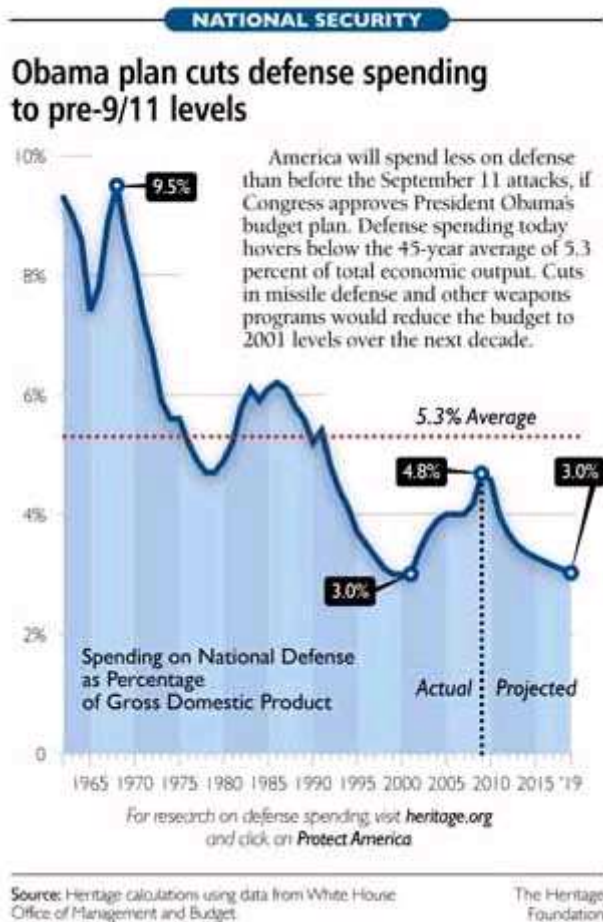


Matt Yglesias

Jun 25th, 2009 at 5:26 pm

Heritage Slams Mythical Defense Cuts



The Heritage Foundation has a blog post complete with chart claiming to demonstrate that [“Obama plan cuts defense spending to pre-9/11 levels”](#). As Benjamin Friedman [lays out](#) this is nonsense:

This is a standard rhetorical device for defense hawks (see the [Wall Street Journal editorial page](#), [Mitt Romney](#) and lots of others) so it's worth pointing out that it's misleading. The unfortunate truth is that Obama is increasing non-war defense spending this year and seems likely to increase it [at least](#) by inflation in the near future.

It's true that defense spending will probably decline as a percentage of GDP, assuming the economy recovers. But that's because GDP grows. Ours is more than six times bigger than it was in 1950. Meanwhile, we spend more on defense in real, inflation adjusted terms, than we did then, at the height of the Cold War. The denominator has grown faster than the numerator.

By saying that defense spending needs to grow with GDP to be “level,” you are arguing for an annual increase in defense spending without saying so directly. That's the point, of course.

Since economic growth causes real wages to rise over time, there is some reason for thinking that a military

sized appropriately to the strategic environment would need real increases in spending to maintain its level of capabilities. But one way or another, the crucial issue is that the appropriate level of defense spending is determined by the nature of the strategic environment, not by the pace of economic growth. The US economy grew rapidly during the 1990s but the level of military threats facing the country didn't—thus, a decline in defense expenditures relative to GDP was appropriate.

One interesting trope both in the substance and rhetoric of this argument from Heritage is the idea that 9/11 ought to have touched off a large and sustained increase in defense spending. On the merits, this is a little hard to figure out. It's difficult to make the case that the 9/11 plot succeeded because the gap in financial expenditures between the U.S. government and Osama bin Laden was not big enough. Would an extra aircraft carrier have helped? A more advanced fighter plane? A larger Marine Corps? Additional nuclear weapons? One of the most realistic ways an organization like al-Qaeda can damage the United States is to provoke us into wasting resources on a far larger scale than they could ever destroy. The mentality Heritage is expressing here is right in line with that path.

