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HEADLINE: Experts say Romney's defense plan doesn't add up

BYLINE: By, KATE BRANNEN

Republican presidential candidate Mitt Romney promises to increase defense spending by close to \$2 trillion during the next 10 years.

But his plans have people asking: Where would the money come from?

Romney says he would reverse the defense cuts mandated in last summer's Budget Control Act, but more important, he has set a goal of raising the Pentagon's base budget to a floor of 4 percent of the U.S. gross domestic product. That's 0.7 percentage points higher than President Barack Obama's fiscal 2013 budget proposal.

Yet combined with his commitment to cut taxes and reduce the national debt, Romney's pledge to grow the defense budget appears politically impossible, if technically doable, according to defense budget experts.

"If you put all of the promises together, it doesn't all add up," said Todd Harrison, a senior fellow for defense budget studies at the nonpartisan Center for Strategic and Budgetary Assessments.

"The administration may change, but the math remains the same," Harrison said. "If you want to increase spending on defense over the next decade and reduce the deficit, then that necessarily means sharp reductions in Social Security, Medicare and Medicaid or sharp increases in taxes, or some combination of the two. But those are the major components you have to work with within the budget."

In the past decade, the U.S. government borrowed to increase spending, including money to finance the wars in Iraq and Afghanistan and larger base budgets at the Pentagon. But the national debt now surpasses \$15 trillion.

"I think with any discussion of major increases to any aspect of federal spending at this point, you have to say what the offset is," said Michele Flournoy, who until recently served as President Obama's undersecretary of defense for policy.

Given Romney's campaign promises to cut taxes for individuals and corporations, raising taxes to pay for more defense spending is not an option. He also has signed the No Tax Pledge, sponsored by Americans for Tax Reform, which was founded by anti-tax advocate Grover Norquist.

Democrats such as Michigan Sen. Carl Levin, chairman of the Senate Armed Services Committee, are demanding Romney explain where the money would come from if taxes are off the table.

"He should not be allowed to get away with some answer like he'll go for efficiency and cutting waste," Levin said at a June 12 news conference.

Romney supporters and advisers say the plan is to grow the defense budget gradually, and that the extra spending would be made possible through overall improvements to the economy -- which would generate more revenue -- and entitlement reform.

"It's envisioned to be a very gradual process," one Romney adviser said. "Theoretically, as you grow the economy and grow the number of people paying into it rather than taking out, like with unemployment, the money frees up to do some of these things."

However, budget experts caution that improving the economy mostly lies outside of the control of the president and cannot be relied upon to carry out other priorities.

As for entitlement reform, Romney has signaled the need for it but mostly has put forward broad policy prescriptions.

"He has not yet put forward any detailed plan on Medicare that tells you how he's going to wring enough money out of it in order to pay for his defense plus-up," said Gordon Adams, who oversaw defense budgeting at the White House's Office of Management and Budget during the Clinton administration. "They don't want to specify those because they don't want to lose the senior citizen vote."

Romney's message on military spending could pick up votes in key swing states, which have a strong military and defense industry presence, such as Colorado, Florida, Nevada, North Carolina, Ohio and Virginia. Yet his pledges are not changing expectations here, where the Pentagon is preparing for spending cuts that could total \$1 trillion.

Romney advisers make clear that his promise to reverse defense cuts and raise the Pentagon's base budget to 4 percent of GDP isn't expected to take place during the first year of a Romney White House.

"It's going to be a gradual growth," said Dov Zakheim, a Romney adviser who served as Pentagon comptroller from 2001 to 2004 under President George W. Bush.

If the budget gradually increased to 4 percent of GDP over four years, or one presidential term, it would result in \$2 trillion in additional spending over the same 10-year period, Harrison said. If gradually increased over eight years, or two presidential terms, it amounts to a pledge of close to \$1.8 trillion.

This assumes that today's projections for how fast the economy would grow are valid.

However, the Romney plan assumes the economy is going to grow faster than projected if he is elected president.

Taking this into account, Byron Callan, a defense analyst at Capital Alpha Partners, crunched the numbers, adding 1 percentage point to today's GDP growth rate to represent the stronger economy Romney promises.

The result is a defense base budget that grows to \$740 billion by 2016, \$805 billion by 2018, and \$890 billion by 2021.

In the Pentagon's 2011 budget request, crafted by then-Defense Secretary Robert Gates before any of today's budget cuts were enacted, defense spending was projected at \$668 billion in 2021.

Chris Preble, vice president for defense and foreign policy at the libertarian **Cato Institute** in Washington, said part of the reason this proposal seems so out of step with today's budget reality is that it was conceived in 2007, when the conservative Heritage Foundation think tank began a campaign called "4 Percent for Freedom."

"At the time, the delta between what that would have been and what we were planning to spend was not huge; it seemed perhaps even reasonable," Preble said.

Preble said the size of this defense commitment is causing tension within the Romney campaign.

"My understanding is that the money people are not on board with this," he said. "They just think it should not be done and cannot be done without reneging on another key commitment."

Setting defense at 4 percent of GDP serves to frame the conversation, said Robert Zarate, who serves as policy director at the Foreign Policy Initiative, a conservative think tank whose board is made up of Romney advisers.

"I think in the long term, it's not an easy proposition to fulfill, although I think it's an important thing to try to aim for, because there are a lot of programs at risk (in the Defense Department)," he said.

"I don't think anyone thinks the president by him or herself can change anything. Obviously, folks are aware that you need Congress," Zarate said. "But you can change the conversation."

Harrison said setting defense spending at 4 percent of GDP isn't helpful because it's an arbitrary standard.

The base DoD budget has not been 4 percent of GDP since 1992, he said. During the administration of President George W. Bush, defense spending went from 2.9 percent of GDP in 2001 to 3.7 percent in 2009.

In the past 20 years, the base defense budget has averaged 3.3 percent of GDP, Harrison said.

"I don't see overwhelming public support for huge increases in military spending," Preble said. "If anything, I see exactly the opposite." According to a recent Gallup poll, voters are far more concerned about jobs, unemployment, the national debt, health care, political gridlock and immigration than about national security.