Pentagon's Budget On The Chopping Block

by ALAN GREENBLATT



Brennan Linsley/AP U.S. infantrymen from the 101st Airborne Division and Afghan army commandos exit the back of an Army helicopter during a mission in September near Kandahar, in southern Afghanistan.

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For months, some defense experts have warned that the nation's growing deficit could morph into a national security problem, because it could force deep cuts in military spending.

That day appears to have arrived sooner than they predicted.

A week after the co-chairmen of President Obama's debt commission recommended cutting \$100 billion from the Pentagon's budget over the next five years, a second high-profile group has proposed even deeper cuts.

The proposal to save \$1.1 trillion by freezing military spending after 2012 is part of a broader deficit reduction strategy released Wednesday by a panel headed by Alice Rivlin, who served as budget director under President Bill Clinton, and former Sen. Pete Domenici (R-NM).

"There will be even more things on the chopping block there," says Gordon Adams, a defense budget official in the Clinton administration who has advised the Rivlin-Domenici group.

Rethinking The Budget

The Rivlin-Domenici group would cut the number of active-duty personnel by 275,000, to 1.2 million; cancel or defer weapons systems, and impose more cost controls on health care.

Looking At The Nation's Debt

The groups releasing proposals about the nation's fiscal situation:

National Commission On Fiscal Responsibility And Reform

Headed by: Alan Simpson, former Republican senator from Wyoming; and Erskine Bowles, chief of staff to President Bill Clinton

Recommendations: The final report from the president's deficit commission is supposed to come out by Dec. 1. But the co-chairmen released a draft proposal that would cut domestic and military spending,

"We believe we can have a more efficient and more effective military if we force the Pentagon, and [Defense] Secretary [Robert] Gates has been doing this, to look at its priorities," Rivlin said Wednesday.

The report emphasizes that despite such deep cuts, "the remaining U.S. military forces would continue to be superior in technology, capability, and size to those of any other country, and continue to be capable of military operations on a global basis."

Defense spending has roughly doubled since the terrorist attacks of 2001, to about \$700 billion per

reduce benefits for some future Social Security recipients, and simplify the tax code. They also gave more than 50 examples of how to get \$200 billion of spending out of the budget by 2015 in domestic and military cuts.

Bipartisan Policy Center's Debt Reduction Task Force

Headed by: Republican Pete Domenici, former Senate Budget Committee chairman; and Alice Rivlin, former Clinton budget director and Federal Reserve vice chairman

Recommendations: The group released its report on Wednesday. Rivlin said the report calls for a "much simpler, lower [tax] rate, broader base income tax and corporate income tax with a considerably lower corporate tax rate that will bring us back into the range that other countries are in." It also includes a consumption tax.

Peterson-Pew Commission On Budget Reform

Headed by: Former Reps. Bill Frenzel (R-MN); Timothy Penny (D-MN); and Charlie Stenholm (D-TX)

Recommendations: On Nov. 10, the group released a report calling for a reform of the federal budget process by implementing "fiscal targets, budgetary triggers, and increased transparency." The commission recommended that the debt be stabilized at 60 percent of GDP by 2018.

year. That number represents half of all federal discretionary spending (everything aside from interest payments and entitlements such as Social Security) and more than a fifth of the federal budget in total.

Because it consumes such a large share of the budget, reducing the deficit would be a much more daunting task if the Pentagon were held harmless from spending cuts, warn the deficit hawks.

"If you don't go to the \$700 billion defense budget to make some reductions, it's just hard to take that big a bite out of any deficit," says a spokesman for Rep. Norm Dicks of Washington, the current Democratic chairman of the House Defense Appropriations Subcommittee.

Did Gates' Strategy Backfire?

Obama's debt commission co-chairmen, Erskine Bowles and Alan Simpson, took as their template cuts outlined by Gates.

Gates hoped that proposing \$100 billion worth of cuts would help protect the Pentagon from deeper reductions — and he intended to use that money for other purposes, such as weapons systems.