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Filed under: [Defense Budget](#), [National Security](#), [terrorism](#)

25 Responses to “Heritage Slams Mythical Defense Cuts”

1. *LaFollette Progressive* Says:

[June 25th, 2009 at 5:39 pm](#)

Bears defecate in the woods. Monkeys hurl feces. The Heritage Foundation lies to promote wasteful defense spending. These are timeless and immutable truths of nature.

2. *tsg* Says:

[June 25th, 2009 at 5:42 pm](#)

Instead of calling military spending “defense spending,” we should go all the way and call it “peace spending.”

3. *Why oh why* Says:

[June 25th, 2009 at 5:53 pm](#)

Which part of the military industrial complex funded this particular Heritage post? I wish any study from those think-tanks came with an acknowledgement like: “The authors would like to thank Lockheed Martin and Boeing for their financial support, as well as two anonymous reviewers from the Pentagon for helpful corrections”.

4. *joe from Lowell* Says:

[June 25th, 2009 at 5:55 pm](#)

I earn \$50,000 per year. I have a burglar alarm.

If I earned \$100,000 per year, I'd need two burglar alarms.

Sure. That makes sense.

5. *Don Williams* Says:

[June 25th, 2009 at 5:58 pm](#)

What percentage of GDP are other major economies spending? Germany spends what? only 3 percent and Japan normally spends 1 percent or less. And they are located mere MILES from the evil empires.

Why does no one ask Heritage to explain why this benefits the average American who has 2 huge oceans — and the world's most powerful navy — between him and any possible threat?

This is what is so infuriating about Washington — No one speaks up for common sense and what is in the interest of the American people — vice what special interests like defense contractors want.

6. *JMG* Says:

[June 25th, 2009 at 6:17 pm](#)

Weapons make Americans feel good. This has nothing to do with reality, it has to do with political appeals to deep national emotion disorders.

Oh, and bribes.

7. *DTM* Says:

[June 25th, 2009 at 7:08 pm](#)

Cutting military spending back to 3% of GDP is a worthwhile and potentially attainable goal for the near term, so this is good news to me.

8. *stand* Says:

[June 25th, 2009 at 7:19 pm](#)

...the appropriate level of defense spending is determined by the nature of the strategic environment, not by the pace of economic growth.

Unless your economy is based largely on defense spending which, let's face it, is true in this country.

9. *Steve LaBonne* Says:

[June 25th, 2009 at 7:34 pm](#)

Weapons make Americans feel good. This has nothing to do with reality, it has to do with political appeals to deep national emotion disorders.

Oh, and bribes.

The emotional appeal helps to keep the sheep in line, but the bribes are where the rubber meets the road.

10. *Ruckus* Says:

[June 25th, 2009 at 8:30 pm](#)

"One of the most realistic ways an organization like al-Qaeda can damage the United States is to provoke us into wasting resources on a far larger scale than they could ever destroy. The mentality Heritage is expressing here is right in line with that path."

Agreed

Wasn't that the Reagan logic for the cold war? Get them to spend so much on military crap that we bankrupt them. So now that war hawk policy no longer has meaning? So Reagan was full of crap? Or it worked and we should follow the same policy?

I fail to see any logic from the Heritage Foundation.
My bad - no reason to look there for logical thought.

11. *Anonymous* Says:

[June 25th, 2009 at 8:53 pm](#)

stand: Although the amount of the economy which depends on military spending is somewhat higher than the Defense Department budget itself because of multiplier effects, it's really hard to say that 4.8% of the GDP is propping up the other 95.2%.

12. *wiley* Says:

[June 25th, 2009 at 10:24 pm](#)

How much money does it take to figure out why our air defense system failed on 9/11 and to make sure it doesn't happen again?

13. *Richard Cownie* Says:

[June 25th, 2009 at 10:31 pm](#)

The argument about wage growth is wrong: very little of the military budget goes on wages. The hundreds of billions are spent on buying, maintaining, and operating high-tech equipment. And you would think that over a period of rapid technological advances like the last 25 years, when computers and electronics have got vastly better, and civilian technologies have allowed cars and airplanes to get better, cheaper to buy, and cheaper to operate, that you could get the same amount of military capability at a decreasing cost.

