



A Reasonable Alternative to Sequester of DoD Funding

PDA Briefing Memo #56, 14 August 2012

How should the U.S. defense posture and budget change as the war in Afghanistan winds down? This is a critical question for the nation, especially considering the growing fiscal pressures on the Federal government.

Unfortunately, the current panic about the pending "sequester" prevents clear thinking about the options before us. The January 2013 sequester of \$55 billion in security spending will result in a precipitous reduction for the Pentagon. The Budget Control Act will trim the Pentagon in one stroke to a level close to its budget of 2007. This cut has been called "draconian" and "devastating" for the armed forces. A consensus has been growing in Washington that the Budget Control Act (BCA) must be amended or suspended in order to prevent sequestration.

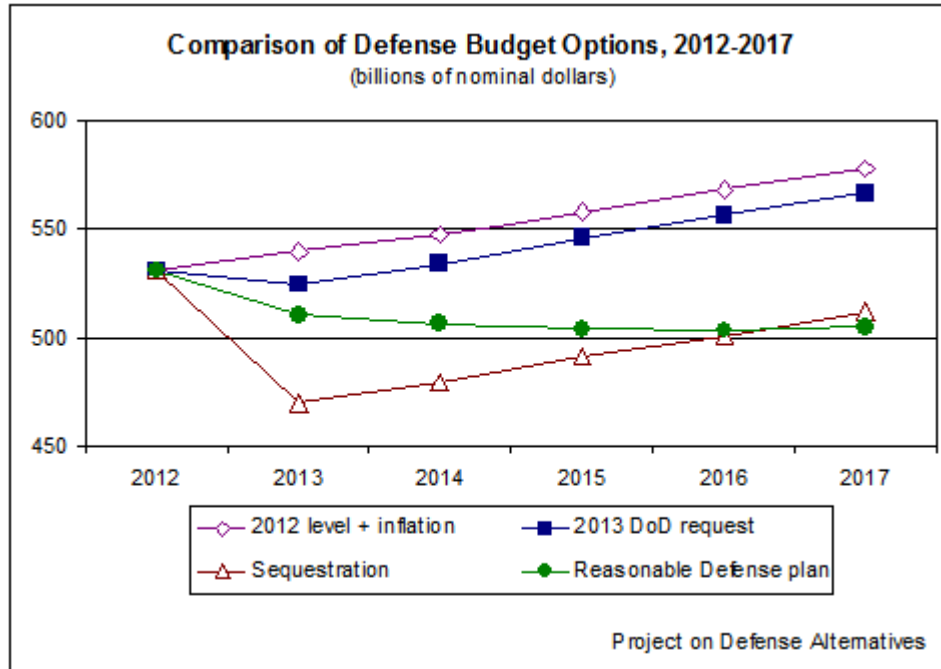
This is not a choice between sequestration and no further cuts for DoD, however. There are ways to apply additional cuts to the Pentagon base budget that avoid both institutional disruption and most of the economic pain associated with deep cuts to government spending – a matter of some concern while the economy remains weak and struggling to recover. An illustrative option is the "Reasonable Defense" plan formulated by the Project on Defense Alternatives. It would ratchet back the base budget to the level of 2006 (corrected for inflation), but do so gradually in stages that the Pentagon and armed services could readily accommodate.

The table and chart that follow illustrate the first five years of the *Reasonable Defense* plan, comparing it with the Budget Control Act "sequester" budget, Administration's 2013 plan, and the actual 2012 spending level carried forward with increases for inflation. The figures show that the first three years of *Reasonable Defense* cuts would be considerably smaller than what the BCA sequester entails. Then in 2017, when the post-recession economic recovery should be complete, the cuts would exceed those dictated by the BCA, eventually plateauing at a level about equal to the 2006 budget, which is somewhat lower than the sequestration level.

Alternative DoD Discretionary Spending Paths
(billions nominal dollars)

	2013	2014	2015	2016	2017	Total
2012 level + inflation	540	548	558	568	578	2,792
2013 DoD request	525	534	546	556	567	2,728
Sequestration Level	470	480	490	500	512	2,452
Reasonable Defense plan	510	506	504	503	505	2,528

The proposed reduction from today's level would be quite modest by historical standards – about 14% in real terms compared to the 35% reduction that followed the end of the Cold War. And, because the reduction would occur gradually over four years, the annual steps down would be comparable to those successfully absorbed by the Defense Department during previous periods of adjustment.



What does this proposed level of funding mean? In inflation-adjusted terms, the 2012 Pentagon base budget is 38% higher than the 2001 budget, which was enacted before today's wars had begun. While the *Reasonable Defense* plan would roll the base budget back to its 2006 level (adjusted for inflation), a fair portion of the spending increase would remain. The 2006 budget was 20% above the level of 2001, in real terms.

The Ten Year Perspective

- The *Reasonable Defense* budget for ten years would cost \$560 billion less than the 2013 plan submitted by the White House.
- Over the course of ten years the White House plan is to provide the Pentagon with \$5.76 trillion.
- The *Reasonable Defense* budget would provide the Pentagon with \$5.2 trillion over ten years.
- The Budget Control Act would cap defense at about \$5.18 trillion.

The full details of the *Reasonable Defense* national security posture are forthcoming from the Project on Defense Alternatives in September of 2012. The addendum that follows gives some details of the plan.

Addendum: Prospectus for a *Reasonable Defense*

The PDA “Reasonable Defense” plan would reset America’s defense posture in light of new strategic challenges and circumstances. Based on a more realistic and cost-effective defense strategy, the new posture would enable a sustainable balance between military power and other elements of national strength. The new strategy would:

- Refocus America’s armed forces on those missions and tasks for which they are best suited: crisis response, defense, and deterrence.
- Prioritize those threats that pose the greatest danger of harm to ourselves and our allies: terrorism and the spread of nuclear weapons.
- Assume a more cooperative approach to achieving security goals – one in which responsibilities, burdens, and authorities are proportionately shared among allies and the broader community of nations.
- Tailor conventional war capabilities and modernization efforts to a realistic assessment of current and emerging conventional military challenges.
- Hedge against an uncertain future by renewing economic strength, maintaining a strong foundation for force reconstitution as well as a proportionately larger Reserve component, and continuing support for research, development, and the prototyping of new military technologies.
- Reduce by 40% our routine peacetime military presence overseas and put greater emphasis on surging military power forward when and as needed.
- Refrain from protracted counter-insurgency operations and armed “nation building” efforts.
- Take a significant step toward a “minimal deterrent” nuclear posture, redouble efforts at strategic arms control, and adopt a no-first-use nuclear policy.

Following from these strategic precepts, the *Reasonable Defense* plan would reduce the size of the active-component military from more than 1.4 million troops today to 1.15 million by the end of 2016 – 19% reduction in military personnel over four years. Combat troops and units would be reduced by only 17%, however – more for the ground forces, less for the air forces. The reduction in National Guard and Reserve personnel would also be less: only 11%.

Once the drawdown to a *Reasonable Defense* level is complete, the annual Defense Department base budget would stabilize at approximately \$455 billion (2012 dollars), which is 14% below the Fiscal Year 2012 budget.

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