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A Leaner Pentagon? Part One

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[Benjamin H. Friedman](#)^[2]

I have complained [here](#)^[3] [twice](#)^[4] that the media has confused the Secretary of Defense's effort to shift money from administration to force structure with actual cuts to defense spending. Real cuts in defense spending, as Chris Preble and I [often](#)^[5] [point](#)^[6] [out](#)^[7], should come with moderation in the goals the spending serves. I also think that any savings produced by cuts to the Pentagon's overhead should go to taxpayers or deficit reduction, not force structure.

That said, the Secretary's efficiency initiative is a good idea. Administration has taken a growing share of defense spending over the past few decades, despite the advent of communications technologies that theoretically might make management cheaper. Over the summer, the Pentagon's Comptroller, Robert Hale, asked think tank analysts, including me, for five ideas each about how to cut overhead from the Pentagon. Because I am not bound to secrecy, and because readers might find them interesting or even useful, I'm posting them here, in parts.

Part one is about how scarcity and inter-service competition cause efficiency.

Cut Total Spending and Heighten Inter-Service Competition

The best way to cut overhead costs in the Pentagon is to cut its total spending. As with people, resource constraints in bureaucracy arrest wasteful habits and limit unnecessary spending. The military services will cut overhead to protect their preferred programs if their budgets shrink.

A related tool to heighten efficiency is [budgetary competition](#)^[8]. In government, of course, there is not market competition to penalize organizational waste. But civilian leaders can create similar effects by forcing organizations to compete for budget. That requires [attacking jointness](#)^[9], which is now one of the more popular religions in Northern Virginia.

Since the Kennedy Administration, each military service has gotten [a steady portion](#)^[10] of total defense spending, once we account for the fact that defense-wide spending has taken an increasing share. This budgeting habit limits the extent to which the services see their budget as a reward for programmatic success or relevance to current dangers. Note, for example, that the Navy [created submarine-launched ballistic missiles](#)^[11] during the Eisenhower administration, when half of the defense budget went to the Air Force because of its nuclear weapons delivery capability. The Navy innovated to win back relevance and budget.

A defense budget that rewarded one service with portions of the others' budget shares would encourage them all to become more relevant and efficient. Competition would also reveal inefficiencies to civilian decision makers. Information about what the other services are doing wrong is often held by potential rivals. They are more likely to reveal it when competition gives them a way to profit from it. What service should gain budgetary preeminence depends on national defense strategy, which is not the subject here.

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