

Panetta Releases DoD “Austerity” Budget; Pentagon Retains Most of post-1998 Increase

PROJECT ON DEFENSE ALTERNATIVES

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pda@comw.org

The future-years Pentagon base budget plan released by Secretary Panetta on 26 January 2012 foresees rolling spending back to the level of 2008, corrected for inflation. Spending on the non-war part of the budget during the next five years (2013-2017) will be about 4% lower than during the past five (2008-2012) in real terms. The real (that is, “inflation corrected”) change from 2012 will be a reduction of 3.2%

The chart below corrects for inflation by rendering all sums in 2012 dollars. It shows that base-budget spending had jumped 55% after inflation between 1998 and 2010. The new budget plan sets 2013 spending at \$525 billion, which is 46% above the 1998 level.

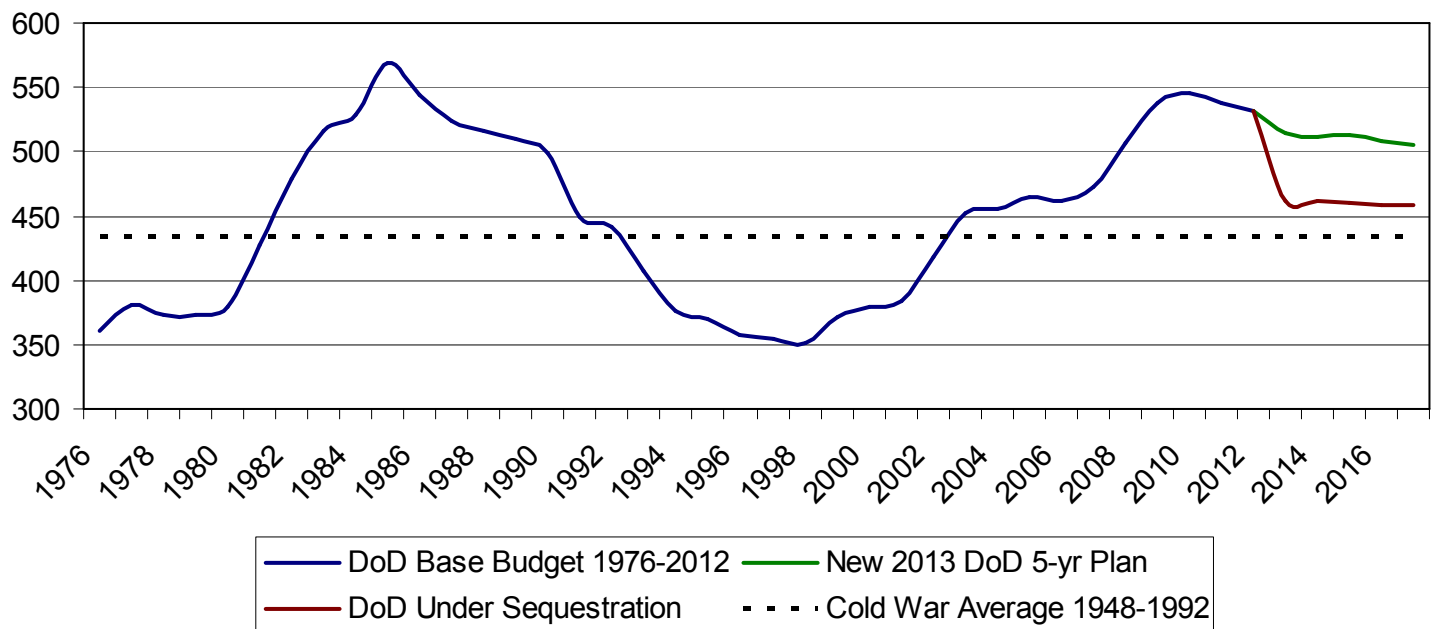
The new budget plan – represented by the green trend line -- stands in stark contrast to the reductions mandated by the Budget Control Act under the provisions for sequestration (represented by the red trend line). Sequestration would roll Pentagon base-budget spending back to the level of 2004, which would still be 31% above the 1998 level (corrected for inflation).

The new budget plan and sequestration do have one thing in common: both would keep Pentagon spending above the inflation-adjusted average for the Cold War years (represented by the horizontal dash line).

Pentagon Base “Non-War” Budget 1976-2017

Panetta vs. Sequestration

(billions 2012 dollars)



Sources: Historical Tables, FY 2012 President's Budget Request; DoD Comptroller, FY 2012 Budget Briefing; Budget Control Act of 2011; DoD, Defense Budget Fact Sheet, 26 January 2012.