

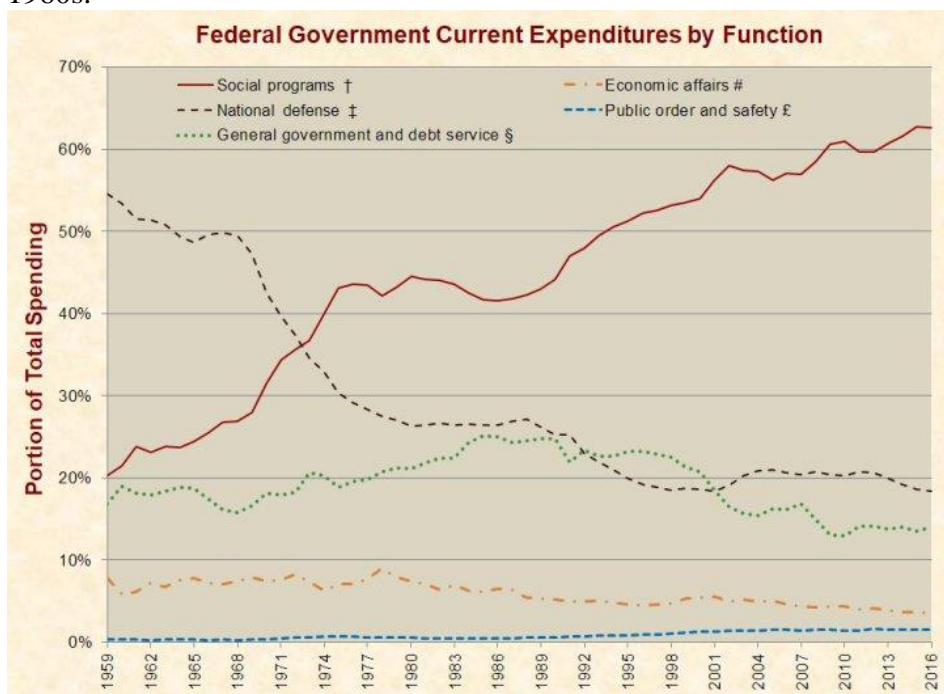
No, We Don't Spend Too Much on the Military

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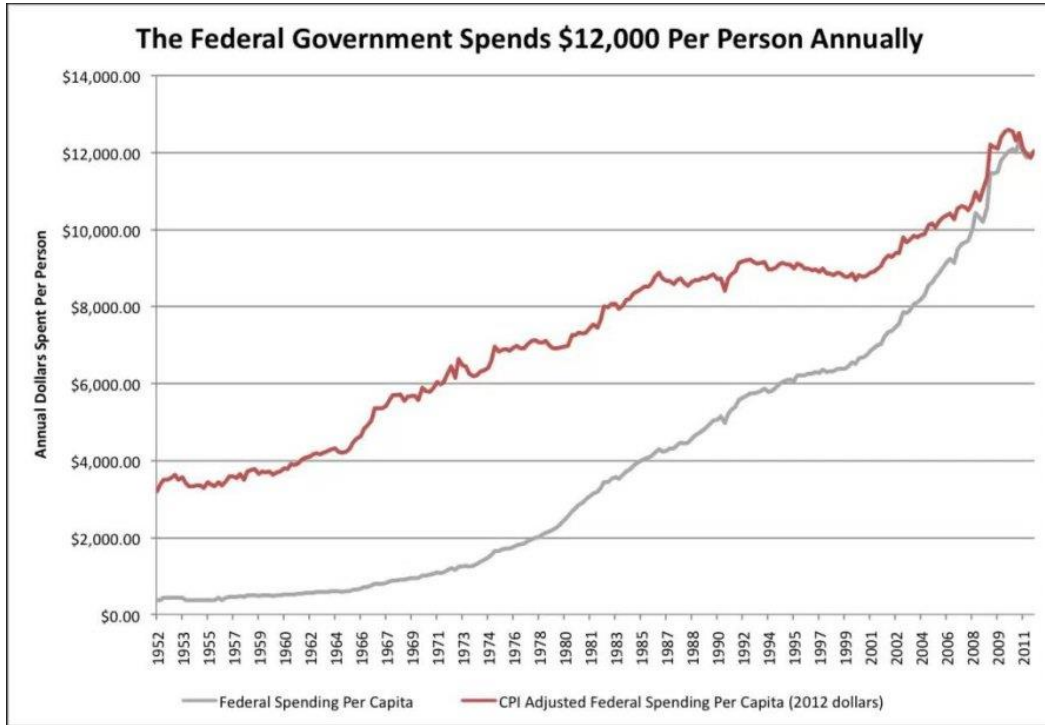
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A budget battle is bound to break out over the House Republicans' [2018 tax plan](#), which is expected to add nearly \$2 trillion in net tax cuts over the next decade. Since those are net cuts, it's a net \$2 trillion in "lost" revenue for the federal government, not including any increases in revenue from increased economic activity.

