

THE NATIONAL INTEREST

The Pentagon's Sequester Gamble

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The 2013 Pentagon budget reflects the Obama Administration's unwillingness to embrace strategic change that would [allow](#) far larger cuts. And by failing to propose such cuts, the Pentagon is refusing to avoid sequestration, the across-the-board cut of roughly ten percent from its accounts required under the [Budget Control Act](#) (BCA).

In proposing a military budget about six billion dollars lower than last year's, the Obama Administration has for the first time proposed a real cut in the non-war military budget, but much of that cut likely shifted to the war budget. The administration has also said that the Pentagon should spend less over the decade than previously planned, which would cause an eight percent cut to non-war spending—in the unlikely event that the plan holds. If we include war costs, the military budget has been falling since 2010 when war costs peaked. But keep in mind that the defense budget grew by over seventy percent in real terms since 1999, with the non-war portion roughly doubling.

As I [wrote](#) two weeks ago when the Pentagon released its budget guidance, even this minor spending restraint has heightened competition among defense programs, causing several sensible program cancellations that prior plans would have avoided. But it has triggered little strategic reevaluation, beyond a belated realization that the national disinclination to occupy more restive countries allows a partial reversal of the growth in the ground forces begun in 2007. The [supposedly](#) new strategy that the administration recently released is a muddled defense of the status quo. Rather than reconsider our military's potential missions and the alliances that drive many of them, the administration appears to be shopping for other people's conflicts that will keep our forces occupied. More cuts will [produce](#) more sensible choices.

The BCA requires a \$54 billion cut to Pentagon spending in January 2013, applied across spending accounts, with the possible exception of personnel costs, which the president can elect to shield. That sequestration is a consequence of the super committee's failure to produce a deficit reduction plan. After sequestration, Pentagon spending (leaving out the wars and other defense-related costs outside DoD but counted in the national defense budget function) would be \$478 billion, about what it was in 2007 in real terms.

The text of the BCA suggests that sequestration occurs regardless of the size of the budget Congress passes. That would mean that the Pentagon cannot distribute the 2013 cuts according to a strategy and thus avoid sequestration. In the remaining eight years the law covers, by contrast, the Act imposes a Pentagon spending cap and sequesters appropriations above that level.

The BCA says, however, that the White House shall calculate and order sequestration under the procedures set forth in section 253f of the Gramm-Rudman-Hollings Act (the law the BCA amends). That section says that where Congress passes an appropriation act with an amount below the baseline (the prior year's budget), you subtract the difference from the sequester. That appears to mean that a \$478 billion budget would indeed avoid sequestration.

Even if the Office of Management and Budget, which the BCA makes the arbiter of these matters, reads the law differently, a legislative fix could accomplish the same thing. Todd Harrison of the Center for Strategic and Budgetary Assessments has [proposed](#) that the Pentagon design an alternative \$478 billion budget that makes choices across accounts and then pads each by ten percent to sacrifice to sequestration. Congress might also change the BCA's language to say clearly that appropriated savings commensurate with sequestration will prevent it. Or Congress could change the law to allow the Pentagon to avoid sequestration if the cuts are implemented gradually, rather than dropping suddenly in a year. Even large budget cuts usually take years to pay off. These options would achieve the deficit reduction that the BCA seeks while allowing the Pentagon to shape the cuts.

Presumably the Pentagon is aware that it can avoid sequestration but is unwilling to admit it. They believe that by presenting sequestration as the only way to get more savings, they can avoid any cuts. Thus, Pentagon leaders insist that they are not planning on sequestration and expect Congress to change the law.

That change would presumably come as part of a budget deal where the Congress agrees to let the Pentagon off the hook. The White House is using the [threat](#) of Pentagon cuts to get [Republicans](#) to let some of the Bush tax cuts expire. We probably won't know if that bargaining tact works until late this year, with the presidential election decided and sequestration and the expiration of the tax cuts looming. The administration could possibly offer additional defense cuts as part that deal.

As the year goes on, Pentagon leaders will increasingly complain about what the Secretary of Defense calls the "goofy meat axe approach" of sequestration, which

supposedly prevents them from making intelligent choices. Those hearing the complaints should be aware that while the BCA makes the size of the cuts inevitable, their manner is not fixed. The Pentagon could have smart cuts, but it prefers to push for none by pretending dumb cuts are the only alternative.