

DEFENSE SPENDING | MARCH 2014

Making the Case: The President's Budget is a Step in the Right Direction

By Ben Freeman, Ph.D and Mieke Eoyang

The President's proposed defense budget has been criticized for shrinking the military at a time when the world is getting more dangerous. This argument is simply wrong. In fact, the President's budget strengthens American security by:

1. Providing more military funding than Ronald Reagan ever did.
2. Investing in 21st century weapons, not Cold War relics.
3. Cutting the Pentagon bureaucracy.

THE PRESIDENT'S BUDGET IN CONTEXT

Ample hyperbole from both sides of the political debate surrounds the President's budget. Our goal is to debunk the myths surrounding the budget and place it in proper context.

Obama: More Military Spending than Reagan

Critics like Dick Cheney, who claims the President's budget "does enormous long-term damage to our military,"¹ and Senators Lindsey Graham (R-SC) and John McCain (R-AZ), who claim it "will weaken our nation's security,"² are ignoring a key fact – President Obama's plan provides the military more money than President Reagan ever did.

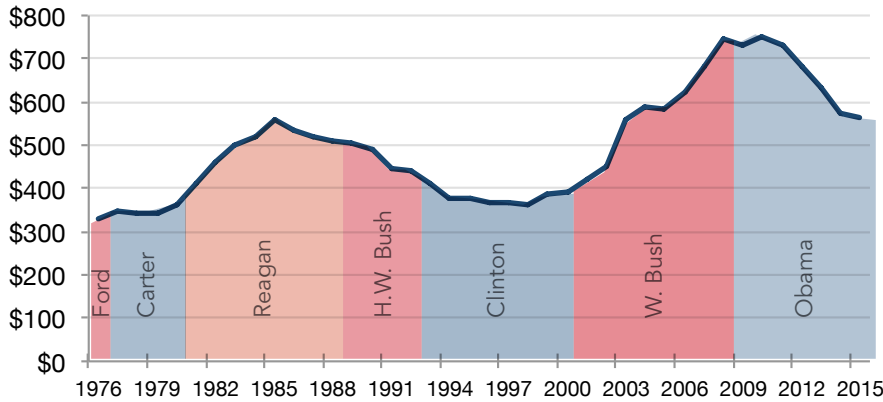
In 2015, the President's plan gives the military's base budget \$495.6 billion, conforming to the Bipartisan Budget Act, and allocates \$79.4 billion for Overseas Contingency Operations (OCO), for a grand total of \$575 billion,³ which is more than the highest level of military spending under President Reagan.⁴

Furthermore, from 2016-2019, the President's budget actually increases military spending even further—a full \$115 billion above the congressionally mandated sequestration levels.

MAKING THE CASE

President Obama's 2015 military budget is larger than any of Ronald Reagan's budgets.

DoD Budget Authority (Base + OCO in Constant 2014 Billion \$)