But after years of rising spending levels, it has suddenly become apparent that cuts in defense are likely to be considered as part of the deficit-reduction equation. The proposal from the Rivlin-Domenici group, sponsored by the Bipartisan Policy Center, includes the cuts recommended by Gates but took them only as a starting point.

"If you're serious about the budget, you have to look at the entire budget, military and domestic, if you want to make a dent in the debt," Republican Sen.-elect Rand Paul of Kentucky said Sunday on CBS's Face the Nation.

Depending On The Tea Party

But, as with the deficit-reduction project as a whole, it's still a big question how Congress will vote when it comes time to start cutting military spending. Much will depend on which way newly elected Republicans such as Paul decide to go.

They ran on a promise to shrink government, but they also view defense as a core function of government. "Across-the-board [cuts] has become pretty close to conventional wisdom," says Miriam

Pemberton, a research fellow at the Institute for Policy Studies, a liberal think tank.

"They are going to be really exposed if they keep presenting themselves as deficit hawks while ignoring the largest part of the discretionary budget."

Drawing A Red Line

But the idea of cutting the military's budget at a time when the nation is fighting two wars — and faces an estimated \$300 billion in health treatment costs alone over the next five years as a result — is being greeted with scorn and even disbelief in some quarters.

Rep. Howard "Buck" McKeon of California, the incoming Republican chairman of the House Armed Services Committee, argued at a Washington forum on Monday that defense spending needs to go up, not down.

"A defense budget in decline portends an America in decline," McKeon said at the forum, sponsored by Foreign Policy Initiative, a conservative think tank. "It will undermine our ability to project power, strengthen our adversaries and weaken our alliances."

McKeon cited the work of yet another top-level panel, created by Congress, which last summer concluded that the nation's military needs to spend more on equipment, expand the Navy and modernize its weaponry.

"Let me put this in the simplest terms possible: Cutting defense spending amidst two wars is a red line for me and should be a red line for all Americans," McKeon said.

No Peace Dividend

Gen. J.D. Thurman, who is in charge of Army combat forces, said last week that demand for land forces will most likely go up in the coming years. "I do not see a peace dividend in the future," he said.

Launching a "Defending Defense" initiative to preserve the military budget, the leaders of three conservative think tanks wrote last month in The Wall Street Journal that the Pentagon "is neither the true source of our fiscal woes, nor an appropriate target for indiscriminate budget-slashing in a still-dangerous world."

There's always going to be significant political resistance to cutting military spending. No one wants to appear to be weak on defense, or less than supportive of U.S. troops who are in harm's way. And defense contractors have shown considerable political acuity for years in spreading manufacturing and jobs among key congressional districts all around the country.

Pentagon Faces Austerity

But it appears that if Washington is truly entering a new age of deficit-driven austerity, the Pentagon will not be immune.

For some, that's welcome news. It's been a long time since military contracting scandals were

symbolized by toilet seats and hammers that cost hundreds of dollars apiece. But the Defense Department is regularly cited by the Government Accountability Office, among other groups, for squandering large sums.

"Even if we weren't in a deficit situation, a lot of what we spend on the military is unnecessary," says Christopher Preble, director of foreign policy studies at the libertarian-leaning Cato Institute.

A Leaner Budget

Next year's budget is unlikely to include anything like the cuts recommended by Bowles and Simpson. But it will be comparatively lean.

This year's defense budget is unfinished, but the House version cuts \$7 billion from the president's request, while the Senate bill would cut \$8 billion.

The early betting among experts is that programs that provide defense for other countries — but not necessarily the U.S. directly — will be most at risk.

"One part of the [Bowles-Simpson] proposal that I think has real promise is the proposal to cut a third of the bases overseas," says Pemberton, of the Institute for Policy Studies, "because they don't have a domestic constituency, really.

"That's where we ought to be able to get some agreement," she says, adding, "We're not going to get McKeon, of course."

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