

# Get Ready for Another Debate Over Pegging Defense Spending to GDP

*Josh Rogin*

**I**n the raging debate over defense spending, there's one argument proponents of larger defense budgets have been pushing for years. They believe defense spending should be pegged to a fixed percentage of America's annual gross domestic product.

But for those who advocate for defense budget reform, the logic of tying the amount of money the United States spends on national security to the performance of the civilian economy has never been clear. Defense spending should be based on the perceived threats and what's needed to combat them, critics of this approach argue. Moreover, they say, the GDP figure is simply not a good measure of what the government can afford, considering the massive national debt and various other pressures on the overall budget.

"Why the number of tanks and ships the Pentagon buys should be tied to the number of Big Mac meals sold at McDonald's is a complete mystery to me," said Winslow Wheeler, the director of the Strauss Military Reform project at the Center for Defense Information.

The Office of Management and Budget's director for national security spending Steve Kosiak, in his prior role as vice president at the Center for Strategic and Budgetary Assessments,

once said that "there is no analytical basis" whatsoever for pegging defense spending to GDP.

In other words, the argument for pegging defense spending to GDP is simply an effort to ensure that defense budgets keep rising in perpetuity. As entitlement spending puts more pressure on the budget, and the wars in Iraq and Afghanistan wind down, military leaders and their congressional allies are concerned that competition for federal dollars will grow. Even Defense Secretary Robert Gates and Joint Chiefs Chairman Adm. Michael Mullen have come out in support of a peg.

They argue that the country can afford it, especially when compared with defense spending as a share of GDP during past conflicts: 13-14 percent during the Korean War, 7-9 percent during the Vietnam War, and 37-38 percent during World War II.

A debate over the peg concept erupts each year in Congress. Last year Rep. Trent Franks, R-AZ, and Sen. James Inhofe, R-OK, introduced a joint resolution that would require the defense base budget to equal 4 percent of GDP, at a minimum. Democrats routinely reject the idea.

"I find absolutely no logic whatsoever in using [the 4 percent] number as a starting point," said Democrat Dave Loebsack of Iowa, a member of the House Armed Services Committee, at the time. "I don't think it makes any difference what percent of our GDP was devoted to the military in 1953."

Expect the debate to heat up again this budget season. Gates is already preemptively defending the defense budget against congressional attempts to cut it and the president's debt commission is looking at the defense allocation as well.

For fiscal 2010, the Department of Defense requested \$533.8 billion in regular funding, or 3.6 percent of an estimated GDP of \$14.6 trillion, according to OMB figures. By 2015, the Pentagon would have to request \$764 billion in defense funding, not including the wars, to get to a number that will equal 4 percent of what OMB estimates will be a \$19.2 trillion GDP that year. And what if GDP doesn't rise as quickly as predicted or even goes down? Would defense budgets tied to GDP then stay flat or go down as well?

## **ADDITIONAL RESOURCES**

*A Unified Security Budget for the United States, FY 2011.*

Foreign Policy in Focus, 12 August 2010.

Principal authors: Lawrence Korb and Miriam Pemberton.

[http://www.fpif.org/reports/USB\\_fy\\_2011](http://www.fpif.org/reports/USB_fy_2011)

*Debt, Deficits, and Defense: A Way Forward.*

Sustainable Defense Task Force, 11 June 2010.

<http://www.comw.org/pda/fulltext/1006SDTFreport.pdf>

*Trillions to Burn: A Quick Guide to the Surge in Pentagon*

*Spending.* Project on Defense Alternatives, 5 February 2010.

<http://www.comw.org/pda/1002BudgetSurge.html>

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Today, the Commerce Department slashed its estimate of second quarter GDP growth from 2.4 percent to 1.6 percent. Technically, this would mean that defense spending had instantly increased as a share of GDP, even though not one more dollar for defense was actually given, Wheeler pointed out.

“The advocates of using share of GDP to measure the adequacy of our defenses are surely celebrating this improvement in the nation’s security,” said Wheeler. “All others should, of course, feel safer. Don’t you?”

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Josh Rogin, “Get ready for another debate over pegging defense spending to GDP,” ForeignPolicy.com, 27 August 2010.  
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