



An Opportunity for Change

President Biden's First Defense Budget Proposal

By Lawrence J. Korb and Kaveh Toofan | March 10, 2021

When it comes to national security or national defense, dollars are policy: What an administration seeks to fund and where it chooses to make cuts reveals a great deal about its national security strategy and priorities. One of the Biden administration's immediate and critical responsibilities is sending its proposed fiscal year (FY) 2022 defense budget and FY 2022–2026 defense program to Congress.

The administration will have to make some hard choices as it develops its budget, regardless of how much of its total discretionary spending it is able or willing to devote to the nation's military defenses. And no matter how much the United States spends on defense, it cannot buy perfect security.

In addition, some budget decisions that are made today will have an impact for decades to come, in part because it takes a significant amount of time to recruit and train military personnel and to develop and purchase the right equipment for them. A good example is the fifth-generation aircraft, the F-35, which was initially developed during the Clinton administration but entered into production in the George W. Bush administration.¹ As President Joe Biden prepares his defense budget for FY 2022, he needs to consider multiple factors.

Obama administration vs. Trump administration budgets

President Donald Trump's last U.S. Department of Defense (DOD) budget request, sent to Congress in January 2020, was for \$740.5 billion. This was about a \$100 billion increase over the FY 2017 budget of the Obama administration. This massive increase was based on a faulty premise: that the Obama administration had significantly underfunded defense in his eight years in office and that therefore, the Pentagon was severely depleted, the military lacked modern and sufficient equipment, and the Trump administration was thus facing a massive readiness crisis when it took over the government in 2017. But objective analysis demonstrates that this was not the case. If one controls for inflation, President Barack Obama actually spent \$400 million² more on defense in his first administration than Trump did in his four years in office. When growth in the defense budget did slow in Obama's second term, it was because of the Budget Control Act (BCA) and the triggering of sequestration.

Moreover, the Pentagon then mitigated the impact of the BCA by using the Overseas Contingency Operations (OCO) fund, or warfighting account, which was not subject to the caps. The DOD used this account to fund administration priorities such as the European Defense Initiative, which had nothing to do with the wars in the Middle East.³ Altogether, in Obama's second term, the defense budget, including OCO, remained fairly level at about \$600 billion. Thus, the military that Trump inherited was not depleted. In fact, as Trump was preparing to take office, retired Gen. David Petraeus and Brookings Institution foreign policy scholar Mike O'Hanlon wrote in *Foreign Affairs*⁴ that there was no readiness crisis and that the state of the U.S. military was "awesome" when Trump was elected.

The Biden administration budget

The defense budget that the Biden administration will inherit from the previous administration is higher, when adjusted for inflation, than what the United States spent at the peak of the Cold War under President Ronald Reagan.⁵ It is currently more than the defense budgets of the next 10 largest countries in the world combined⁶ and consumes more than half of the total discretionary budget of the entire federal government. It is also significantly higher than the defense budget the Trump administration inherited in 2017. As President Biden pointed out,⁷ Trump "abandoned all fiscal discipline when it comes to defense spending." Moreover, while most GOP leaders in Congress did not complain about Trump's lack of fiscal discipline, just as they did under President Obama after ignoring President George W. Bush's record increase in the debt, many of them will express concerns about President Biden's lack of fiscal discipline as they have already done about his proposed \$1.9 trillion COVID-19 relief package.⁸

Ultimately, any attempt to reduce that deficit and apply some financial discipline will probably require some reductions in the current level of defense spending. In a speech⁹ at the Brookings Institution on December 2, 2020, Gen. Mark Milley, the chairman of the Joint Chiefs of Staff, predicted that the struggling economy and the continued COVID-19 pandemic would put downward pressure on future military spending. Moreover, the Trump administration in part funded the defense increase by slashing the budgets of agencies, such as the U.S. State Department and U.S. Agency for International Development (USAID), which also contribute significantly to national security and therefore need to be funded properly once again.

Yet Biden will undoubtedly pay a steep political price for any reductions he proposes in the FY 2022 defense budget. Complicating matters was the Trump administration's decision to publicly release its proposed FY 2022 budget and FY 2022–2026 defense program, giving a false baseline. As a result, the Biden administration will have to face significantly more strategic and political resistance if or when it makes any substantial changes to the size and distribution of the defense budget or to any of the policy choices that the Trump administration made. Defense watchers will be closely monitoring and evaluating the trade-offs the Biden administration makes in its FY 2022 defense budget.

Strategic decisions

Considering these challenges, the Biden administration needs to consider the following critical, strategic decisions in its FY 2022 defense budget submission.

