

Analysis: DoD needs to slice budget with or without sequestration

By Keith BieryGolick Special to Federal News Radio

Few agree that sequestration is the best way to cut the Defense Department budget. But at least one observer thinks the total dollars that would be reduced from sequestration, about \$55 billion, could easily be achieved. The <u>problem</u> with sequestration isn't the size of the cut, but rather the method, said Benjamin Friedman, a CATO Institute research fellow, during an interview on In Depth with Francis Rose.

Sequestration requires reductions "across the board in all accounts. So, it makes you do it dumbly and it's rather sudden," he said. "Ideally, you'd do it somewhat more gradually to allow for adjustment." Friedman said with the vast amount of money being thrown around, a way to reduce it must exist.

"In terms of the absolute amount we spend on defense we spend still just an enormous amount," he said. "More, I think, than we did at the height of the Reagan buildup or at most points during the Cold War."

Sequestration looms in January if Congress doesn't act.

The Budget Control Act passed last August called for <u>\$1.2 trillion</u> in reduced federal spending over the next 10 years. If Congress can't come up with a reduction bill matching that amount by January 2013 the Budget Control Act will trigger across-the-board cuts, with half of those cuts coming from Defense spending.

Even if lawmakers figure out how to reduce the federal budget without sequestration, Congress shouldn't let DoD off the hook for major spending reductions, Friedman said.

"I really think we ought to cut the defense budget a lot, but I don't think sequestration is the way to do it," he said.

According to the Pentagon's 2013 proposal, DoD requested a <u>\$613.9 billion</u>. Freidman said after adjusting for lowered interest payments on debt, as the law instructs, sequestration would amount to an annual hit of \$54.7 billion.

"We could cut, in my opinion, more than that safely, given the enemies we face and how much we spend," he said.

One way to possibly start cutting the <u>budget</u> is by simply doing less, Friedman said.

"I think by reducing the amount of countries we're planning to fight wars on behalf of we could have a smaller military, lower operational costs, smaller amount of procurement, less personnel and so forth," he said. "Nowadays we don't need to be quite so active and we don't need to have so many commitments to defend rich allies."

An alteration of military goals also could help, he said.

"A lot of time people tell you 'You save lots of money on defense by getting rid of waste and overlap,' but I think that's overrated. I say you got to do it by changing missions," Friedman said.

Besides shrinking the military's activity, the biggest concern facing the <u>Pentagon</u> is how to control personnel and health care costs, which have grown over the last 10 years, he said.

"I don't want to cut salaries or health care, but I think we need to restrain the growth of those things and also have fewer personnel, which we can do if we have less of the military to do," he said.

Growing personnel costs is a sensitive topic, but in order to make intelligent budget cuts, it's something that should be addressed, Friedman said.

"The way things are going with personnel and health care costs, the trend is they are going to become 100 percent of the defense budget. Obviously, that's not possible, so at some point we got to do something about it," he said.

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