



## **Defense spending critics bullish on sequestration's outcome**

By Jeremy Herb - 12/03/12

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As the defense industry wages an uphill fight to protect defense spending in the "fiscal cliff" talks, critics of Pentagon spending see more cuts on the horizon.

Three advocates for a leaner defense budget held a "response call" to a defense industry CEO press conference Monday, where the industry executives said revenues should be part of a solution to stave off the across-the-board sequestration cuts.

The analysts on the call — Ben Freeman of the Project on Government Oversight, William Hartung of the Center for International Policy and Chris Preble of the Cato Institute — sounded a renewed sense of optimism that more cuts were coming, whether sequestration happened or not.

"The whole fiscal cliff is a 3-way heavyweight fight between taxes, entitlements and defense," Freeman said. "The Pentagon is actually the lighter of those heavyweights. The electoral implications are more significant for the tax-hike crowd than cuts to Pentagon spending are."

Freeman noted that at Monday's industry press conference, The Analytic Sciences Corp. CEO David Langstaff's suggested there could be another \$150 billion in Pentagon cuts. But that did not go far enough, he said.

"When they actually got down to hard numbers, when he said the \$150 billion figure, I cringed," he said. "When you break that figure down, 150 over 10 years, that's only \$15 billion per year."

On the call held by the liberal-leaning defense think-tank National Security Network, Freeman applauded Northrop Grumman CEO Wes Bush saying that the defense industry is "not a jobs program." Preble, meanwhile, noted "the fact remains that the industry engaged in a very public, very expensive campaign" to convince voters that the sequestration defense cuts would lead to more than 1 million in job losses.

Hartung said the industry was playing “defense” in the fiscal cliff talks, and that it had acknowledged cuts were coming. Now executives were trying to keep that number “as small as possible,” he said.

The optimism on the call highlighted the fact that the defense industry and defense-minded lawmakers are being crowded out of the fiscal cliff debate that’s mostly focused on tax rates and entitlements, despite there being \$500 billion in Pentagon dollars at stake through sequestration.

While the defense spending critics acknowledged that the mechanism of sequester was not good policy, they endorsed the level of cuts to the Defense Department, and suggested there would be future “bites at the apple” after the sequester fight.

The industry, however, is making a push for a fiscal cliff deal that does away with the sequestration cuts.

In addition to Monday’s press conference, the industry’s leading trade group Aerospace Industries Association sent a letter to President Obama signed by 115 industry members calling for a fiscal cliff solution that avoids sequestration.

“With the elections behind us, the time for a solution to sequestration has arrived,” AIA CEO Marion Blakey said in a statement Monday. “We have only 28 days to act. No more pressing issue remains on the national agenda this year.”