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4 Percent of GDP Defense Spending: Sustained Spending, Not Economic Stimulus

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Senator James Inhofe (R–OK) and Representative Trent Franks (R–AZ) plan to introduce a joint congressional resolution to commit 4 percent of the nation's gross domestic product (GDP) to defense. This legislation serves the national interest, first and foremost, because it will allocate the resources necessary to protect the United States. Adopting the spending guideline proposed by this resolution and crafting annual defense budgets to implement its goals would be the most efficacious means to not only sustain but revitalize the military America needs.

What America Needs. Achieving the ideal composition and capabilities of U.S. military forces will require:

- Building a robust complement of capabilities for the spectrum of missions the armed forces will face;
- Ensuring adequate funding for ongoing operations;
- Maintaining a trained and ready all-volunteer force;
- Preparing for future challenges and conflicts; and
- Fundamentally reforming manpower and procurement policies.

The level of sustained spending required to achieve these objectives will require consistent annual defense budgets amounting to approximately 4 percent of GDP. Spending significantly less than 4 percent of GDP on defense for the next five to 10 years would shortchange the military. Underfunding defense would ultimately produce a hollow force that is either too small, unable to sustain cur-

rent operational demands, not ready, or at a technological disadvantage on the battlefield.

Defending the Economy. Pentagon spending is not the source of the federal government's current fiscal woes. Spending on the armed forces represents only about one-fifth of the federal budget and approximately half the average level of defense spending during the Cold War (as measured as a percentage of GDP). Defense has gradually declined as a percentage of GDP since the 1960s, while spending on the major entitlements (now about half the federal budget) have usually exceeded economic growth rates over the same period. Further, current projections show that spending on the major entitlements will far outpace economic growth and all components of government spending in the decades to come. Addressing entitlement spending, not defense expenditures, is the key long-term challenge for lawmakers.

Sustain—Do Not Stimulate—Defense Spending. Even during an economic slowdown, the U.S. economy can afford to devote no less than 4 percent of GDP to the core defense program. The proposed level of defense spending is achievable and sustainable. Even in the current challenging economic environment, hard choices have to be made—but

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the decision to undermine the capabilities and readiness of U.S. forces by imprudent budget cuts should not be one of them.

Proposals to offset reducing the defense budget by including “national security” spending in the proposed stimulus package are equally wrongheaded.

Proposed initiatives (including monies for Defense, State, and Homeland Security) in the congressional stimulus package represent less than 2 percent of the stimulus and less than 4 percent of the defense budget. This spending would have a marginal impact on national preparedness. It would be flat wrong to attempt to justify the stimulus on the pretext that it will promote national security. On the contrary, the stimulus as currently structured to include massive deficit spending that will likely do more long-term harm than good to the economy while undermining efforts to sustain defense spending.

Finally, rather than a “shot” of short-term funding, in order to maintain readiness and modernize the military, the Pentagon requires sustained multi-year investments. Congress should demonstrate that it is serious about defense by putting defense spending where it belongs—in the annual budget of the defense department. Placing monies in the base-budget, where it belongs, would establish precedence on the appropriate level of annual funding.

An Adequately Funded Force. Congress should insist on adequate defense spending in order to create a strong military. The 4 percent allocation called for in the legislation to be introduced by Senator Inhofe and Representative Franks makes sense when it ties sound defense spending to a broader fiscal policy for restraining federal spending and promoting higher rates of economic growth. In the end, Congress must recognize that leaving the massive projected growth in entitlement expenditures unchecked and passing an irresponsible stimulus package threatens the capacity of government to adequately fund the military. Such actions, consequently, jeopardize the future of security of the United States. Ultimately, there will be nothing left for defense if Congress is not willing to impose limits on the growth in federal spending on plethora of other programs.

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