Guess what ? In fact, you can. Back in 1990, we were mostly dropping dumb unguided bombs, and you needed a heck of a lot of planes and a heck of a lot of pilots to drop a lot of bombs to actually get a few hits. Now we mostly drop GPS-guided weapons which are vastly more accurate, so it needs fewer planes and pilots to have the same chance of hitting a target. But instead of having an equally effective, but smaller and cheaper, military, we have chosen to have a considerably more expensive military with a massively larger capability.

This improvement in cost-effectiveness doesn't apply so much to infantry though, and especially not to counter-insurgency. But any time you're doing counter-insurgency you're probably in the wrong country doing the wrong thing, and should just give it up: it's almost always a symptom of a failed strategy.

14. *urgs* Says:

[June 25th, 2009 at 11:23 pm](#)

Direct German military spending is around 1% of GDP far from 3%. The indirect costs of conscription are hard to measure if not to some extent philosophical consideration.

Personally I fail to see any use even in spending “just” 1% with a situation like the one in Germany.

15. *Chris* Says:

[June 25th, 2009 at 11:32 pm](#)

Well, if this is what Heritage wants to argue, then the silver lining of having GDP creep along (especially if it goes down) is that if military spending doesn't increase in actual terms, it could still increase in relative terms, in which case we can tell Heritage to shut the hell up.

For all the good that'd do, since they're impervious to rational, reality-based policymaking.

16. *Max424* Says:

[June 26th, 2009 at 3:59 am](#)

Ok, ten year plan.

Cut the defense budget in half, from \$1 trillion to \$500 billion. Instead of spending twice what the rest of the world spends on defense combined, we will just spend more than the rest of the world combined. Savings –\$5 trillion.

Repeal the Bush tax cuts and add a little something something on top, say...make the marginal tax rate 43%. Money for the coffers –\$6 trillion.

Cut all corporate tax loopholes –\$2 trillion.

Implement the Yglesias' nit picky sin taxes on soda and Doritos and everything else he can think of –\$1 trillion.

Money saved on interest payments? Who knows. Call it a cool and conservative –\$1 trillion.

Ok, that is \$15 trillion. Put all that moolah into the National People's Bank and leverage it out at 10 to 1.

So, in roughly the year 2020, if we want, we can put together a \$150 trillion stimulus package.

Man, this shit is easy. Krugman? Where are you!

17. *Filip* Says:

[June 26th, 2009 at 4:46 am](#)

There's a graph [here](#) on the amounts spent on defense in real, inflation adjusted terms (the only correct measure of defense spending).

The graph is somewhere in the middle of the page, and you should look for a solid line labelled “military expenditure in constant 2000 US\$”.

18. *brakes* Says:

[June 26th, 2009 at 5:46 am](#)

love your blog! Very cool! Please visit my site [auto services](#) when you got time.

19. *TJ* Says:

[June 26th, 2009 at 7:13 am](#)

Cownie you're just plain wrong about wages being insignificant. That is in fact a hundred billion. Also the dod budget isn't 1T it is like 0.6T.

20. *Richard Cownie* Says:

[June 26th, 2009 at 8:24 am](#)

“Cownie you're just plain wrong about wages being insignificant. That is in fact a hundred billion. Also the dod budget isn't 1T it is like 0.6T.”

I didn't say “insignificant”, I said it's “very little” of the budget. And \$100B out of \$700B is very little (even if your figure is right - my estimate is that it's below \$80B).

21. *ajay* Says:

[June 26th, 2009 at 9:40 am](#)

Although the amount of the economy which depends on military spending is somewhat higher than the Defense Department budget itself because of multiplier effects, it's really hard to say that 4.8% of the GDP is propping up the other 95.2%

4.8% of the GDP is the US military budget. Then you have, for example, exports of arms to other countries (the US leads the world in arms exports). Those sales wouldn't exist without the US military budget - Lockheed wouldn't make the F-16 for export if it wasn't sure of selling it in the home market, for example. Then you have exports of, for example, airliners: Boeing wouldn't exist without the boost to the bottom line it gets from its military aircraft division. Same goes for a lot of high-tech industry.

