

# WebMemo



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## Pentagon's Preview of Defense Budget Indicates Future Military Will Lack Important Capabilities

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On January 26, Secretary of Defense Leon Panetta provided the public with a preview of the defense budget request the Obama Administration will submit February 13. The full details of the fiscal year (FY) 2013 defense budget request will be released next month, but Panetta's presentation makes it clear that the budget will not provide the U.S. military with the resources it needs. With inadequate resources come inadequate capabilities, which the Secretary described in general terms.

### **Lessening the Overall Readiness of the Force.**

As was the case following the Vietnam War in the 1970s, defense budget reductions of the scope previewed by Panetta generally lead to reduced combat readiness and, ultimately, a hollow force. This is because a force that is too small has to endure higher operating tempos and rotation cycles. It also results in a reduction in the technological edge that permits the U.S. military to achieve victory on the battlefield quickly and with fewer casualties. Finally, it becomes more difficult to man the force with high-quality personnel and maintain high morale.

Meeting the security challenges of the U.S. and its allies requires a ready force that is capable of conducting operations on a global scale. For example, the lack of a persistent U.S. military presence in Asia could permit China to block the freedom of transit in the South China Sea. The resulting disruption of trade would be a disaster for U.S. friends and allies, including Taiwan, which imports 98 percent of its

oil via this sea-lane. Likewise, an Iranian blockade of the Strait of Hormuz would disrupt global commerce, as 20 percent of the world's petroleum products transit the strait.

Further, weaker conventional capabilities carry a significant risk of conflict escalation, including the use of weapons of mass destruction. The costs of the use of nuclear weapons, for example, are practically incalculable in humanitarian, economic, and political terms. Finally, it is critical for the American people to understand that these kinds of defense budget reductions will decrease the power-projection capacity of the U.S. military. It is this power-projection capacity that permits the U.S. to fight its enemies "over there" in places like Afghanistan, as opposed to here at home. If September 11 taught the American people anything, it is that they do not want wars fought on their territory.

### **The Loss of Important Military Capabilities.**

After providing his cursory explanation of the budget numbers, Panetta went on to describe the capabilities that will be lost as a result of this budget.

This paper, in its entirety, can be found at:  
<http://report.heritage.org/wm3475>

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Accordingly, it is important for Congress to keep in mind that this budget is not just about cutting waste at the Pentagon. Specifically, the Secretary revealed that the lower budget would result in the following:

- **A smaller Army and Marine Corps.** The budget will produce an active Army of just 490,000 people. This compares to a current force of some 562,000. On the force structure side, it will reduce the number of combat brigades, including by taking two such brigades out of Europe. The size of the active Marine Corps will be reduced from roughly 202,000 to 182,000. These personnel reductions will be spread over five years. In taking these steps, the Department of Defense raises questions about the level of protection provided to U.S. allies and interests in Europe and confirms that it will no longer be capable of sustaining long-term stability operations.
- **A smaller tactical fighter fleet in the Air Force.** The spending plan will disestablish six tactical fighter squadrons. An additional training fighter squadron will also be eliminated. Further, the procurement rate of the F-35 or Joint Strike Fighter (JSF) will be slowed. This will likely increase the unit cost of the aircraft and lead to a reduction in the size of the buy over time.
- **Retiring older Navy ships while slowing the procurement of new ones.** Under the budget, the Navy will move to retire seven cruisers and two amphibious ships at an early juncture while delaying or reducing the procurements of a large amphibious ship, a Virginia class submarine, the replacement strategic nuclear submarine, Littoral Combat Ships, and Joint High-Speed Vessels.
- **Reducing air mobility.** The budget will force the retirement of 27 C-5A and 65 C-130 aircraft. It will also divest the military of 38 C-27 aircraft.
- **Scaling back the missile defense program.** In this case, the preview is quite vague. All that Panetta states is that not all funding was protected in this area and that the program will accept some risk in terms of deployable regional missile defense.
- **Increased risk to the defense industrial base.** The preview acknowledges that the defense

industrial base “will require careful monitoring in the future.” This is code, meaning that its viability in certain areas will be difficult to maintain. Further, the Secretary talks about the industrial base in terms of “reversibility,” which means its health is on a downward trajectory.

- **Future limits on military compensation.** Panetta stated that military pay increases will be limited starting in fiscal year 2015. Health care for military retirees will be subject to increased fees, co-pays, and deductibles. While no specific changes in the military retirement system were proposed, the Department of Defense will establish a commission to make recommendations for restructuring the system. It is certain that the commission’s mandate will include finding ways to reduce costs.

**A Shrinking Defense Budget.** The Secretary of Defense indicated that the total defense budget will amount to about \$635 billion in budget authority in FY 2013, some of which falls outside the Department of Defense and Panetta’s preview. By way of comparison, the total defense budget in FY 2010 was more than \$721 billion. Thus, the Secretary of Defense is proposing a defense budget for FY 2013 that is more than \$80 billion less than it was in FY 2010—three years earlier. Further, this does not account for the effects of inflation. When inflation is taken into account, the defense budget in FY 2013 will be more than \$90 billion less (in FY 2005 dollars).

The decline, however, will not stop in FY 2013. While Panetta did not provide the full array of numbers for the defense budget in the years 2014 through 2017, he did say the budget would cut some \$259 billion cumulatively over that period against an unspecified baseline. He made it clear that the budget to be submitted February 13 does *not* account for the application of automatic spending cuts under the Budget Control Act. The Budget Control Act, enacted late last summer, triggers automatic spending cuts that could amount to as much as \$600 billion from the defense budget *in addition to* those already contained in the pending budget for the period covering FY 2013 through FY 2021. At this point, the only way to avoid these automatic cuts is for the Budget Control Act to be amended or

repealed. President Obama, however, indicated last November that he would veto legislation that does either.

The defense budget Secretary Panetta has previewed raises the level of risk for the U.S. and its friends and allies around the world. He acknowledged that reality. What Congress and the American people need to understand is that the stakes are exceedingly high. These stakes include the lives

and well-being of many people around the globe, the preservation of the global trading system and future prosperity, and, ultimately, the cause of liberty worldwide. These are not risks worth taking.

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