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President Obama's Disconnect on the Defense Budget

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In the course of his April 13 speech on the fiscal crisis, President Obama took the opportunity to renounce his own defense budget, which he unveiled only two months ago. According to the White House, he is seeking \$400 billion in additional defense cuts between now and fiscal year (FY) 2023. This means an average of over \$33 billion per year.

In his February statement on his FY 2012 budget submission, the President recognized the need to exempt national security spending, including the narrower category of defense spending, from a freeze on other discretionary spending accounts. Even then, the President's five-year defense budget proposal from February falls far short of what is required to sustain U.S. security commitments around the world. In fact, securing U.S. vital interests would require some \$500 billion in additional spending for the "core" defense program, which excludes funding for the conduct of the wars in Afghanistan and Iraq, in the years covering FY 2012–FY 2016. The additional cuts proposed by the President on April 13 would put the core defense program almost \$650 billion in the hole over the same period.

The Need for Context. President Obama strove mightily in his April 13 speech to place his statement on the need for further defense spending reductions out of context. He did so by lumping defense spending together with all other federal spending. This conveniently ignores the fact that the defense program's starting point in terms of

spending restraint is radically different from those of all other elements of the federal budget. The following are some of the facts that both Congress and the public should keep in mind.

- ***Defense spending has fallen as a percentage of all programmatic federal spending.*** In 1992, all defense spending accounted for slightly more than 25 percent of federal outlays for everything other than interest on the debt. Every year since then—including the years of the wars in Afghanistan and Iraq—defense spending has been below the 1992 benchmark.
- ***The Obama Administration's February budget request was already reducing the defense budget.*** The February request would have reduced the overall defense budget by almost 6.5 percent in inflation-adjusted dollars in FY 2012 from his requested level for FY 2011. This was a proposed reduction of over \$36 billion. Now this reduction in FY 2012 could be as high as \$69 billion.
- ***The budget deal for the current fiscal year reduces the defense budget.*** This funding reduction puts the defense budget about \$18 billion below the Administration's requested level in

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FY 2011. While other discretionary accounts are also cut in this agreement, Social Security, Medicare, and Medicaid are not included.

- ***The Obama Administration's February budget does not reduce the defense budget in order to reduce overall federal spending.*** The February budget proposes increases in Social Security and Medicare from the estimated levels for FY 2011 by 16 percent and 17 percent, respectively, over the course of the next five fiscal years. Accordingly, these two programs are more than eating up the savings achieved by reducing the defense budget.
- ***The Obama Administration's February budget already proposed shrinking the size of the U.S. military.*** Specifically, it contemplated reducing Army and Marine Corps manpower by at least 42,000 positions in future years.
- ***Research and development funding for new weapons and equipment was already falling.*** In FY 2010, the Department of Defense was provided \$80 billion in budget authority for research and development. The Pentagon is now on the path to reducing that number to below \$70 billion—not counting the effects of inflation and President Obama's April 13 announcement.
- ***The Obama Administration's February budget proposal would have already reduced procurement funding for new weapons and equipment.*** The February proposal would have reduced the budget authority for the procurement account by roughly \$6 billion. Again, this does not count for the effects of inflation and President Obama's April 13 announcement.

The Impact of Further Defense Budget Reductions. The specific impacts of these reductions—such as the size of the military, training levels, research and develop programs, and procurement programs—will not be known for some time. The White House, however, has made it clear that a review of the application of the defense reductions will begin with an assessment of changing the role of the U.S. in world affairs. Given that the review follows from the demand for defense budget reductions, it will emphasize not how the U.S. will more

effectively strengthen its role in world affairs but how to diminish the U.S. role.

This basic approach is problematic because it assumes that the White House and the Department of Defense can predict years in advance what specific military operations the U.S. may be compelled to enter in a way that does not exceed the imposed limits on resources.

Forcing Policy Changes. President Obama asserted in his April 13 speech that a major contributor to the fiscal crisis the U.S. now finds itself in was the military engagements following the attacks of September 11, 2001. By this logic, the President would assume that the U.S. was not compelled to take military action in response to those attacks. His stated support for the U.S. military operation in Afghanistan, however, makes it clear that even the President himself does not really believe in this assumption. His willingness to commit U.S. military forces to intervening in the Libyan civil conflict has demonstrated that this assumption cannot survive contact with the real world, even in the very short term. Necessarily, prudent defense planning has always assumed the need for an extra margin of military strength in order to respond quickly and effectively to unanticipated events.

In this context, the new round of defense budget reductions is about forcing changes in the basic foreign and security policies of the U.S.

In order to maintain a military of sufficient strength for the U.S. to maintain its existing security commitments with the necessary margin for responding to unanticipated events, the defense budget needs to:

- Increase to \$731 billion in overall spending in FY 2012;
- Provide \$3.6 trillion to the core defense program cumulatively over the next five years;
- Maintain the existing size of the military;
- Provide at least \$202 billion for the modernization accounts in FY 2012 in the core defense program and sustain real growth in these accounts during the years that follow; and

- Reinvest savings resulting from efficiency measures back into defense.

Rue the Day. Some Americans, President Obama among them, may think that diminishing America's role in the world will not have an adverse impact on the security of Americans. This argument could not be more wrong. America's prominent role in the world provides its people with a benefit that few others enjoy, which is the ability have a great measure of control over its own destiny in a dangerous world.

All Americans will come to rue April 13, 2011, when they realize that others who are not their friends have become able to manipulate them and ultimately deprive them of at least a measure of their freedom and security.

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