



US MARINE CORPS

Strong and Sustainable

How to Reduce Military Spending While Keeping Our Nation Safe

Lawrence J. Korb and Laura Conley September 2010

Center for American Progress



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Introduction and summary

President Barack Obama has made it clear in his speeches and in his own national security strategy that this nation's ability to protect its interests around the world depends upon a healthy economy at home. The president noted in a speech to the graduating class at West Point earlier this year that “our strength and influence abroad begins with the steps we take at home ... Simply put, American innovation must be a foundation of American power—because at no time in human history has a nation of diminished economic vitality maintained its military and political primacy.”

He then went on to note the need to achieve sustainable security through more effective integration of the instruments of national power:

As we build these economic sources of our strength, the second thing we must do is build and integrate the capabilities that can advance our interests, and the common interests of human beings around the world. We will need the renewed engagement of our diplomats, from grand capitals to dangerous outposts. We need development experts who can support Afghan agriculture and help Africans build the capacity to feed themselves.¹

Members of the president's national security team agree. Admiral Michael Mullen, chairman of the Joint Chiefs of Staff, has expressed concern about the impact of the deficit, noting last spring that “our financial health is directly related to our national security.”² More recently, in late August, he argued that the national debt is the single biggest threat to U.S. national security.³

Secretary of Defense Robert Gates, in a speech at the Eisenhower Library earlier this year, pointed out that our ability to project influence abroad depends on domestic prosperity and innovation. He noted that President Dwight D. Eisenhower firmly believed that the United States “could only be as militarily strong as it was economically dynamic and fiscally sound.”

Moreover, Gates has consistently called for spending more money on the State Department and foreign aid since taking office in 2006.⁴ But in the fiscal year 2011 federal budget, the Obama administration is spending 12 times as much on the Department of Defense as on foreign assistance and the operations of the Department of State.⁵

Restoring America's economic health will require seriously dealing with our massive federal budget deficit over the long term. Among other things, reducing that deficit will require substantially reducing the projected level of defense spending over the next five years and using the majority of those savings to bring down the deficit while transferring some to the other instruments of national power. Ironically, taking these steps in a smart way will actually enhance our national security.

Obama, in cutting defense spending, will be following in the footsteps of such Republican presidents as Eisenhower, Reagan, and George H.W. Bush, who significantly reduced military spending to deal with federal deficits that exploded during their presidencies.

President Eisenhower explained over 50 years ago that a nation's security was directly tied to the health of its economy. He believed, correctly, that if military spending rose too high it would ultimately undermine U.S. security, which he saw as a product of both military and economic strength. He also consistently resisted calls from the Joint Chiefs and some members of Congress to outspend the USSR.

"Spiritual force, multiplied by economic force, multiplied by military force is roughly equal to security," he explained. For Eisenhower this was the "Great Equation." "If one of these factors falls to zero ... the resulting product does likewise."⁶ Consequently, defense spending declined in real terms during his time in office.

President Eisenhower warned of the burdens imposed by an overwhelming and permanent military establishment in his farewell address to the nation in January 1961. He rightly anticipated that the military-industrial complex's influence over politics would be difficult to break, and he hoped that an engaged and knowledgeable citizenry would serve as the necessary corrective.

Richard Nixon, who served as Eisenhower's vice president for eight years, applied these lessons well when he became president in 1969. President Nixon reduced defense spending by 27 percent and military manpower by a similar amount

between 1969 and 1974 in order to pay for the social programs he felt the country needed.⁷ Despite these reductions, our defense capability improved dramatically during this period as Nixon and his national security team reoriented U.S. forces and weapons programs to the primary threat—the Soviet communist expansion. Many of the programs the Nixon administration initiated during this period of declining defense budgets—for example, the Trident submarine, and the F-15, F-14, F-16, and F/A-18—are still in the force today.