So if Republicans want the tax plan to be deficit neutral, they'll need to find \$200 billion in annual cuts, which shouldn't all too hard given how massive the 2018 budget is expected to be (\$4.049 trillion in spending). That's less than a 5% spending cut across the board needed. Many liberals will point to the military as a behemoth where cuts are long overdue, and while it is true that the U.S. does spend more on the military than the next eight nations combined, in the context of the entire federal budget it's historically been shrinking as a percentage of the overall budget (but not in the actual size of the budget in dollars, obviously). Defense spending as a percentage of the overall budget has declined from accounting for over half of the federal government's expenditures in the 1950s, to under 20 percent today. That's not because our military declined in size, but rather because social spending since began to explode following the creation of the modern welfare state with President Lyndon Johnson's "Great Society" of the 1960s.



Throughout the 1950s, the federal government spent the modern equivalent (adjusted for 2012 dollars) of about \$4,000 per person. By the mid-1960s, that began to surge upwards with the creation of Medicare, Medicaid, and Social Security. By the beginning of the 80s, spending per person had doubled, and today is over triple what it was.



As for some more specific ways to trim the federal government's budget, gutting Obamacare and implementing basic Social Security reforms such as raising the retirement age and making some cuts could save nearly \$70 billion a year, or \$676 over the next decade, according to the Cato Institute's project "Downsizing the Federal Government."

Table 1. Proposed Federal Budget Cuts
Health Care and Social Security

Agency and Activity	Annual Savings \$Billions, 2027
Health Care	
Repeal Affordable Care Act exchange subsidies	106
Repeal Affordable Care Act Medicaid expansion	142
Block grant Medicaid and grow at 2%	119
Increase Medicare premiums	69
Increase Medicare cost sharing	10
Cut Medicare improper payments by 50%	77
Cut non-Medicaid state health grants by 50%	43
Total cuts	566
Social Security Administration	
Price index initial Social Security benefits	27
Raise the normal retirement age for Social Security	10
Cut Social Security Disability Insurance by 25%	54
Cut Supplemental Security Income by 25%	19
Total cuts	110
Total annual spending cuts in 2027	\$676

And there are some ways to make cuts to the military without affecting national security, such as ending the annual \$65 billion in spending on “overseas contingency operations” – which really just acts as an off-budget slush for for the Pentagon. That, among other cuts, could make a massive dent in the size and scope of the federal government:

Table 2. Proposed Federal Budget Cuts
Discretionary Programs and Other Entitlements

Agency and Activity	Annual Savings \$Billions, 2017
Department of Agriculture	
End farm subsidies	27.8
Cut food subsidies by 50%	51.0
End rural subsidies	3.9
Total cuts	82.7
Department of Commerce	
End telecom subsidies	1.2
End economic development subsidies	0.2
Total cuts	1.4
Department of Defense	
End overseas contingency operations	65.0
Total cuts	65.0
Department of Education	
End K-12 education grants	23.7
End all other programs	88.1
Total cuts (terminate the department)	111.8
Department of Energy	
End subsidies for renewables	1.7
End fossil/nuclear/electricity subsidies	1.7
Privatize power marketing administrations	0.5
Total cuts	3.9
Department of Homeland Security	
Privatize TSA airport screening	5.9
Devolve FEMA activities to the states	12.0
Total cuts	17.9
Department of Housing and Urban Development	
End rental assistance	30.9
End community development subsidies	10.2
End public housing subsidies	6.5
Other cuts	9.2
Total cuts (terminate the department)	56.8
Department of the Interior	
Reduce net outlays by 50% through spending cuts, privatization, and user charges	6.8
Department of Justice	
End state/local grants	6.2
Department of Labor	
End employment and training services	3.7
End Job Corps	1.6
End trade adjustment assistance	0.6
End Community Service for Seniors	0.4
Total cuts	6.3
Department of Transportation	
Cut highway/transit grants to balance trust fund	12.2
Privatize air traffic control (federal fund savings)	2.2
Privatize Amtrak and end rail subsidies	4.5
Total cuts	18.9
Department of the Treasury	
Cut earned income tax credit by 50%	30.5
End refundable part of child tax credit	20.1
End refundable part of AOTC	4.0
Total cuts	54.6
Other Savings	
Cut foreign aid by 50%	13.2
Cut federal civilian compensation costs by 10%	32.9
Privatize the Corps of Engineers (Civil Works)	6.9
Privatize the Tennessee Valley Authority	0.4
Privatize the U.S. Postal Service	n/a
Repeal Davis-Bacon labor rules	9.0
End EPA state/local grants	4.3
Total cuts	66.7
Total annual spending cuts	\$498.9

Given that we haven't had an actual budget surplus since the Eisenhower Administration, I'd say such cuts (and many more) are long overdue.