

## Mr. Doomsday

By: Carrie Budoff Brown

October 6, 2011

Defense Secretary Leon Panetta arrived at the Pentagon as a man who matched the times, a shrewd insider Democrats viewed as possessing the will and the weight to tame the sprawling defense budget.

But in only a few short months, Panetta has emerged instead as Washington's sharpest critic of further cuts — an unexpected Mr. Doomsday of the supercommittee deficit drama.

He has angered Democrats by urging Congress to whack Social Security and Medicare before touching defense again. He drew scorn from liberal and conservative analysts alike for predicting a 1-point hike in the unemployment rate if the supercommittee deadlocks and the Pentagon loses \$600 billion in funding. And he has delighted Republicans with his constant, cataclysmic warnings about the perils of trimming even one more dollar from the defense budget.

The no-holds-barred approach may boost Panetta within the five walls of the Pentagon, but it's making life difficult for President Barack Obama by aggravating the Democratic base, which views the party's elder statesman as providing political cover to Republicans intent on shielding defense and slashing domestic programs.

"That is not the Leon Panetta, the budget guy, that I once knew," Rep. Barney Frank (D-Mass.) told POLITICO. "He knows better."

Panetta's hard line is drawing notice because of the pedigree of the messenger. He possesses a rare commodity in Washington: bipartisan street cred.

He is revered within the Democratic Party, as a former House Budget Committee chairman and budget director and White House chief of staff under President Bill Clinton. But he earned the respect of Republicans as the CIA chief who finally brought down Osama bin Laden. And the military interests he represents are rivaled only by the health care industry in terms of lobbying power on Capitol Hill.

It's a powerful mix that positions Panetta as one of the most influential figures trying to shape the supercommittee deliberations — much to the annoyance of liberals, fiscal hawks and libertarians who view the Pentagon budget as ripe for deficit savings.

His old Democratic colleagues on Capitol Hill say the resistance on deeper defense cuts is out of character, but they get why he's doing it: A softer position would neuter him within the Pentagon.

"I'm amused because I remember Leon Panetta when he was chairman of the Budget Committee in the House and the head of the Office of Management and Budget, and he always said, 'We've got to cut, we've got to cut, we've got to reduce the deficit,' and that was before the deficit ballooned under President [George W.] Bush," Rep. Henry Waxman (D-Calif.) said. "He's taking the view of the Department of Defense and the military. I understand where he is coming from, even though I am amused by it."

Panetta may be driving an even harder bargain than his boss.

The president agreed to \$350 billion in defense cuts over the next decade as part of the August debt-limit agreement. But the administration will not say whether Obama agrees with Panetta that the Pentagon cannot absorb any more cuts as the 12-member supercommittee tries to identify by Thanksgiving at least \$1.2 trillion in additional savings over 10 years.

Pentagon spokesman George Little wouldn't speak for Obama either. But he said Panetta's message to the supercommittee has been clear: Stop squeezing the military.

"Leon Panetta is one of the most pragmatic politicians and budget experts in the U.S. government," Little said in an interview. "He is convinced if the cuts go too deep, we are risking national security, and we are going to hollow out the force and break faith with the men and women in uniform."

Proponents of steeper cuts argue that the defense budget sits at a 60-year high, dwarfing what was spent at the height of the Cold War. They point to Republican Presidents Dwight Eisenhower, Richard Nixon and Ronald Reagan — each of whom scaled back defense spending to a greater degree than what is being contemplated today without hollowing out the forces.

Panetta disagrees, Little said, because the scope of threats is different today. "We are not comparing apples to apples in terms of all the challenges we are facing."

Panetta quickly showed his allegiance to his employees at the CIA, as well. Some veterans of the agency worried that he might not show adequate respect for its traditions and concerns, but Panetta mounted an early, aggressive defense. He sided with agency brass in high-profile spats with Obama and Attorney General Eric Holder over releasing legal memos and pursuing inquiries dealing with aggressive interrogations during the Bush era.

Initial Democratic expectations this time around appear similarly misplaced. Democrats hoped for more flexibility from the first defense secretary from their party since 1997. After all, he was taking over as Obama pressed for deeper cuts and a unique bipartisan coalition in Congress was demanding the same.

“It makes it difficult for real cuts to come in defense because Republicans don’t want it and they can say the Democratic Secretary of Defense agrees with them,” said Lawrence Korb, an assistant defense secretary in the Reagan administration and senior fellow at the liberal Center for American Progress. “It becomes very, very hard to make more than token cuts above \$350 billion.”

Panetta didn’t waste any time before pressing his case.

At his inaugural press conference in early August, Panetta surprised Democrats by arguing that Congress needed to find savings in “mandatory” spending programs — Medicare, Medicaid and Social Security — or raise taxes before returning to defense.

“You cannot deal with the size deficits that this country is confronting by simply cutting the discretionary side of the budget,” which includes military spending, Panetta said. “That represents less than a third of the overall federal budget. You’ve got to, as the president’s made clear, if you’re going to look at those size deficits, you’ve got to look at the mandatory side of the budget, which is two-thirds of the federal budget. And you also have to look at revenues as part of that answer.”

Two weeks later, Panetta said more cuts would “literally undercut our ability to put together the kind of strong national defense we have today.”

By mid-September, he warned Congress that the unemployment rate could spike 1 percentage point if the supercommittee deadlocked — an outcome that would force the Pentagon to absorb as much as \$600 billion in automatic cuts over 10 years.

“We’d be shooting ourselves in the head,” Panetta said.

House Armed Services Committee Chairman Buck McKeon (R-Calif.) said he and Panetta are “in total agreement.”

“His comments have been extremely helpful,” defense industry lobbyist John Scofield said. “He was out early and he’s been out often, and it tells me he’s got some stroke within the administration.”

The reviews elsewhere haven’t been as kind.

Frank said Panetta is “wildly exaggerating all the national security threats.” The U.S. will just need to better prioritize troop deployments around the world, Frank said.

Benjamin Friedman, a defense analyst with the libertarian Cato Institute, said Panetta's unemployment claims show he "will say almost anything to stave off defense cuts."

"The expectation was that Panetta had the credentials to serve credibly but not rock the boat," said Loren Thompson, a defense analyst at the conservative Lexington Institute. "By saying what he has said about the economic impact of defense cuts, he is rocking the boat and making defense an issue that is hard to ignore. He is probably making the military and defense industry happy, but I would be surprised if he is making everyone in the White House happy."

By holding the line on defense cuts, Panetta's strategy meshes with the White House in one crucial way: It pressures Republicans to give greater consideration to new tax revenue as part of a deal to slice at least \$1.2 trillion from the long-term deficit.

"Unless there is a compromise that includes revenues, defense is going to get hit in a massive way," said Sen. Carl Levin (D-Mich.), chairman of the Senate Armed Services Committee. "That's not acceptable."

But Levin, who agrees that the military can't sustain further cuts, said Panetta's position isn't a strategy to win over Republicans.

"He's doing it because he believes it," Levin said. "That's the way he sees it."

Frank isn't so sure.

"Have you confirmed that it's Leon Panetta who's saying that?" Frank joked. "It's not some CIA double agent?"