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Defense spending cuts decried as severe, but they're meant to stave off worse

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Defense Secretary Robert Gates believes that the U.S. government is hurtling toward a financial train wreck, and he's trying to minimize the damage to the Pentagon and the armed forces by taking steps to trim military spending.

But the heated reaction to the modest cuts Gates proposed last week shows that making significant, carefully reasoned changes in defense spending will be difficult at best.

Gates' plan to close the Joint Forces Command based in Norfolk, Va., one of 10 U.S. military commands, is an initial step in a plan to save \$100 billion over the next five years. He's also proposed reducing the number of generals and admirals and cutting spending on outside contractors.

Savings from the cuts would be used to pay for weapons and personnel benefits, reduce Pentagon funding requests and hopefully stave off draconian cuts to weapons programs such as the F-35 joint strike fighter.

Gates believes, as do many economists and other analysts, that because the U.S. government faces massive, unyielding budget deficits, it will be forced to make dramatic changes in its spending habits. And when it does, defense spending will be on the chopping block.

"What we have learned about the U.S. political system is it will not make hard decisions without being forced to do so by a crisis," said Loren Thompson, an analyst with the pro-defense Lexington Institute and frequent advocate for the defense industry.

Gates hopes to minimize future cuts and protect the current size and capabilities of the military as well as continue procuring new systems and technology for the future.

"Gates deserves credit for starting a process to attempt to deal with the fringes of the defense problem," said Winslow Wheeler, a defense policy expert with the left-leaning Center for Defense Information and a former defense committee staff member to Republicans in the Senate.

Closing the 'gusher'

Pentagon budgets have been flush in the last decade, after declining during the Clinton administration following the end of the Cold War.

9-11 "opened a gusher of defense spending" even beyond the cost of fighting wars in Afghanistan and Iraq, Gates said in a speech in May. "Given America's difficult economic circumstances and parlous fiscal condition, military spending ... can and should expect closer, harsher scrutiny. The gusher has been turned off, and will stay off."

The Defense Department and Congress will, at some point in the next few years, be faced with making painful and politically explosive choices to rein in spending. Those could include reducing the military's size, cutting benefits, and terminating or trimming weapons programs.

Making some changes now, as with other budget questions, could forestall larger cuts in the future.

But one person's waste or redundancy is another's livelihood.

Gates' plan for eliminating the Virginia command and its more than 6,300 military and contractor jobs would save

\$240 million a year, but it immediately drew bipartisan criticism from Virginia politicians.

Sen. Jim Webb, D-Va., a member of the Senate Armed Services Committee, said the proposed cuts "would be a step backward" and vowed to "carefully examine the justifications for this decision as well as its implications for the greater Norfolk community."

Analysts of various political stripes can find common ground on places to cut defense spending as part of a larger budget reduction effort. Military personnel costs, including pay and medical benefits, housing and living stipends and subsidies, and retiree benefits are huge expenses that have been rising.

Service members, for instance, pay a small price for their family health insurance plan, just \$460 a year. "That hasn't changed one penny in 15 years," said Todd Harrison, an analyst with the Center for Strategic and Budgetary Assessment. President George W. Bush once proposed a fee increase "and it got knocked down hard by Congress."

The Pentagon pays \$11 billion a year to provide veterans health coverage plans that supplement Medicare. Even charging a modest premium, Harrison said, would cut government costs by billions a year.

Congress is loath to touch military compensation and benefits and, Gates has pointed out, typically adds a one-half percent increase to whatever military pay increase the Pentagon proposes each year.

A smaller military?

Given that reluctance to touch benefits, the difficulty of cutting overhead costs and finding other savings in noncombat or militarily necessary areas, analysts say it's likely that the Pentagon and Congress will eventually be forced to reduce the size of the armed forces, retire more existing weapons and cut future weapons development and procurement.

"Secretary Gates is doing everything he can to avoid that, but the changes he has proposed won't go far enough," Harrison said. "Force structure and modernization are going to be a target."

In the last 18 months alone, Thompson said, Gates has already cut \$300 billion worth of weapons spending by killing or cutting programs like the F-22 Raptor.

"What distresses the defense industry is cuts are being made in programs but not in force structure, manpower and personnel costs," Thompson said.

There are some, like the libertarian Cato Institute, that say the way to achieve a realistic defense budget is to significantly reassess what the U.S. role in the world should be and what the armed forces are asked to defend.

"The U.S. spends almost as much as everyone else combined," said Christopher Preble, a Cato defense analyst. "The main reason we spend too much on the military is not about defending the U.S.; it's because of all of our other commitments" to defend other nations and regions of the world.

There's little reason for the U.S. to continue large troop commitments in Europe or South Korea, Preble said, or to maintain a naval presence in regions where the U.S. has little ongoing interest.

"What we should do is revise what we want our military to do, and if you do that, you could make some significant cuts to defense spending," Preble said.

Reassessing strategy

Defense strategy needs to be re-examined, Thompson agrees, saying it makes little sense for the U.S. to have to "borrow money from China to defend against China."

Given the nature of Congress, the Pentagon bureaucracy and the military services to all fight against serious budget cuts, Gates' actions may just be the prelude to bigger battles that come once he leaves office.

"The hard choices," Thompson says, "will be left to the next secretary of defense."

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