The overall defense budget

President Biden must consider whether he is willing to significantly reduce the size of the total defense budget, including the portion of the U.S. Energy Department and other federal agencies, from the proposed \$755 billion for FY 2022 to about \$700 billion, as suggested¹⁰ by Trump's former national security adviser John Bolton and the Congressional Progressive Caucus.¹¹ If he does opt to reduce the budget, it could free up funds for more COVID-19 relief or for rebuilding U.S. infrastructure.

Funding for other departments

The Biden administration should then consider whether to boost funding for the non-military components of national security, such as the State Department or USAID. The question remains whether some or all of the money would transfer from the DOD budget, and if not, from where it would come. One indication of Biden's possible approach came from comments on the campaign trail indicating¹² that his administration will emphasize diplomacy and economic aid over aging military legacy capabilities.

Today, the U.S. military possesses a significant amount of resources that can be used for the good of the nation—ranging from countering nuclear, conventional, and cyberterrorism threats, to assisting with vaccine distribution. There is no question about its capabilities to secure a more peaceful world for those at home and abroad. But it is a fallacy to believe that the DOD should be the nation's go-to front-line agency in solving every national security crisis. For too long, the U.S. government, particularly during the Trump administration, normalized the overreliance on the DOD, leading to a disproportionate lack of funding and political prioritization for other federal agencies that simultaneously promote national security interests. For example, the State Department received about \$50 billion¹³ in FY 2020 compared with the DOD's \$740 billion.¹⁴ Admittedly, the scope of the two agencies and their missions vary, and there will always be a large gap between the two. But under the Trump administration particularly, there have been routinely increased budget proposals for DOD, while the State Department's budget has shrunk by as much as 22 percent.¹⁵ This is a testament to the Trump administration's priorities and approach to solving global issues—by flexing the United States' infatuation with hard power. But as Trump's first Secretary of Defense James Mattis, a retired Marine general, told members of Congress,¹⁶ "If you don't fund the State Department fully, then I need to buy more ammunition ultimately."

With this in mind, President Biden has a unique opportunity to revitalize the country's standing in the world by proposing a budget that prioritizes its diplomatic corps. To achieve U.S. national security goals, there has never been a better time for the nation to fully fund an agency that prides itself on embracing the identity and cultures of other nations, rather than resorting first to forceful means.

For example, a simple initiative for President Biden could be to implement an expansion in the number of employees at the State Department. In recent years, the State Department has faced a series of retention problems, including career civil servants being pushed out of their roles, a threat of gutting employees due to budget proposals, and vacancies in top posts¹⁷—particularly in positions overseas.¹⁸

Vulnerabilities in U.S. national security are in turn created due to vital informational gaps from a lack of expertise. This becomes particularly apparent when the State Department cannot be properly relied upon during, for example, moments of conflict or when Congress requests informational reports. For example, when a unified combatant command is in the process of campaign planning, they need to rely on the State Department¹⁹ for myriad services such as providing an understanding of a certain country's local politics or culture. The country's strategic planning then suffers without this type of inter-agency cooperation, leaving the United States inevitably in a weaker position. In prioritizing diplomacy, cross-cultural understanding, and patience, the Biden administration can successfully revitalize the United States' reputation and secure a more stable world.²⁰

Troop size, pay, and operations

The active-duty force under Trump grew by 80,000 people, and it remains to be seen if the Biden administration will recommend keeping it at its current size or trying to rely more on technology, for example, or on unmanned ships or planes. Biden may also choose to adjust troop size as the Pentagon shifts its emphasis from ground forces, used in wars in the Middle East, to naval and air forces, which may potentially play a more leading role, for example in the Pacific. Biden may also accept the proposed 2.1 percent pay raise for the troops for FY 2022, as opposed to the 3 percent raise in the current fiscal year, to slow the increase in basic pay, which—adjusted for inflation—has risen by 60 percent over the past 20 years.²¹ Finally, Biden needs to consider whether or not to accept the \$5.3 billion reduction in the operations and maintenance account, proposed by the previous administration, that could diminish the readiness of U.S. forces.

Nuclear weapons

Now that Biden has extended the New START treaty for five years, he must decide whether he will fulfill his campaign pledge to narrow the role that nuclear weapons play in U.S. military doctrine. The administration must consider whether it will continue to fund the development and deployment of a whole host of nuclear weapons or if it will implement the Democratic Party platform in this area. While the platform pledged to maintain a strong credible deterrent, it also called for reducing overreliance and excessive expenditures on nuclear weapons. The platform characterized the Trump administration's proposal to build new nuclear weapons as unnecessary, wasteful, and indefensible.²²

