



Round One Goes to the Budget Hawks

How the neocons lost the sequester battle -- but maybe not the war.

By: Christopher Preble – March 7, 2013

"The budget hawks have defeated the defense hawks." So read one analyst's verdict last Friday on the news that, despite months of dire warnings from the Obama administration and the Pentagon's allies on Capitol Hill, automatic budget cuts to the U.S. Defense Department would go into effect after all. Bill Kristol, the influential editor of the *Weekly Standard*, was despondent, writing, "the Republican party has, at first reluctantly, then enthusiastically, joined the president on the road to irresponsibility." But have fiscal scolds really vanquished their neoconservative rivals within the GOP?

Let's roll the tape back to October 2011, when House Armed Services Committee chairman Howard P. "Buck" McKeon had a simple message for the "supercommittee" tasked with reducing the nation's massive deficit: "not a penny more" from the Pentagon. It was an evocative line in the sand because it contributed to the impression that base Pentagon outlays had already been cut (they hadn't) and that *any* cuts would imperil U.S. national security (they wouldn't).

But the battle lines were drawn long before the passage of the Budget Control Act (BCA), the legislation that enacted what's become known in Washington as "sequestration." In October 2010, the heads of two conservative think tanks, the Heritage Foundation and the American Enterprise Institute (AEI), joined forces with Kristol's Foreign Policy Initiative to create the Defending Defense project. With a joint op-ed in the *Wall Street Journal*, Kristol, Heritage's Ed Feulner and AEI's Arthur Brooks hoped to fend off Pentagon spending cuts by declaiming that such cuts would threaten global prosperity, open the floodgates for tyrants and miscreants, and undermine the fragile gains which, they claimed, had been achieved in Iraq and Afghanistan. As for the concern that excessive spending on America's wars was adding to the fiscal burdens on current and future generations, the three inveighed, somewhat lamely, that "defense spending has increased at a much lower rate than domestic spending in recent years and is not the cause of soaring deficits."

A coalition of conservative and libertarian organizations fired back in a joint letter to House and Senate leaders after the GOP's sweeping victories in the mid-term elections. "Leadership on spending requires commitment that aims to permanently change the bias toward profligacy, not simply stem the tide in the short-term," the letter stated. "True fiscal stewards cannot eschew real spending reform by protecting pet projects in the federal budget. Any such Department of Defense favoritism would signal that the new Congress is not serious about fiscal responsibility and not ready to lead."

As one of the country's most prominent budget hawks, Americans for Tax Reform (ATR) President Grover Norquist, explained at the time: "Voters in the November elections went to the polls to express their concern about one thing only -- explosive government spending. If Members of Congress don't take the mandate to stem government growth seriously by keeping spending cuts on the table for all areas of the federal budget, they will not be asked to stick around to continue to spend taxpayers' money for long."

The open question heading into the fight was whether Republican members of Congress feared their own constituents more than they did the neoconservatives. Contrary to the conventional wisdom in Washington, pro-spending hawks don't always win. "For all the kicking and screaming," explains Veronique de Rugy of the Mercatus Center, "it is easier -- even for Republicans -- to cut defense spending than to cut non-defense spending." As an example, de Rugy points to the 1990s, when Republicans held the majority in both houses of Congress and Pentagon spending declined while overall federal spending continued to grow (albeit at a slower rate than before).

Still, the neoconservatives hold enormous sway within the GOP, more than they did during the Clinton years, so why did the fiscal hawks win this time around? And are they likely to prevail in the future? Some of those in the trenches have a few answers.

First of all, at just 6.5 percent of total national defense spending (the Pentagon base budget plus war costs), the cuts aren't that deep, and, echoing Norquist, there was a sense among fiscal conservatives and taxpayer advocates that a failure to cut this time around would be the death knell for any future cuts. Even under sequestration, U.S. military spending will remain near historic highs in real, inflation-adjusted dollars. Over the next decade, the Pentagon's base budget, which excludes the costs of the wars, will average about what the United States spent in 2006, and will even exceed what it spent on average during the Cold War.

