

Why Obama Won't Cut Defense and Reap a Peace Dividend

By **MERRILL GOOZNER**, The Fiscal Times February 23, 2011

The wars in Iraq and Afghanistan are **winding down**, military procurement budgets are bloated, and deficit reduction has become an overriding domestic policy concern.

It would seem that the stars are aligned for the government to declare a peace dividend and free up billions of dollars for other purposes by **slashing defense spending**. Yet President Obama's proposed budget for 2012, as well as the spending resolution the House passed for the remainder of this year, would permit sizable growth in Pentagon spending. While the administration's proposed long-term spending blueprint shrinks both domestic and military spending, it takes a much bigger bite out of non-defense spending than it does **out of defense**.

For many liberals, the administration's failure to pursue a peace dividend strategy is a squandered opportunity. Significantly reducing Pentagon spending could have softened the blow of domestic cuts, provided much-needed funds for the president's vaunted investment agenda, and even supplied the wherewithal to maintain high-profile programs like **low-income heating assistance** that provide a financial cushion for some of the nation's most vulnerable citizens. But in this post 9/11 society, few politicians — including a president with a history of opposing the Iraq war — appear willing to run the political risk of challenging military spending levels. “The problem is the Democrats are afraid of being branded soft on defense,” said Lawrence Korb, a defense analyst at the left-leaning Center for American Progress. “All the other downturns in defense spending were done by Republicans.”

History bears out Korb's contention. Obama said last week that by the end of the decade, his proposed spending freeze would shrink domestic discretionary spending to its lowest share of **economic activity** since Dwight D. Eisenhower was president. What he failed to mention was that the five-star general was ambidextrous when it came to wielding the budget axe.

Republican Presidents Wield the Budget Axe

As president, “Ike” presided over a sharp reduction in military spending, taking defense's share of gross domestic product from 15 percent at the end of the Korean War to 10 percent by the time he left office in 1961. His **farewell address** famously included a stern warning about the threat posed by the “military-industrial complex.”

There have been two other substantial build-downs in military preparedness in the modern era. Though vilified by anti-war protesters, President Nixon held military budgets in check during the inflation-prone 1970s. He shrank the number of uniformed personnel by more than a million troops during the “Vietnamization” phase of the Vietnam War. Defense spending as a share of GDP fell by half to barely above 5 percent by the time his successor, Gerald Ford, left office.

President Ronald Reagan engineered a substantial military build-up during the peacetime 1980s, a spending binge that some defense analysts argue undermined the former Soviet Union, which couldn't keep pace. His successor, George H.W. Bush, a former head of the Central Intelligence Agency, reaped the post-Cold War peace dividend with the help of then-Secretary of Defense Dick Cheney. They shrank defense budgets during their four years in office from the Reagan-era high of 6.5 percent of GDP back to levels last seen under Ford.

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The downward trend continued throughout the 1990s under President Bill Clinton, not so much because military budgets shrank but because the economy grew rapidly. But in the aftermath of the Sept. 11, 2001 terrorist attacks, President George W. Bush nearly doubled the share of economic activity devoted to defense, returning it to levels last seen in the early 1990s.

While Republicans are conventionally seen as hawks in domestic politics and Democrats as doves, the reality is that every major war of the 20th century began with a Democrat in the White House and resulted in Republicans elected to office in its aftermath. The last decade's response to global terrorism reversed that pattern.

While the Bush II build-up not only sharply increased direct spending on two wars, it also rapidly increased procurement budgets for every military service in ways totally unrelated to the war on terror. So far, no one is willing to call that hardware build-up into question.

While Secretary of Defense Robert Gates has been praised for killing off the F-22 program and a mild slowdown in purchases of F-35s, the latest [budget request](#) still included \$25 billion for 10 new ships and an additional \$1 billion for the \$9 billion-a-year missile defense program. Both are continuations of programs initiated in the last decade.

Moreover, while the war in Afghanistan is supposed to be winding down, the decline in military spending in [the Obama budget](#) is contingent on that spending falling rapidly to \$50 billion a year — a third of what will be spent in 2011. The latest news from the graveyard of empires doesn't make one sanguine about the prospects for achieving those savings.

