budget	Clinton Budget	Reduction in Spending
Theater Defense	\$16.5	\$11	-\$5.5
Strategic Defense	\$17.7	\$3	-\$14.7
Follow-on Research	\$6.7	\$3	-\$3.7
<b>TOTAL</b>	<b>\$40.9</b>	<b>\$17</b>	<b>-\$23.9</b>

The impact of these budget proposals on the program will end the prospects for effective national missile defense. The territory of the United States will remain vulnerable to long-range missile strikes. As former Secretary of Defense Les Aspin stated last year, the so-called theater missile threat is "here and now."<sup>10</sup> Furthermore, Clinton's budget proposal is too low to field defenses against short-range (theater) missiles, despite earlier assertions by Secretary Aspin that such defenses are a priority.<sup>11</sup> The Clinton Administration plans to allocate only about \$2 billion for theater missile defense in fiscal 1995. The Bush Administration would have budgeted almost \$3.1 billion for the same period. This will certainly delay the deployment of effective theater missile defenses and make the systems that are ultimately deployed less effective. The question that remains is how vulnerable will U.S. and allied forces be to enemy missile strikes in places like Korea?

❖ **A technology gap.** The Clinton Administration's defense budget represents a massive assault on the Pentagon's funding for new equipment and systems. The procurement budget will, in fiscal 1995, fall by \$1.2 billion from the year before. This inflation adjusted decline of 5.4 percent means that in 1995 the procurement budget will be only one-third of what it was in 1985. These budget reductions are already having an impact. Whereas the Pentagon bought 29 ships, 943 aircraft, and 720 tanks in 1985, it will buy only six ships, 127 aircraft, and no tanks in fiscal 1995 (see chart on following page). The Army alone is planning to terminate 57 programs.



Another trouble spot is research and development (R&D). The R&D budget is slated to receive a modest 1 percent real increase (after inflation) in 1995. Unfortunately, in the previous year's budget, a similar attempt to protect R&D was rejected by Congress, which voted to decrease it by about 10 percent. There is no reason to believe that this pattern will not continue during debate on the fiscal 1995 defense budget.<sup>12</sup>

10 Secretary Aspin made this comment during a press briefing on May 13, 1993, at the Pentagon.

11 *Ibid.*

Taken together, the Administration's proposed funding plans for procurement and research and development will endanger the military's ability to arm itself with modern, high technology weapons. This will result in a technology gap because existing military systems—the Navy's A-6 *Intruder* all-weather attack bomber, for example—will have to be retired before new systems can be developed and purchased. This technology gap will certainly result in higher U.S. casualties in a future conflict.

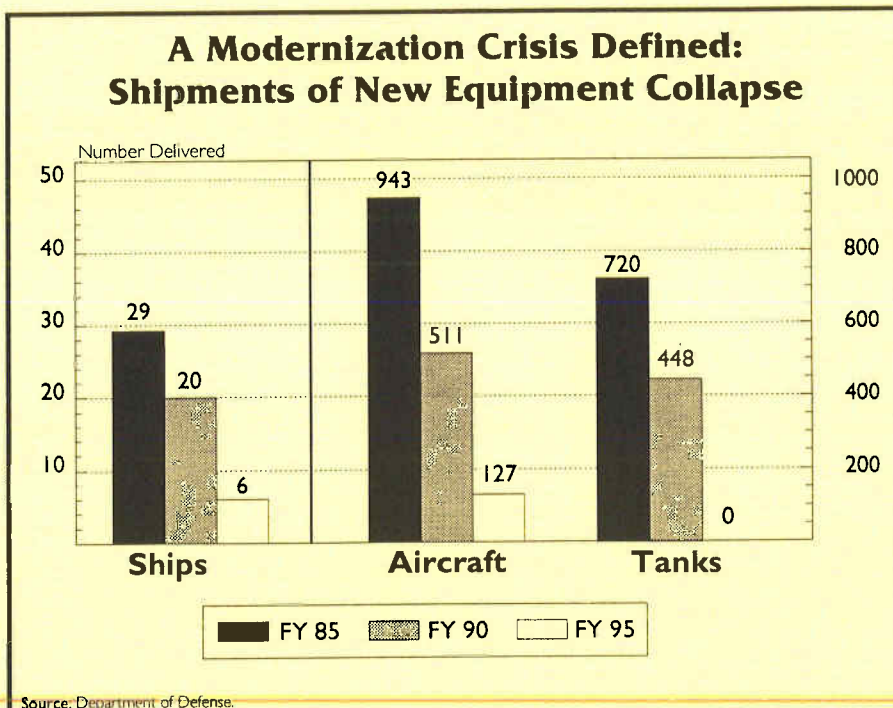
❖ **A damaged military industrial base.** The steep reductions in the Administration's budget for defense procurement will not only prevent the military from obtaining high technology in the near future, it will also result in a depleted industrial base incapable of producing adequate numbers of high-tech weapons over the longer term. For example, the Clinton budget may result in the loss of around one million defense-related jobs in the private sector.<sup>13</sup> In addition to lost jobs will be lost capabilities in defense production. Large defense contractors are cutting back on the number of smaller industries they rely on as suppliers. For example, Douglas Aircraft Company's list of suppliers dropped by 75 percent from early 1992 to the end of 1993.<sup>14</sup> Lockheed Corporation's Fort Worth Division has likewise reduced its list of suppliers by 68 percent.<sup>15</sup> Rebuilding this supplier network will take considerable time; something that may not be available in the event of a crisis.

The Clinton Administration is compounding the problems associated with the weakening of the military industrial base. It is proposing to allocate \$3.3 billion of the defense budget in fiscal 1995 to "defense conversion." This is part of a \$20 billion multi-year, government-wide program. The defense conversion program is designed to push industrial enterprises out of the defense sector. This policy is misdirected because it will not save any money. Instead, it directs that the Pentagon actually pay for a weakening of the industrial base upon which it depends. The \$3.3 billion in the fiscal year 1995 defense budget allocated to defense conversion would be better spent on procurement.<sup>16</sup>

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## CONCLUSION

Any President's budget is a document that reflects policy options. President Clinton's fiscal 1995 budget is no exception, and it shows the low priority he gives to national security issues. In his budget, defense spending will go down while both entitlement spending and domestic discretionary spending will increase. It exposes seri-



12 For a full discussion on relationship between procurement and research and development, see John F. Luddy, "Stop The Slide Toward a Hollow Military, Heritage Foundation *Backgrounder Update* No. 209, January 14, 1994.

13 Richard A. Bitzinger and Steve Kosiak, *Potential Impact of Defense Spending Reductions on the Defense Related Labor Force By State* (Washington, D.C.: Defense Budget Project, 1993), p. 3.

14 Anthony L. Velocci, "U.S. Shakeout Tests Suppliers' Flexibility," *Aviation Week & Space Technology*, February 14, 1994, pp. 48-51.

15 *Ibid.*

16 For a full discussion of the defense industrial base and defense conversion, see Baker Spring, "Supporting The Force: The Industrial Base and Defense Conversion," Heritage Foundation *Backgrounder* No. 964, October 22, 1993.

ous contradictions in the Administration's defense policy, such as the mismatch between force size and funding and the overemphasis on reductions in procurement funding.

President Clinton must end this policy of neglect toward national security. The nation's defenses must be given a higher priority than the Clinton budget implies. The Administration must acknowledge the full extent of its defense budget gap—nearly \$100 billion—and start working with Congress to find the funds from other budgets to pay for it.

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