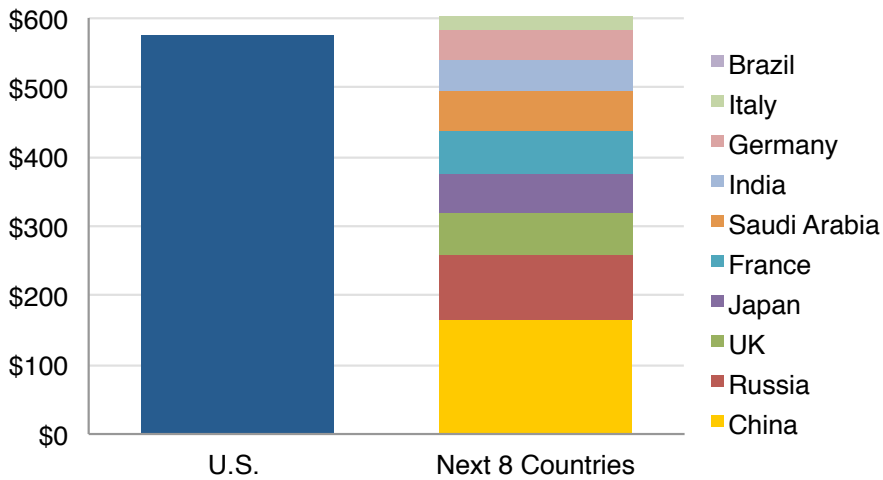
Maintaining Military Overmatch

Any claim that this budget is a retreat from the world is simply not credible. The budget maintains a level of military spending that is three times higher than that of China’s military budget and five times more than Russia’s. In fact, it’s as much as the next eight highest military budgets combined, most of which are U.S. allies.⁵

MAKING THE CASE

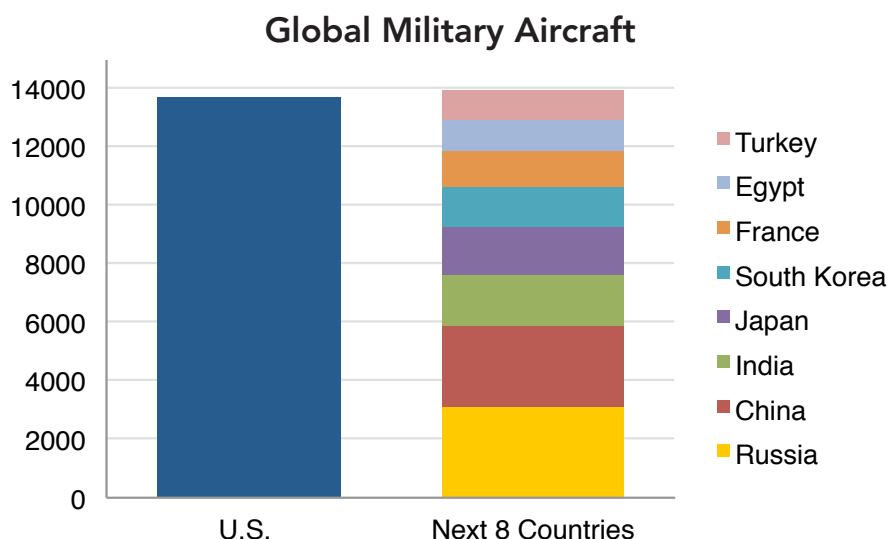
The President’s military budget is more than three times China’s military budget.

Global Military Expenditures (Billion \$)



This spending translates into very real military dominance across nearly every metric. Even under the worst-case scenario, where sequestration would force the Navy to retire the *U.S.S. George Washington* aircraft carrier in 2016, this would still leave ten carriers—nearly as many as the rest of the world combined.⁶ And, our carriers are vastly superior to those of our competitors.

Similarly, while this budget reduces the number of planned aircraft purchases, it ensures that the U.S. will maintain about as many military aircraft as the next eight countries combined.⁷



Right-Sizing the Army

The technological advantages over the enemy U.S. Army soldiers enjoy today could only have been dreamed of by their pre-World War II predecessors. Thus, claims that the President's plan leaves us with "the smallest Army since World War II" are based upon a false equivalence. Indeed, the President's proposed 450,000-soldier Army would be:

- Nearly 70% larger than the Army of 1940;⁸
- One of the largest armies in the world, and certainly the most experienced and capable;⁹

This critique also doesn't account for the legions of contractors doing jobs once performed by soldiers. For example, in 2013 alone, the U.S. Army spent more than \$87 billion on contracts, more than the entire 1940 military budget.¹⁰

INVESTING IN 21ST CENTURY WEAPONS, NOT COLD WAR RELICS

The President's budget takes important steps to prepare us for the wars of the future, not the past.

[The budget seeks] to protect capabilities uniquely suited to the most likely missions of the future, most notably special operations forces.

— Secretary of Defense, Chuck Hagel, 2014.

