

Obama's Defense Cuts Fall Far Short of Budget Goals

By MERRILL GOOZNER, The Fiscal Times January 6, 2012

The broad shift in U.S. strategic thinking unveiled Thursday by President Obama and his top military advisers will be accompanied by \$489 billion of spending reductions over the coming decade. Under the plan, the military will abandon maintaining sufficient forces to fight two wars simultaneously, while placing greater emphasis on mounting a forward presence in the Asia-Pacific region. China, according to military planners, is emerging as not just a global economic power, but a potential rival for U.S. hegemony in the region.

But the plan doesn't meet the \$650 billion in defense savings that will be part of the **\$1.3 trillion** of federal spending cuts scheduled to start in 2013, under last year's Budget Control Act.

If defense cuts are limited to \$489 billion, the next administration will have to impose major new cuts in domestic programs, to avert the much larger cuts in the Pentagon budget that Obama, Defense Secretary Leon Panetta and top military brass say are unacceptable and would jeopardize national security. The plan was announced during a rare appearance by Obama at the Pentagon. Dubbed "Sustaining U.S. Global Leadership: Priorities for 21st Century Defense," the plan would focus more on China and fighting terror in the Middle East and less on preparing for major land wars. Officials said it has been under discussion at the Pentagon for most of the past year with hands-on direction from the president.

"We're turning the page on a decade of war," Obama said. "We'll be able to ensure our security with smaller conventional ground forces. We'll continue to get rid of outdated Cold War-era systems so that we can invest in the capabilities we need for the future."

While the \$489 billion budget reduction plan is being widely reported as a major cut in military spending, it falls far short of the follow-on goals set by the **Budget Control Act**. The BCA's initial \$1 trillion cuts included \$350 billion in Pentagon spending, which is part of the administration's latest proposal.

The bipartisan congressional "**Super Committee**" was supposed to come up with an additional \$1.2 trillion of long-term savings by last November. However, because the committee failed to reach agreement, the BCA calls for \$1.2 trillion of automatic spending cuts or "sequestration" equally distributed between defense and domestic programs.

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Obama's latest plan would meet just \$149 billion of the \$600 billion of long-term defense savings that will be required under the budget law. Although Obama didn't directly address this problem, the president implicitly is either calling for over \$1 trillion in new domestic spending cuts starting in 2013, or he expects the new Congress elected next fall will scale back the \$1.3 trillion spending reduction goal.

Critics of current levels of **military spending** reacted with dismay to the administration proposal. "Even if the sequestration cuts to the military went through, it would wind up being just a 15 percent decrease in military spending over the next decade" compared to earlier projections of growth, said Laura Peterson, a national security analyst at Taxpayers for Common Sense. "That's much smaller than previous postwar periods."

The administration last year proposed spending \$6.14 trillion on defense over the next decade before spending on so-called "overseas contingency operations," which include the **wars in Iraq and Afghanistan**. That baseline spending was slated to rise from \$553 billion in 2012 to \$668 billion in 2021. A \$489 billion cut would represent just an 8 percent reduction in total spending over the decade and would still leave Pentagon finances well above 2012 levels.

Even if one includes the projected decline in spending due to the wind down of wars in Iraq and Afghanistan, total military spending compared to baseline projections would only fall by about 15 percent, analysts said. In the aftermath of previous wars and after the end of the Cold War, military spending fell by about 30 percent on average.

Charges by Republican presidential candidates that the administration is proposing major cuts in the military "is a tempest in a teapot," said Benjamin Friedman, a military analyst at the libertarian Cato Institute. "The administration has decided to do a minor trim in its planned defense spending."

"This is the paradox of the Obama presidency," agreed Loren Thompson, a military analyst at the Lexington Institute who frequently consults for defense contractors. "Under his administration, the Department of Defense's actual purchasing power has been higher than at any time during the Cold War."

With leading Republican presidential contender Mitt Romney calling for huge boosts in military spending, Obama clearly wanted to position himself as a centrist in the coming debate over the size and role of the military in the post-Iraq and post-Afghanistan era.

"Some will no doubt say the spending reductions are too big; others will say they're too small," the president told reporters at a Pentagon briefing.

"Let's also remember – over the past ten years, since 9/11, our defense budget grew at an **extraordinary pace**," Obama said. "Over the next ten years, the growth in the defense budget will slow, but the fact of the matter is this – it will still grow, because we have global responsibilities that demand our leadership."

All the leading contenders for the Republican nomination other than Texas Rep. Ron Paul are calling for major increases in military spending. Romney, the former Massachusetts governor who narrowly won the Iowa caucuses on Tuesday, has called for increasing Pentagon spending to four percent of gross domestic product, which would require a 10 to 15 percent increase in spending over the next decade – not the 8 percent reduction sought by Obama.

Romney has also called for stepping up the Navy's shipbuilding program from 9 to 15 ships a year after appointing former Navy Secretary John Lehman as one of his chief military advisers. Lehman, who never rose above the rank of commander in the naval reserve, was the architect of the 600-ship navy buildup during the Reagan administration. Romney has not said how he will pay for a second consecutive decade of rapidly expanding military spending.

"If we get President Romney, we're not getting defense cuts because he's pledging to increase the size of the Navy," said Thompson of the Lexington Institute. "If we get President Romney, the defense sector's problems are over."