

THE NATIONAL INTEREST

Published on *The National Interest* (<http://nationalinterest.org>)

Source URL (retrieved on Aug 3, 2011): <http://nationalinterest.org/blog/the-skeptics/defense-cuts-still-the-table-not-the-bank-5694>

Defense Cuts Still on the Table, Not in the Bank

| [More](#) ^[1]

| August 2, 2011

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



The [news](#) ^[3] that the debt [deal](#) ^[4] could cut military spending by \$850 billion over a decade has hawkish pundits [in](#) ^[5] [predictable](#) ^[6] [histrionics](#) ^[7]. But while the legislation could deliver defense cuts of that size, if you count generously, it doesn't guarantee one cent of defense cuts. Its spending caps create fights across spending categories but do not resolve them. The resulting brawls should be fun to watch.

Before I get to the politics, let's dispense with the math.

The deal's legislation offers two kinds of potential defense cuts. First, it caps "security" spending at \$684 billion for this fiscal year and \$686 for the next. After that, there is no security cap; all discretionary spending is under one cap.

This process will barely cut anything. 2011 spending on the categories that the bill counts as security—the Pentagon, State, foreign aid, the Department of Homeland Security and the discretionary spending for Veterans—is only \$4.5 billion ^[8] above the 2012 cap and \$2.5 billion above the 2013 cap. So this method of cuts guarantees less than \$10 billion in security savings. And none of these cuts need be from the Pentagon; the other security agencies could absorb them. You get a slightly higher saving estimate using the bill's accounting method, which compares its future spending to the Congressional Budget Office's latest projections.

The White House claims that the security caps will generate \$350 billion in savings from base (non-war) defense spending over ten years. That number, contained in a White House press release ^[9] and repeated in countless media reports, is a PR invention. It replaces the also phony ^[10] \$400 billion in defense cuts that the president recently proposed over twelve years. The administration produced the \$350 billion figure, I'm told, by projecting security spending at the capped level plus inflation across the decade, even after the caps expire, and counting as savings the difference between that spending trajectory and CBO projections, which assume faster growth. Then they assigned most of the savings to defense. The total is nonsense because you don't get ten years of security savings from two years of security caps. And the bill gives no basis to assign the Pentagon a portion of those imaginary savings.

The second set of potential defense cuts occur automatically if Congress fails to enact an additional \$1.2 trillion in savings recommended by the Joint Congressional Committee that the bill establishes. This sequestration process could cut actual defense spending (budget function 050 ^[11]) by up to \$534 billion over nine years—half of the \$1.2 billion that the bill automatically cuts minus lowered debt-servicing costs. The sequestration amount drops by whatever savings Congress generates from the Joint Committee's recommendations. Because none of those cuts must come from defense, this process also guarantees no defense cuts.

The White House has already said ^[12] it opposes defense cuts beyond the first round. They say that the sequestration goals are meant to be so unpalatable ^[12] that they provoke compromise in the Joint Committee. So we have the odd spectacle of a Democratic administration using the threat of defense cuts to provoke cuts in other areas.

That's the math. The legislation encourages at least four political fights.

The first concerns war funding. As Russell Rumbaugh notes ^[13], hawks will be tempted to shift the Pentagon's bill into the war appropriations (overseas contingency operations, officially), which the bill does not cap. That problem is not new ^[14], but the bill worsens it. We'll see if the White House and Congressional Democrats fight to stop it.

Second, for the two years while the security cap is in place, the bill pits security agencies and their congressional advocates in zero sum combat. For obvious electoral reasons, no one will go after veterans. Defense hawks and top military officers will push to make DHS and State eat the minor cuts required. House Republicans negotiated ^[15] to expand the security category for this reason. DHS, State and the subcommittees that pass their appropriations will fight back. Republicans and thus the House will tend to the first camp; Democrats and the Senate to the second. So the fight will occur in the appropriation committees, conference, and probably White House-Hill discussions. The paucity of cuts limits the carnage, of course.

Third, if the legislation remains in place after two years and a single cap covers all discretionary spending, the fight will shift and become more partisan. To get under the cap, Republicans will push domestic spending cuts. Democrats will prefer defense cuts. The 2012 elections will determine the institutional contours of this fight.

The fourth fight will center on the Joint Committee, with the most interesting conflict among Republicans. Democrats will likely advocate taxes and more defense spending cuts. Even if they can get a deal including taxes with Republican committee members, the House is unlikely to pass it. Democrats' most attractive option may then be sequestration. Anti-tax Republicans will accept that outcome but clash ^[16] with neoconservative Republicans happy to raise taxes to pay for military expenditures.

Those that see this plan as a disaster for defense ought to explain why hawks, like Buck McKeon (Chairman of the House Armed Services Committee), Bill Young (a leading House defense appropriator), and John McCain, support it. They evidently prefer this deal to any available alternative and are gambling that they can protect military spending from the knife.

My guess is that defense spending will be level in 2012, growing roughly with inflation, but get hit by sequestration, meaning real defense cuts in 2013. After that, who knows? The political dynamics will then be quite different.

More by

Source URL (retrieved on Aug 3, 2011): <http://nationalinterest.org/blog/the-skeptics/defense-cuts-still-the-table-not-the-bank-5694>

Links:

- [1] <http://www.addthis.com/bookmark.php?v=250&username=nationalinterest>
- [2] <http://nationalinterest.org/profile/benjamin-h-friedman>
- [3] http://www.google.com/hostednews/ap/article/ALeqM5hdyehVoz4xy3rMFFvW7Ll_4FGhsw?docId=160203343ddf4af0a27c264e624ff414
- [4] http://inagist.com/nationaljournal/98025820844593152/READ_THE_BILL%3A_Legislative_text_of_the_debt_deal
- [5] <http://www.aei.org/article/103940>
- [6] <http://blog.heritage.org/2011/08/01/debt-ceiling-deal-guts-defense-spending-to-pay-for-politics/>
- [7] <http://www.frumforum.com/too-soon-old-too-late-wise>
- [8] http://thecable.foreignpolicy.com/posts/2011/08/01/defense_spending_cut_in_debt_deal_unclear
- [9] <http://www.whitehouse.gov/fact-sheet-victory-bipartisan-compromise-economy-american-people>
- [10] <http://nationalinterest.org/blog/the-skeptics/least-they%E2%80%99re-faking-defense-cuts-5177>
- [11] <http://budget.house.gov/BudgetProcess/BudgetFunctions.htm#function050>
- [12] <http://www.military.com/opinion/0,15202,234292,00.html>
- [13] <http://thewillandthewallet.squarespace.com/blog/2011/8/1/the-debt-deal-and-defense-spending.html>
- [14] http://www.huffingtonpost.com/gordon-adams/the-war-supplemental-is-c_b_177399.html
- [15] <http://washingtonexaminer.com/blogs/beltway-confidential/2011/07/how-they-resolved-defense-spending-issue-debt-limit-compromise>
- [16] <http://fivethirtyeight.blogs.nytimes.com/2011/07/31/how-far-will-republicans-go-to-avoid-defense-cuts/>