Preparing for the Future

According to Secretary of Defense Chuck Hagel, the budget seeks “to protect capabilities uniquely suited to the most likely missions of the future, most notably special operations forces used for counterterrorism and crisis response.”¹¹ Accordingly, the President’s plan adds approximately 1,700 special operations forces.

In recognition of rising cyber threats from China and elsewhere, the President’s budget also increases funding for cyber capabilities.

Cutting Cold War Weapons

In addition to preparing for threats of the future, the President’s budget makes important cuts to aging weapons. For example:

- The 50 year old U-2 spy plane fleet will be retired and supplanted by the unmanned Global Hawk.
- The A-10 Warthog will also be cut. While extremely effective in close air support against enemies with little or no air defense, the A-10 is 40 years-old, which makes it “much more difficult and costly to maintain,” according to Hagel.¹²

With shrinking budgets and remarkable technological advances, it’s essential that we invest today to fight the wars of tomorrow.

CUTTING THE PENTAGON BUREAUCRACY AND REDUCING WASTEFUL SPENDING

This budget takes some important first steps to slash wasteful Pentagon spending.

Cutting Failed Programs

The President’s plan terminates the Army’s Ground Combat Vehicle, which has been plagued by cost-overruns and developmental problems.¹⁴

The Littoral Combat Ship (LCS) has also been an extremely troubled program that the President’s budget wisely curtails, given the ship’s cost-overruns, performance concerns, and generally limited utility.¹⁵

MAKING THE CASE

The President’s budget prepares us for the wars of the future, not the past.



U-2 Spy Plane¹³

Reducing Spending on Troubled Programs

The President's plan would result in 24 fewer F-35 fighter planes purchased over the next five years—a slowing of F-35 procurement that's necessary given the plane's lackluster performance and rising costs.¹⁶

Cutting Overhead

Much more work remains to reduce the staggeringly large Pentagon back-office and top-heavy bureaucracy, but the President's budget makes some effort to combat this problem by:

- Reaffirming the decision to cut headquarters operating budgets by 20%;
- Requesting a round of Base Realignment and Closure (BRAC) in 2017;
- Calling for a European Infrastructure Consolidation Review this spring.

Personnel Costs

The President's budget proposes a number of changes to reduce personnel-related costs, including:

- Freezing the housing allowance subsidy so service members will eventually pay 5% of their housing costs;
- Reducing subsidies to commissaries by \$1 billion;
- Raising TRICARE enrollment fees for military retirees and families to bring them in line with rising health care costs and encourage use of affordable health care options.

But the President's budget doesn't just cut personnel costs, it also gives all military personnel a one percent pay raise (save for Generals and Admirals, whose pay is already well into the six figures).

While these changes, particularly TRICARE reforms, likely stand little chance of being adopted by Congress,¹⁷ curtailing personnel spending is a national security imperative. The Congressional Budget Office projects DoD health care costs, which already exceed \$50 billion annually, will increase 25% over the next ten years,¹⁸ crowding-out investments in military technology and equipment. Thus, while unpopular, controlling

Given the emerging threat environment of the future, I have considerable reservations as to whether this [the Littoral Combat Ship] is what our Navy will require.

— Secretary of Defense, Chuck Hagel, 2014.

MAKING THE CASE

Controlling infrastructure cost growth may be politically unpopular but it's necessary for maintaining our military edge.

the growth of personnel costs is essential for maintaining the best military in the world.

THE FUTURE OF DEFENSE

This budget marks an important first step in modernizing the U.S. military to address 21st century threats.

The Obama Administration will have additional opportunities to further improve the military with the Strategic Choices and Management Review.

Similarly, Members of Congress will have opportunities to shape the future of Department of Defense as it considers the President's budget. Hopefully, it will build upon the first steps taken in the President's budget and look to further modernize the military and cut waste. This will ensure that American troops are the best trained, equipped, and capable fighters on the planet. After all, America's future depends on it.

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ENDNOTES

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