

Defense Spending: Lose the Mechanism, Take the Cuts

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As Congress negotiates a deal to avoid the fiscal cliff and reduce the deficit, it will consider defense spending as part of a balanced deficit reduction package. During this debate, Members of Congress will need to determine the appropriate level for defense spending necessary to carry out our defense strategy while simultaneously reducing the deficit. Because that level of spending is almost certain to involve lower defense spending than the last decade, Members must be prepared to make the case for a leaner—but no less powerful—fighting force.

- We need a correction to bring defense spending in line with what it was before we started two wars.
- At a corrected level of spending, we'll still have the strongest and most effective fighting force in the world.
- The Department of Defense (DOD) should take this opportunity to invest in modern, precision weapons systems and technologies instead of Cold War-era systems.
- DOD should look for additional efficiencies in health care, fuel consumption, and acquisition reform.

Background

The framework for reaching a debt reduction deal was set out in the Budget Control Act of 2011 (BCA). This legislation cut \$900 billion from discretionary spending from 2013 to 2021.¹ It also called for Congress, through a super committee, to find another minimum of \$1.2 trillion in deficit reduction over the same time period. To spur action and compromise, Congress placed a sequestration mechanism over its own head.² If Congress can't agree on how to reach

that deficit reduction target, the ax will fall, forcing \$495 billion in defense cuts between 2013 and 2021.³ These cuts will affect each defense account on a pro-rata basis and a comparable amount on the rest of discretionary spending.⁴ Notably, if sequestration occurs the reductions will be roughly the same over the period from 2012–2020 as those recommended by the bipartisan Simpson–Bowles Commission.⁵

The single biggest threat to our national security is our debt...We must, and will, do our part.



— Fmr. Admiral Mike Mullen to Business Executives for National Security, September 22, 2011

The trouble with the sequester mechanism is that it would cut the defense budget indiscriminately, hitting good programs and bad programs alike.

“The problem isn’t the size of the cuts with sequestration, but the mechanism.”

Framing the Debate

The President and his top military advisors have repeatedly called for matching spending to strategy. This strategy calls for maintaining the most capable fighting force on the planet that can respond to global crises, eliminate terrorist threats, and protect the global commons—including cyber and space. To meet these challenges, DOD does not need to move forward with a budget still structured to fund the wars of occupation in Iraq and Afghanistan. Therefore, reducing the

Pentagon's budget isn't a cut, it's a correction. After conflicts, America draws down.

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Historical Context of DOD Spending (in billions, constant FY2013 dollars) ⁶



- The defense budget could go back to 2002 base budget spending levels—which was around **\$460 billion in constant dollars—plus a little extra to help handle counter-terrorism missions.** ⁷ This is roughly the level of spending that would occur under sequestration, but without the arbitrary spending reduction mechanism. ⁸
- This level of spending would give the Pentagon more flexibility to prioritize what programs it wants to keep, what fat it chooses to trim, and when those reductions should occur, so long as it meets the overall targets.

Beginning in 2014, the U.S. will not be fighting two land wars, so we don't need a budget sized to pay for them.

How We Make It Work

Critics will say that reductions to the defense budget would devastate our national security. This isn't the case. In fact, there are numerous ways we can improve our military while still correcting the budget. Here are a few ideas:

Remove the sequester mechanism. If we remove the mindless sequestration mechanism and start the clock in 2014, the Department will have room to pick and choose where to trim the fat while still maintaining a force capable of carrying out our military strategy and maintaining our national security. DOD and the relevant Congressional committees should decide what programs it needs, and what it can do without.

“DOD can be more efficient in the way they spend their money.”

Look for savings. For example, DOD can start saving immediately by:

- Reforming the military health care system by ensuring enrollment fees keep up with inflation, especially for working age military retirees;
- Lessening the Pentagon’s fuel consumption by investing in alternative energies that decrease overall fuel consumption; and
- Reforming the acquisitions process by investing in the workforce and changing contracting practices.

Opt for modernization. The Cold War is over, and technology has progressed. Instead of buying gold-plated systems designed to fight yesterday’s adversaries, we should invest in more targeted platforms that better suit the security threats of today, like drones, special operators, electronic and cyber warfare, as well as intelligence, surveillance, and reconnaissance platforms. The Pentagon is already laying out a strategy to invest in these platforms that will save money in the long run,⁹ and inherently be less costly than two land wars.

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We should focus on modern systems, not legacies of
the Cold War.
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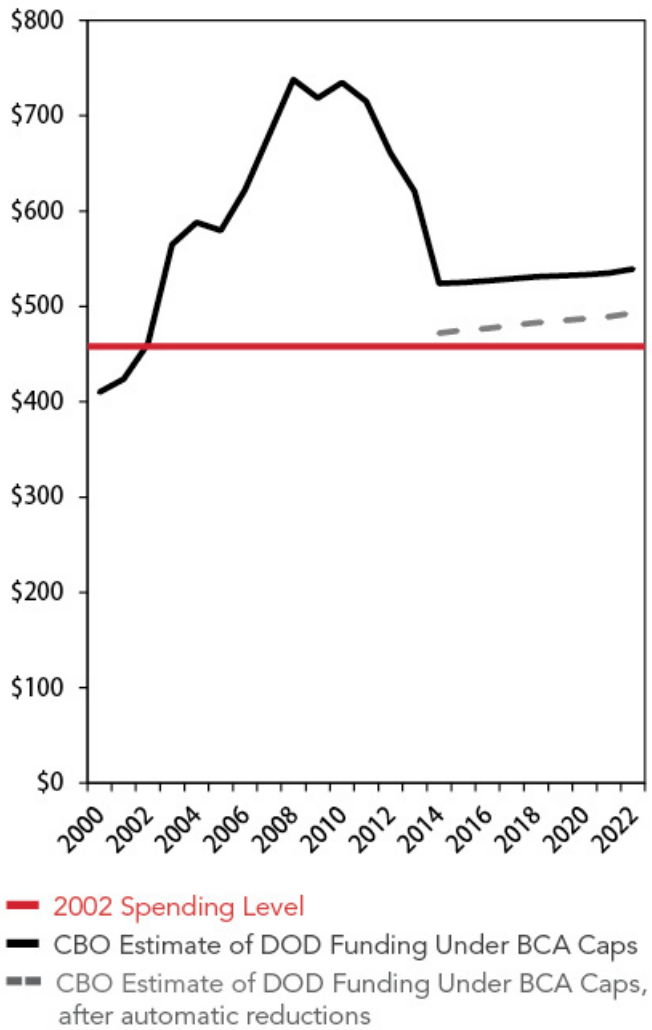
Don't Forget, We Did It Before

The 2002 DOD budget request was the last year in which funding for the wars in Afghanistan and Iraq was not included. Then, as now, our country had the world's strongest military and we took the fight to al Qaeda.

Returning to those pre-Afghanistan and pre-Iraq levels (in constant dollars) still provides the United States a defense budget five times higher than our next closest rival, the means to conduct our defense strategy, and the ability to pursue terrorists across the globe. This spending level has worked before and will work again.

As seen in this chart, historical spending and capability shows that DOD will be effective in defending the nation with 2002 spending levels. Although the defense budget will continue to grow in future years due to inflation, the budget will not reflect the historically high budget levels of the last 10 years when the U.S. was funding two wars.¹⁰

Discretionary Defense Budget Authority (*in billions, constant FY2013 dollars*)¹¹



Conclusion

We shouldn't be paying for wars we aren't fighting. Correcting our defense budget back to the equivalent of 2002 funding levels will give the Pentagon what it needs to maintain the best military in the world while getting our fiscal house in order.

END NOTES

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