While liberals may yet rebel against Obama's refusal to take on the military or follow through on his pledge to end the wars, these ongoing defense commitments also raise the possibility of a fissure in the Republican coalition. There has long been an anti-interventionist streak within conservative politics, reflected in the presidential straw poll at the recently concluded Conservative Political Action Conference where freshman Sen. Rand Paul, R-Ky brought the crowd to its feet with his call for [sharp cuts in defense spending](#).

An Unlikely Alliance

The libertarian Cato Institute last year joined with left-leaning groups like the Institute for Policy Studies and the Center for American Progress to call for a radical revamping of the Pentagon's budget. "We have a war in Iraq that is winding down, a war in Afghanistan that is unpopular, and a triggering event that was never really tied to a state with military capability," said Benjamin H. Friedman, a defense analyst at Cato. "This was a non-state actor that didn't have an army or navy, and is best combated through means that aren't military platforms."

The germ of a bi-partisan post "war on terror" political coalition could be seen in last week's House vote to cancel the second engine for the F-35, a \$382 billion program that is slated to replace nearly every jet fighter in the Air Force, Navy and Marines over the next 25 years. The vote brought together 123 Democrats and 110 Republicans to endorse paring \$450 million from the Pentagon's budget.

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But the vote signaled the difficulty in building a lasting coalition for major cuts in defense. Even though the Pentagon had repeatedly said the second engine wasn't necessary, about half the newly elected Republican members associated with the Tea Party voted in favor of the project, which would keep General Electric and Rolls Royce offices and factories humming in areas of Ohio and Indiana that switched to the Republican column in the last election.

The left-right coalition looking for deeper cuts has questioned the strategic utility of many legacy Pentagon programs. It has called for eliminating the 100,000 troops added to the Army and Marine Corps since 9/11, which could save about \$20 billion a year.

Europeans, meanwhile, are cutting their defense commitments to the [North Atlantic Treaty Organization](#) (NATO), where the U.S. still has 100,000 troops. Eliminating a quarter of the U.S. deployment in a place where there is no enemy could save another \$15 billion a year, according to Korb. In addition, he asks, "why do we have 11 carrier battle groups? We could go to nine since nobody else has any."

The Wild Card — Terrorism

Revamping the Pentagon's budget would clearly require a different mindset at the top of the military hierarchy. Rapidly evolving events in the Middle East where popular revolts in Tunisia and Egypt have toppled military dictators should force a re-think, some analysts say. "If it turns out that Islamic nations are able to reform themselves, move toward modernity, and move away from al-Qaeda's vision of how to organize society, we confront the question of why should we make them change when our efforts come at great cost and don't produce a hell of a lot of success," said Andrew Bacevich, an Iraq war veteran and professor of history and international relations at Boston University.

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"One of the casualties of the global war on terror, especially after the Iraq war turned out so badly, was [former Defense Secretary Don] Rumsfeld's transformation program," he said. "Transformation was supposed to directly address the services that are buying and designing weapons that are hangovers from industrial age warfare, not what you need for information warfare."

Ironically, defense industry investors have been anticipating such a transformation and a concomitant build-down. Shares of major contractors like Lockheed-Martin, General Dynamics and Raytheon are selling at 20 to 25 percent below their 2008 highs.

Yet the transformation hasn't materialized. While Republicans have had a field day attacking stimulus and infrastructure programs like high-speed rail, claiming they do not create jobs, they remain largely silent on the \$100 billion-plus Pentagon procurement budget that every year creates hundreds of thousands of jobs and continued prosperity for defense contractors and their employees. Eisenhower's military-industrial complex over the years has morphed into a military-industrial-congressional complex where defense spending is sprinkled across the country as readily as highway paving projects, making it extremely difficult for any administration to bring it under control, much less set it on a downward path.

"Obama has spent a lot more than people anticipated," said Loren Thompson, a defense analyst with the Lexington Institute and an industry consultant. "At the moment, there's no constituency for cutting spending in either political party. Until we scale back our global role, there's not going to be a peace dividend."

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