Undaunted, the Pentagon's budget boosters claimed that cuts in military spending would cause massive economic dislocation and throw hundreds of thousands of people out of work. "Sequestration will... crush our economy, devastate our defense industrial base, and put tens of thousands of Americans out of work," asserted Senator Kelly Ayotte (R-NH). The GOP platform upped the ante, claiming that sequestration would result "in the layoff of more than 1 million skilled workers." But this approach also fell flat. The job loss claims were based on two widely cited studies commissioned by the Aerospace Industries Association. Both were deeply flawed methodologically and conceptually. They relied on assumptions about the multiplier effects of such spending that were completely inconsistent with the scholarly literature, and therefore grossly exaggerated the harmful economic effects of such cuts.

More substantively, studies that focused only on the job losses that might result from lower military spending ignored the beneficial effects that would result from lower deficits and less debt. As threats to U.S. national security diminish, it is appropriate that resources will shift out of the military sector and into the more productive private sector.

That, at least, is what most conservatives believe. When the defense hawks claimed, as some did, that Pentagon spending had almost magical job-creating powers, whereas every other form of government spending was wasteful and counterproductive, such "weaponized Keynesianism" wasn't very convincing.

Another factor weighing in the fiscal hawks' favor was public sentiment. Though not generally inclined to support cuts in programs that they saw as benefiting them personally, the public was relatively more open to cuts in military spending, and was particularly indisposed to hiking taxes to pay for more spending. For example, a Pew Research Center poll taken just before the sequester went into effect found little support for cutting *any* major government program. Even cuts in foreign aid, a perennial outrage, garnered a mere plurality in the Pew poll. Earlier polls and citizen action groups found support for cutting Pentagon spending faster and more deeply than sequestration did. And, in the end, the public wasn't very scared by the defense hawks' histrionics.

The mechanics of the sequester also proved useful. "Washington's seemingly limitless capacity for doing nothing finally worked in our favor," explains Pete Sepp, executive vice president of the National Taxpayers Union. "The sequester empowered fiscal hawks in a way that expiring [continuing resolutions] and debt ceilings can't. All they had to do was ride out the storm of media criticism over spending cuts rather than get ahead of it."

ATR's Mattie Duppler thinks that the fact that Republicans held the line on Pentagon spending and lived to tell the tale might "pave the way for some smarter Pentagon reform" going forward. "After all," she explains, "once you've made the first cut, you can't cross back over the Rubicon to say it is never, ever OK to cut defense spending." Because of what happened during this latest sequester fight, Duppler says, "it's not a shock to the body politic for an R to suggest savings in Pentagon spending."

That doesn't mean, however, that the fiscal hawks will win the next round. The defense contractors and special interests still have enormous firepower in Washington, and they've turned their attention to the "continuing resolution" that will fund the government for the remainder of the year. Meanwhile, the neoconservatives are single-minded and relentless. Their tenacity paid off in their bid to launch a war in Iraq and depose Saddam Hussein, but failed to stop Chuck Hagel's nomination and eventual confirmation as secretary of defense.

The budget fight matters even more. A \$470 billion military is more than sufficient to fight the wars the United States truly needs to fight, but not the wars that the neocons want to fight. The next phase in the fight over the Pentagon's budget should focus less on how much the United States spends on defense, but rather why it spends so much. If we are going to give our military less than it expected to have three or four years ago, we need to think about asking it to do less.

A number of diverse organizations have come forward with concrete proposals that do just that. A more modest grand strategy, one dedicated to defending vital U.S. interests, but that allowed for other countries to do more to defend theirs, would require a smaller, less expensive military than the one that fought and won the Cold War, but that has struggled to defeat insurgencies in Iraq and Afghanistan. The debate over those different proposals will heat up in the months ahead.

It is *way* too early for budget hawks to declare victory. The neocons won't go down without a fight, and they will have other chances in the months ahead to ratchet the Pentagon's budget back up to unnecessary levels. Still, it is significant that the fiscal hawks prevailed this time around, and it provides hope to those who believe that the United States can be safe and secure even without breaking the bank.

