

Bloomberg

U.S. Military Chiefs Warn Budget Cuts Will Cancel Weapons

November 03, 2011, 2:14 PM EDT

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(Updates from sixth paragraph with Army estimate, analyst comment and weapons procurement examples.)

Nov. 2 (Bloomberg) -- The chiefs of the U.S. military said they may have to end new weapons programs, close bases and cut civilian personnel starting as soon as next year if Congress allows about \$1 trillion in defense cuts during the next decade.

The heads of the Army, Navy, Marine Corps and Air Force, in testimony today before the House Armed Services Committee, joined Defense Secretary Leon Panetta in warning against the reductions.

Cuts of up to \$1 trillion might force the Marine Corps to cut personnel levels below what's necessary to sustain "even one major contingency," Marine Corps Commandant General James Amos said in his statement to the committee.

The Navy may decrease by as much as 25 percent its procurement and readiness accounts if a special congressional committee fails to produce an alternative to automatic reductions, according to Chief of Naval Operations Admiral Jonathan Greenert testimony.

The Army would "eliminate almost all" modernization programs and consider consolidating and closing bases "commensurate with force structure reductions," Army Chief of Staff General Ray Odierno said in his testimony.

Army Secretary John McHugh told reporters earlier today that half of the defense cutbacks would be taken out of procurement of weapons and equipment.

'Jobs Go Away'

"We probably have to take some 50 percent of that out of so-called modernization accounts," McHugh said during a breakfast with reporters.

"Those are real jobs in the defense industry," he said. "If those programs go away, those jobs go away. So while I'd like to think that the supercommittee and our overseers in Congress will take a broad perspective, clearly the impact of these cuts on the economy ought to be part of the consideration."

A 12-member supercommittee is about three weeks away from its Nov. 23 deadline with no agreement in sight on spending cuts and increased tax revenue. The supercommittee, set up by the Budget Control Act, is seeking a plan for at least \$1.2 trillion in deficit-reduction measures. If Congress doesn't pass a deficit-cutting plan by Dec. 23, across-the-board spending cuts to domestic and defense programs would start in fiscal 2013.

The Pentagon claims the cumulative impact would be \$1 trillion through 2021, starting with the fiscal 2013 budget.

'Trying to Frighten'

Analysts such as CATO Institute's Benjamin Friedman urged caution in assessing the military's warnings.

"The services are special bureaucracies and they are trying to frighten us into preserving their budgets," Friedman, a budget analyst, wrote in an e-mail. CATO, a policy center in Washington, supports reduced government spending.

Congressional Budget Office Director Douglas Elmendorf told the supercommittee in Oct. 26 testimony that defense spending accounted for about 4.7 percent of gross domestic product -- the highest relative level since 1992.

CBO estimates the automatic cuts would lower defense budgets by about \$882 billion total through 2021, or a 16 percent decrease against current projections.

Analysts' Numbers

Analysts Todd Harrison of the Center for Strategic and Budgetary Assessments and Russ Rumbaugh of the Stimson Center, policy groups in Washington, said if the automatic, government-wide cuts occurred, the fiscal 2013 budget would be reduced to about \$472 billion, or the equivalent of the fiscal 2007 budget adjusted for inflation.

The number would remain "near that level for the following eight years," Harrison wrote in a report today.

A cut triggered by the so-called sequestration process would reduce spending 14 percent in inflation-adjusted terms from a 2010 peak, he wrote.

Still, the reduction "seems modest" compared with the post-Cold War drawdown that saw spending drop 34 percent from the fiscal 1985 peak, Harrison said.

"A decline in the base budget of this magnitude -- returning to the same level of funding as FY 2007 -- does not have to be a disaster," Harrison wrote in a separate e-mail.

Rumbaugh said in a report that the U.S. since 2001 has spent roughly \$1 trillion on procurement and "the military services used that funding to modernize their forces."

New Equipment Bought

The Air Force over the decade bought 98 percent of its planned Lockheed Martin Corp. F-22 jets, 62 percent of Boeing Co. C-17 transports, 81 percent of planned General Atomics Co. Predator armed drones and nearly 50 percent of its desired Northrop Grumman Corp. Global Hawk surveillance drones, Rumbaugh wrote.

The Army bought 100 percent of its planned General Dynamics Corp. Stryker wheeled vehicles, and 94 percent of desired BAE Systems Plc Bradley Fighting Vehicles, according to Rumbaugh's figures.

The Navy and Marine Corps said their services are critical in carrying out U.S. strategy in the Asia-Pacific region.

"Rising powers are rapidly modernizing their militaries and investing in capabilities to deny our forces freedom of action in vital regions such as the Asia-Pacific," Greenert said.

The Marines are the only service capable of land attacks from the sea, Amos said in prepared testimony. "If the nation lost its amphibious capability, it would have to pay for another service to provide it," he said.