

CLINTON'S DEFENSE BUDGET FALLS FAR SHORT AGAIN

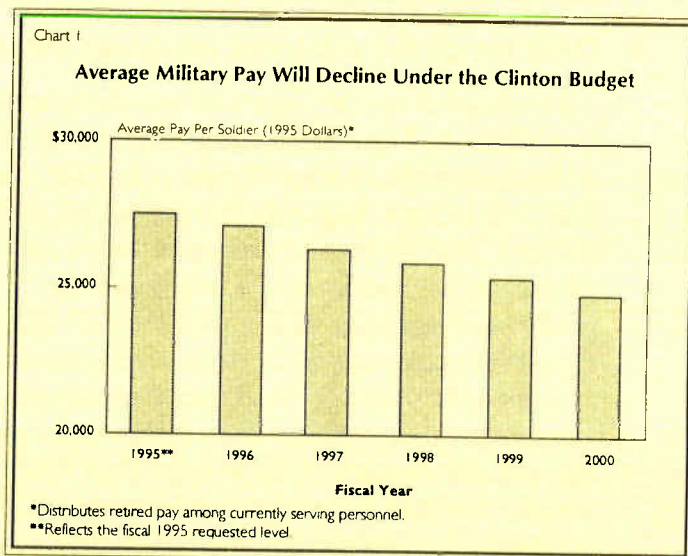
(Updating *Backgrounder Update* No. 217, "Clinton's Defense Budget Falls Far Short," March 15, 1994.)

"We must not cut defense further."¹ This quote is from the State of the Union Address President Clinton gave a little over a year ago. Yet on February 6, the President submitted his fiscal year 1996-2000 budget proposal, which indeed cuts defense further. His new proposal would reduce defense spending by 5.3 percent in FY 1996 and an additional 4.1 percent in FY 1997. In fact, the Clinton proposal for the entire five-year period would slash the defense budget by over \$140 billion (in budget authority) from the Congressional Budget Office's January 1995 baseline, which is the standard against which Congress votes to increase or decrease federal spending.

The problem is actually worse than these budget figures suggest. The amount the Clinton Administration has budgeted for defense is not enough to fully fund the Administration's own defense program. In fact, because of the Administration's unwillingness to acknowledge the cost of its program, the Clinton defense budget will fall short by \$110 billion from 1996 to 2000. This shortfall will have a devastating effect on combat readiness, the morale of U.S. troops, and the quality and effectiveness of American arms. The specific effects of this shortfall will be to:

X Lower troop morale and hamper recruitment.

Under the Clinton plan, military pay will not keep up with inflation. Previous Clinton Administration defense budgets have not accounted fully for the effects of inflation, and this new budget is no exception. The Administration has requested a 2.4 percent pay raise for military personnel in 1996; the Congressional Budget Office estimates that inflation will be 3.4 percent next year.² The trend of not adjust-



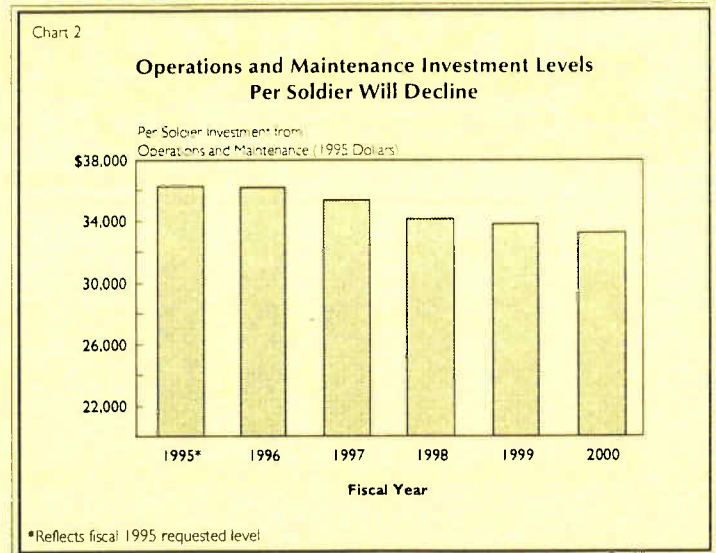
1 William J. Clinton, "State of the Union Address," January 25, 1994, as reprinted in *The Washington Post*, January 26, 1994, p. A-12.

2 The Congressional Budget Office, *The Economic and Budget Outlook: Fiscal Years 1996-2000*, 1995, p. 21.

ing pay to account fully for the effects of inflation continues throughout the five-year budget period (see Chart 1). If inflation remains at 3.4 percent a year for the next five years, the average soldier's pay will drop by almost 10 percent in real terms. These cuts in real wages not only will hamper the services' ability to recruit and retain high-quality personnel, they will badly damage morale.

