



The Invincible Military-Industrial Complex

Leon Panetta's dream is Eisenhower's nightmare.

[Veronique de Rugy](#) from the [March 2012](#) issue

During his 1961 farewell address, President Dwight D. Eisenhower famously warned the American people that one of the greatest threats to freedom came not from enemies abroad but from “the conjunction of an immense military establishment and a large arms industry,” which over time would lose sight of defending the United States and become devoted only to its own perpetuation. “In the councils of government,” said the man who had commanded the Allied forces in Europe during World War II, “we must guard against the acquisition of unwarranted influence, whether sought or unsought, by the military-industrial complex. The potential for the disastrous rise of misplaced power exists and will persist.”

Today we are living Ike's nightmare. Defense spending is not just one of the most sacrosanct parts of the [budget](#) but also one of the largest and most inscrutable. Adjusting for inflation, military spending has grown for an unprecedented 13 consecutive years and is now higher than at any time since World War II. Even excluding war costs, the military baseline budget has grown by about 50 percent during the last decade.

Yet the faintest suggestion of a plan to reduce the rate of the defense budget's growth inevitably triggers dire warnings that Americans will soon be speaking Russian, Chinese, Arabic, or the mother tongue of whoever is deemed the most powerful adversary of the moment. Consider the Pentagon's reaction to the recent threat of defense spending reductions following the failure of the Joint Select Committee on Deficit Reduction (popularly known as the “supercommittee”) to find deficit [savings](#) of \$1.2 trillion over 10 years. The lack of a deal triggered an alternative path to those savings: a sequestration that

would cut projected overall spending by \$1.2 trillion between 2013 and 2021. Half of those savings are to come from the defense budget—an annual hit of about \$54 billion compared to current administration plans.

But don't confuse that \$54 billion with reductions from current spending levels. In August 2011, the Congressional Budget Office projected that discretionary national defense spending (96 percent of all military spending), excluding the wars, would cost \$5.3 trillion between 2013 and 2021. After sequestration, that spending will instead total \$4.8 trillion, or \$500 billion less. That's 10 percent less than otherwise projected (see the chart) but still 10 percent *higher* than current defense spending.

How did apologists for the military-industrial complex react to the possibility of an increase of just 10 percent rather than 18 percent? Defense Secretary Leon Panetta, in a November letter to Sen. John McCain (R-Ariz.), warned that if "maximum sequestration" goes into effect in 2013, "these cuts would be devastating for the Department." One of Panetta's deputies colorfully described the cuts as a form of "self-castration." Former Defense Secretary William Cohen characterized the possible cuts as "draconian" and "calamitous," Air Force Chief of Staff Norton Schwartz fretted that his branch "may not be able to overcome dire consequences," and Sen. Lindsey Graham (R-S.C.) declared that trimming the rate of military spending growth would do nothing less than "destroy the Department of Defense."

There is no basis in reality for such hyperbole. Adjusting for inflation, sequester cuts would freeze the military's budget at its level in 2007—a year in which America was ably defended, and plenty of cash flowed to the armed forces.

All these numbers underestimate the growth of defense spending. The data for 2013–21 exclude war spending, which will add roughly \$400 billion during that period, even if the withdrawals from Iraq and Afghanistan proceed as planned. It also excludes mandatory spending, which adds another \$6 billion a year on things like military retirement benefits.

When U.S. defense spending is placed in a global context, flipping out over "cuts" becomes even stranger. A country's defense budget should be a function of its security needs—the cost to guard against the threats it faces. Secretary Panetta has noted that "threats to national security would not be reduced" in the face of budget cuts. But it's far from clear that current spending is commensurate with the dangers the U.S. faces.

Data from the Stockholm International Peace Research Institute's military expenditure database show that the United States spent \$728 billion on its military in 2010,

or about 45 percent of the world's \$1.6 trillion total, more than the next 14 largest military spenders combined and nearly six times more than the next biggest spender, China. Most of the other countries at the top of the list are American allies. With or without the automatic cuts to defense from the Budget Control Act of 2011, the United States will remain the biggest global military power for at least a generation.

Defense hawks may have some legitimate gripes about sequestration: Since 42 percent of the cuts in the budget deal come from military spending, defense, which accounts for about 20 percent of annual spending, is being targeted disproportionately. Furthermore, Cato Institute research fellow Benjamin Friedman argues that sequestration is an inefficient method for resizing government. When it comes to military spending, the process doesn't allow for prioritization—cutting less important missions and programs to fully fund more critical ones. As written, the law applies equally to all military accounts. The president can choose to exclude only personnel spending.

Overreliance on across-the-board defense cuts was meant to maximize the pain of sequestration. The idea was to encourage each side of the supercommittee to sacrifice in order to reach a deal, meaning tax increases for Republicans and domestic spending cuts for Democrats. The committee's failure doesn't end those negotiations; it broadens and extends them.

Defense hawks, however, should be careful what they wish for. Unless Congress changes current law, New Year's Day 2013 will bring both sequestration cuts and the expiration of the Bush tax cuts, two outcomes Republicans wish to avoid. By exaggerating the impact of defense "cuts," conservatives are giving President Obama important leverage to win revenue increases in exchange for overturning sequestration.

It doesn't have to be this way, Friedman notes. Rather than bellyaching about a somewhat smaller spending increase, Panetta could offer an alternative that allows the Pentagon to choose more wisely among its priorities while bringing spending levels down to a level compatible with adequate national defense. That option would relieve pressure for tax increases while allowing the American people to enjoy the dividends from winding down two expensive wars. But if Eisenhower was right about the military-industrial complex's insatiable need to keep increasing its budget, size, and influence, it is foolish to expect any defense secretary to propose wiser spending, let alone agree to spend less.

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