For example, nuclear strategists such as former Secretary of Defense William Perry and House Armed Services Committee Chair Adam Smith (D-WA) called the new intercontinental ballistic missile (ICBM)—the land-based component of the nuclear triad—unnecessary.²³ For FY 2022 alone, the cost of this program is projected to be about \$96 billion,²⁴ up from \$85 billion in FY 2021, and it is estimated to cost at

least \$264 billion before it is finished. The Trump administration made canceling this system even more difficult by recently awarding the contract to build the new ICBM to Northrop Grumman.²⁵ Biden must decide if he will cancel this system as well or whether he will continue to provide funding for the Long-Range Standoff Weapon, or for tactical nuclear weapons such as the W76-2, a low-yield submarine-launched ballistic missile, a sea-launched nuclear cruise missile, and an air-launched nuclear-armed cruise missile. Not only are these new tactical nuclear weapons expensive, but they also lower the threshold for nuclear war.²⁶

Overseas Contingency Operations

The Biden administration faces the legacy of both the Obama and Trump administrations' use of the separate OCO account, which included items that had little or nothing to do with the wars the United States was, or currently is, fighting. Since Trump proposed significantly reducing the number of troops in Afghanistan and Iraq before he left office, the amount that the Pentagon will actually spend in the FY 2021 budget will be far less than the \$69 billion currently contained in the OCO account for the current fiscal year, which ends on October 1, 2021. In fact, in its proposed FY 2022 budget, the Trump administration reduced that amount to \$19 billion.²⁷ If Biden does not plan to fully implement the reductions in troop levels in Iraq and Afghanistan that Trump proposed, it remains to be seen whether he will increase the amount of money in the OCO account above the proposed \$19 billion.

Shipbuilding

The Biden administration must make tough decisions about how to deal with the growing threat in the Pacific from China. This includes determining whether or not to fund the new U.S. Navy shipbuilding plan,²⁸ which calls for expanding the Navy from its current level of 296 ships to 358 by 2030 and to about 500 by 2045. This plan includes building at least four new large Ford-class aircraft carriers so that the Navy can maintain 11 large aircraft carriers. Sen. John McCain (R-AZ), Trump's Secretary of Defense Mark Esper, and Trump's acting Secretary of Defense John Shanahan all said that even though they supported implementing the plan, building the Ford-class aircraft carriers was unnecessary.²⁹ In spite of this, the Trump administration proposed increasing the shipbuilding budget for FY 2022 by 33 percent more than current levels and sought to spend about \$170 billion over the next five years on shipbuilding alone, including building the Ford-class carriers.

Open Skies Treaty

If President Biden rejoins the Open Skies Treaty, from which the Trump administration formally withdrew on November 22, 2020, he will need to spend the funds necessary to enable the United States to perform the mission, including determining whether Russia is complying with arms control treaties efficiently and effectively. Before Trump announced his intention to withdraw from the treaty, the United States performed its overflights of Russia with two 50-year-old OC-135 aircrafts, one of which is still operational and was supposed to be modified in 2019. Modifying the aircraft and purchasing new ones will cost at least \$1 billion.³⁰

Joint Strike Fighter

In the FY 2021 National Defense Authorization Act budget, Congress appropriated funds to build 93 of the fifth-generation F-35 Joint Strike Fighters, but in its proposed FY 2022 budget, the Trump administration asked for only 85.³¹ The Biden administration must decide whether to allow the plane, which still has serious design and software flaws, to move into full-scale production, at a cost of \$1.5 trillion. Many analysts, as well as former Secretary of State Hillary Clinton, have argued³² that given all the problems it has, the Pentagon should stop throwing good money after bad and cease procuring more F-35s, and it should instead build more B-21 bombers. In late December 2020, Ellen Lord, the former undersecretary of defense for acquisition and sustainment, postponed³³ the March 21, 2021, decision on whether the F-35 was ready for full production.

Waste and management

The Biden administration needs to decide how it wants to approach the waste and mismanagement problems at the Pentagon. According to the DOD comptroller, the Pentagon wastes about \$25 billion a year.³⁴ The administration needs to decide if it will commit to prioritizing completing the congressionally mandated comprehensive audit. Biden's new deputy secretary of defense, Kathleen Hicks, estimates that the DOD could save \$20 billion to \$30 billion per year³⁵ by reshaping its overall strategy, cultivating innovation, and pursuing politically difficult efficiency gains, such as convening a new Base Realignment and Closure Commission to deal with the 19 percent excess base capacity the Pentagon admits it has.³⁶

Conclusion

These challenging issues are among the most critical the Biden administration faces and will affect national security now—and for decades to come. Moreover, the decisions it makes early on will give the American people, allies, and adversaries an indication of how the new administration will protect and defend the country's interests and what its priorities will be. There is little that President Biden does in his first months in office that will be more significant and have more impact than his proposed FY 2022 defense budget and FY 2026 defense programs.

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