X Weaken combat readiness.

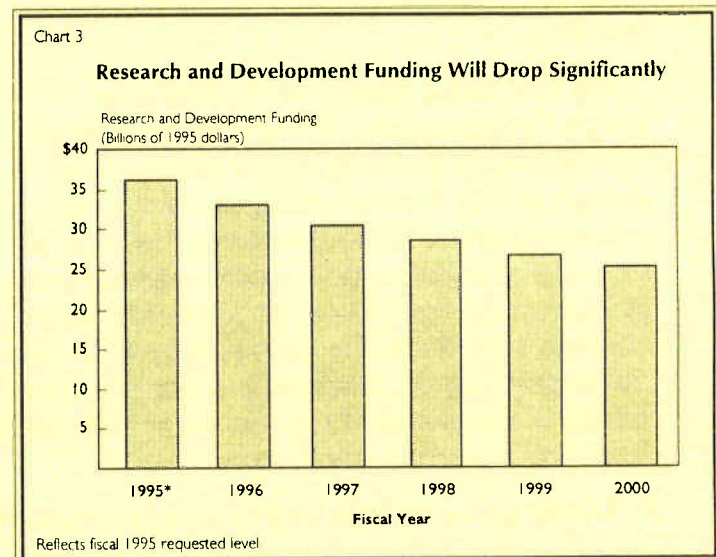
Despite Clinton Administration claims that it is giving military readiness the highest priority, readiness funding levels are falling. Readiness is funded mainly by the operations and maintenance account of the defense budget. These funds pay for the daily costs of running and maintaining the nation's armed forces. As with military pay, funding levels for operations and maintenance will decline in real terms because of a failure to adjust for inflation (see Chart 2).



Instead of letting readiness funding levels drop, the Administration should tap into the \$11 billion in non-defense activities that the Pentagon will be forced to spend in 1995. Congress should reinvest savings from these programs in near-term readiness programs.³

X Deny troops the advanced weaponry they need to prevail over America's foes.

Funding for military research and development will drop dramatically in the Clinton defense budget (see Chart 3). The Administration requested \$36.2 billion (in 1995 dollars) for research and development in the current fiscal year. By the year 2000, the U.S. will be spending only \$25 billion (in 1995 dollars). This 30 percent drop in research and development funding levels will shrink the pool of technologies from which the next generation of weapons will be drawn. As a result, U.S. armed forces may lose their technological superiority over potential foes. If this happens, the low-cost victory of the Persian Gulf War, where casualties were kept low because of U.S. technological superiority, will be a thing of the past.



X Assure an armed force too small and weak to win the nation's wars.

A 1995 report by the General Accounting Office (GAO) states that the Administration's Bottom-Up Review force will not be able to handle two major regional wars "nearly simultaneously," as promised by the Pentagon.⁴ If the under-funding of the BUR force continues, the U.S. may be hard-pressed to win even one major regional war. The reason: the military would be forced to make cuts to levels significantly below those recommended in the BUR.

3 See John Luddy, "More Non-Defense Spending in the Defense Budget," Heritage Foundation *F.Y.I.* No. 48, December 30, 1994.
 4 General Accounting Office, "Bottom-Up Review: Analysis of Key DOD Assumptions," January 1995.

Fixing the Problem

The Clinton Administration's fiscal 1996 defense budget, like its predecessors, is woefully inadequate. It is up to the Congress to do something about the Clinton assault on national security funding. To protect American security, Congress should:

- ✓ **Fund** military pay at the cost of inflation. This means funding the military pay account at somewhat less than \$79 billion in current ("then year") dollars by the year 2000, the last year in the five-year program.
- ✓ **Adjust** operations and maintenance levels of funding to levels of inflation.
- ✓ **Increase** funding for research and development to \$46.9 billion in current dollars by the year 2000.⁵
- ✓ **Reinvest** non-defense funds in the defense fund budget in national security programs.

Congress should scale back spending programs in the defense budget that have little or nothing to do with national defense. Some of this spending supports civilian athletic events and extensive non-defense medical research programs. Spending on these programs should be applied to maintaining near-term readiness.

Conclusion

By a vote of 241-181, the House of Representatives on February 16 passed the National Security Revitalization Act, pledging "to reassess United States military needs and reverse the continuing downward spiral of defense spending." Congress can start fulfilling this pledge by stopping the Clinton assault on funding for national security. The choice is clear: Will America remain a global power able to defend American freedom and prosperity? Or will the United States shrink as a great power and become vulnerable to the whims and threats of the many dangerous forces existing in the world today? Congress has the power to ensure that the country makes the right choice.

Baker Spring
Senior Policy Analyst

⁵ The \$46.9 billion is equivalent to \$40 billion in 1995 dollars.

