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Pentagon review must aim for more than modest cuts in future spending plans

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Bottom Line: Recent Obama administration defense budget requests and proposals all fall within a narrow range of possible expenditures for the 2013-2023 period. All have kept the Pentagon's base budget above Cold War spending peaks. The President's 13 April proposal is no exception. It is a modest step that, at best, aims to retract future budget plans by 6.5 percent or \$400 billion.

The resulting average annual Pentagon base budget for 2013-2023 would be close to today's level in real terms. The President's slice into non-security discretionary spending plans is audacious by comparison, reversing the proportionately suggested by his Fiscal Commission, and increasing the proportion of discretionary spending allocated to the Pentagon.

The President's proposed new constraints on Pentagon budget growth hardly risk America's role in the world, as some contend, and by themselves do not necessitate a strategic review. Still, the President's launch of a such a review is a welcome development. It can help return America's military posture to a reasonable and sustainable footing – provided that it elicits broad debate, solicits alternative viewpoints, and reaches beyond a \$400 billion crease in the Pentagon's future budget plans.

There is good reason to welcome a strategic review, as promised by President Obama on 13 April. For nearly 14 years, US defense policy has been guided by the “ODR consensus” – a set of axioms and imperatives that won adherence among defense planners in the course of four Quadrennial Defense Reviews, beginning in 1997. In retrospect, this consensus has produced a “military activism syndrome” involving profligate and desultory action abroad. It has fed the dysfunctions of our military procurement system and helped drive the Pentagon's base budget to unsustainable heights. Certainly, it is time for a fresh start. But will the promised review deliver?

Will the review be more open and critical than the ODRs it aims to rectify? How deep will it dig? Will it even aim to “rectify?” Or will it serve a more narrow purpose: a revised bargain among the Commander-in-Chief, his defense secretary, and the chiefs of the armed services to exchange modest new constraints on budget growth for a strong rationale, a bulwark, against any further cuts.

What the President seeks is only \$400 billion in savings over 12 years – about 6.5% of planned base budget expenditures. Last year, the President’s Fiscal Commission and other independent task forces identified more than twice as much in potential defense savings over a period of just ten years. And it is unclear whether the President intends to extract the \$400 billion from the Pentagon’s budget alone or from the larger “security basket,” which includes International Affairs, Homeland Security, and Veterans Affairs.

Also, it is not encouraging that the President applauded Defense Security Gates for having “already saved” \$400 billion in previous years, when most of those “savings” never left the Pentagon’s coffers, nor dented the government’s deficits. What the nation needs now are “savings” in the colloquial sense of an actual *decrease* in defense spending.

**Comparison of Average Annual DoD Budgets,
Actual & Planned, for Various Periods**
(Billions 2010 USD)

Proposed

FY-2010 Plan for 2012-2023	556.4
FY-2011 Plan for 2012-2023	584.9
FY-2012 Plan for 2012-2023	556.3
Obama April 2011 Proposal 2012-2023	~527
SDTF Proposal for 2012-2023	~480

Actual

Actual Average Budget for 2007-2011	509.5
Average Annual Budgets, Reagan Administration	516.7
Average Annual Budget, 1950-1989*	440

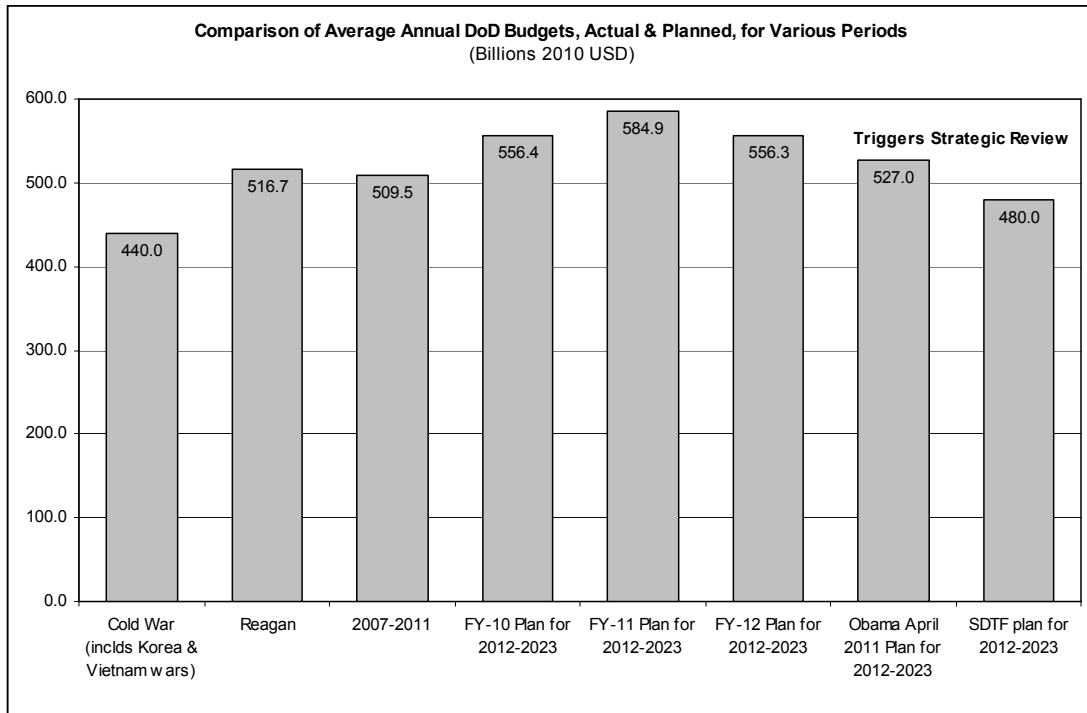
* Includes war spending for Korea and Vietnam conflicts

All figures refer to annual average Pentagon base budget requests except where noted (*). All figures are billions of 2010 US dollars.

A serious strategic review should enable considerably more than a 6.5% rollback in planned future expenditures. It should do more than limit future growth. And maybe it will. But we should recognize at the start that what the President has proposed is not itself substantial enough to actually *necessitate* a strategic review. Yes, we need one – but not because the President aims to modestly dampen Pentagon growth.

To be meaningful, such a review must look well beyond \$400 billion in savings, and even beyond what the Fiscal Commission and other task forces have proposed. Of course, Secretary Gates and Admiral Mullen disagree. They have already derided any substantial new constraints on their spending as putting the nation and its military at risk. The strategic review must be more than a conciliatory concession to their apocalyptic claims, which are tendentious.

We can gain needed perspective by viewing and comparing recent budget submissions and proposals in historical context. The table above (and figure below) convert recent plans and proposals into average annual Pentagon base budgets, expressed in 2010 dollars. It shows that the President's requests and proposals, including his recent one, would produce average annual budgets that occupy a narrow band of spending. They are all close cousins.



Even the more ambitious proposal by the Sustainable Defense Task Force does not go far afield.

All of the President's requests and proposals produce average annual budgets that, in real terms, exceed previous spending, exceed Reagan-era levels of spending, and substantially exceed average spending during the entire Cold War period. (And, notably, the budget average for the Cold War years includes war spending, while the more recent averages do not.)

We should gladly accept the opportunity for a review of defense planning and work to make it worthwhile. But we need not and should not accept the idea that modest revisions in budget planning give sufficient reason to hit the "panic" button.

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