And the second-order multiplier effects of all those exports.

Maybe the US isn't dependent on military spending in the same way that, say, Kuwait is dependent on oil, but it's a major part of the economy.

22. *Prester Dave* Says:

[June 26th, 2009 at 9:59 am](#)

It seems a couple of comments are misdirected.

First, on 9/11, we didn't discover that our air defenses were weak. We discovered that we needed to do something about the Taliban and their sponsorship of a terrorist organization. But then we also discovered that in a number of ways our current military wasn't well suited for that battle. (Then later, while pointlessly engaged in Iraq, we also discovered that our military was too small for even that sort of operation. The President has pledged to increase, not decrease, the size of our standing army.)

Second, wages most certainly are a prime driver of defense costs. The defense industry doesn't just stamp out bullets: it designs and builds some of the most technically complicated systems the world has ever seen. That's very labor (i.e. wage) intensive.

23. *chris* Says:

[June 26th, 2009 at 10:15 am](#)

Unless your economy is based largely on defense spending which, let's face it, is true in this country.

That's impossible. Since military hardware doesn't improve anyone's standard of living, economically we're **worse** off than if we paid all our military personnel and defense contractors the exact same salaries to dig holes and fill them in again. (Because military equipment competes for, and drives up the prices of, natural resources that could have been used to make something economically useful.)

Of course, we don't actually maintain our military for economic reasons, but for, well, military ones. But that doesn't change the fact that the military is an **economic** waste and we would be better off keeping it as low as we can without jeopardizing national security.

As for 9/11, while an aircraft carrier couldn't have prevented it, a better CIA might. Terrorist organizations are secret and when you find out their secrets they lose a lot of effectiveness, so what you really need against them is not military, but counterespionage. Whether a better funded CIA would have been a better CIA is, of course, highly open to debate, and I don't know if the CIA is even included in this chart. But while it's common to pretend that 9/11 was an inevitable decree of Fate that no human act could possibly have prevented, that isn't actually true. 9/11 was planned and carried out by humans and could, in theory, have been stopped by other humans - it just wasn't. The Bush administration had more important concerns than antiterrorism.

24. *chris* Says:

[June 26th, 2009 at 10:39 am](#)

Then later, while pointlessly engaged in Iraq, we also discovered that our military was too small for even that sort of operation.

It's not clear to me that our country benefits from being able to invade and occupy hundreds of thousands of square miles of foreign soil on the far side of the world. Lots of countries get along fine without having, let alone exercising, such a capability. (We should also consider whether the benefit, if any, is better than whatever else we could have done with the same resources, including the labor of existing military personnel and contractors, and the future productivity of everyone prematurely killed in the occupation.)

This isn't necessarily an argument for complete isolationism, but given the extreme cost (economic and human) of such an operation, the bar needs to be higher than "there's oil in them thar hills" or "look! the head of that government is a bad man!"

25. *Richard Cownie* Says:

[June 26th, 2009 at 11:20 am](#)

"Second, wages most certainly are a prime driver of defense costs. The defense industry doesn't just stamp out bullets: it designs and builds some of the most technically complicated systems the world has ever seen. That's very labor (i.e. wage) intensive."

I don't think so. First of all, while wages for high-tech jobs increase, those are also precisely the jobs where productivity has increased even faster, due to fast cheap computers, communications, and software: when Boeing designs a new airliner, they do it all with an accurate 3D virtual model before building a physical prototype, which is **way** more efficient and cheaper than the old methods. Secondly, I'm pretty sure the proportion of the workforce in the

defense industries is way smaller than the military budget's share of GDP.

A more plausible model of why defense costs increase is that military procurement is a classic case of public-sector inefficiency, with no-one having any incentive to cut costs: the politicians like to boast about increased military spending whether or not it's delivering anything useful; the admirals and generals like to have new toys to play with; and the defense contractors are happy to take the money, especially on cost-plus contracts. Which is all fine except that a) I have to pay for it, and b) having all those whiz-bang toys encourages us to do stupid things like invading Iraq.

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