Even Ronald Reagan recognized the nation's defense spending was a heavy weight on the economy. When his supply-side economics didn't work as planned in his first term, he reduced defense spending by 12 percent in real terms in his second term as part of an arrangement with Congress to help rein in the growing budget deficits. George H.W. Bush continued this trend in his first two years by slashing defense spending by another 11 percent, even before the Soviet Union's collapse, to deal with expanding federal deficits.⁸

Overall, Reagan and George H.W. Bush lowered defense spending by 23 percent without any harm to our national security or significant change in our national security strategy.

The Obama administration projects that for 2015 the total defense budget will be \$670.6 billion, which is about \$40 billion less than the 2011 level.⁹ But \$100 billion of this reduction is based on the assumption that the costs of the Iraq and Afghanistan wars will drop precipitously. Unlike most other federal agencies, the base or the regular defense budget is projected to grow by about 5 percent in real terms over that period.¹⁰

The defense budget can and should be substantially reduced without harming national security for three reasons:

First, we can afford to make cuts. Total defense spending in real terms is now higher than at any time since the end of World War II, more than throughout the entire Cold War, and even 10 percent higher than the peak of the Reagan defense buildup. The baseline defense budget has been growing in real terms for 13 straight years—the longest-ever period of sustained real growth in U.S. defense spending.

As a result, the portion of the world's military expenditures the United States consumes compared to our potential adversaries has grown from 60 percent to 250 percent. This means that even if the United States were to cut its spending in

half it would still be spending more than its current and potential adversaries.¹¹ We are far beyond the point of diminishing returns in U.S. defense spending relative to our actual defense requirements.

Second, the global security environment has changed, which allows us to change our spending priorities. The need for permanently deployed U.S. forces in Europe to act as a direct deterrent has steadily declined in the two decades since the end of the Cold War. Similar though not as stark shifts are occurring in Asia. And as the wars in Iraq and Afghanistan wind down, the justification for the large increase in the size of the ground force that occurred over the past decade will disappear.

These shifts mean we can reduce the overall size and deployment posture of our armed forces, leading to significant savings without reducing critical national security capabilities.

And third, significant technological advances make our fighting forces far more efficient than even in the near past. The extension of precision-guided munitions and the introduction of night-fighting and all-weather capabilities to the entire air combat force have resulted in a more flexible, effective force. As the Sustainable Defense Task Force noted earlier this year, “America’s combat air fleets today possess many times the battlefield air interdiction capability of their 1991 [Gulf War] counterparts. By comparison, traditional conventional adversaries have not nearly kept pace.”¹²

These rapidly increasing capabilities result in fewer air combat missions flown by fewer planes. A total force of around 400 fewer planes flew on average only half as many missions during Operation Iraqi Freedom in 2003 than in the 1991 Operation Desert Storm.¹³ The potential for savings in this one example extends throughout the U.S. combat forces, from Air Force fighter wings to naval carrier battle groups.

Our suggestions for reducing the defense budget below projected levels are rooted in the efficiencies that can be achieved due to the changing strategic environment and improved U.S. capabilities. Moreover, they are based on ideas that the president, his secretary of defense, and other members of the defense establishment have already laid out. They will still leave the defense budget higher in real terms than at any time in the 1970s and 1990s, and, importantly, they will not undermine critical national security objectives and competencies.

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Even if the administration reduces defense spending by about \$100 billion, or 16 percent, as we propose, the regular defense budget would still be higher in real terms than it was in FY 2002—the first Bush administration budget and the last pre-9/11 budget. In today’s dollars the Bush FY 2002 defense budget—which was 11 percent higher than the budget he inherited from the Clinton administration—amounted to \$420 billion. Our reduction would bring the FY 2015 budget down to about \$560 billion. Our proposed reduction of approximately 16 percent, if fully implemented, would be less than the 23 percent reduction Ronald Reagan and George H.W. Bush achieved from 1985 to 1990.

Obviously, reducing projected levels of defense spending must be done in a smart way to avoid jeopardizing national security. Presidents Nixon, Reagan, and George H.W. Bush have all shown this can work. Nixon, for example, reduced the active-duty Army’s size after he ended the war in Vietnam because he decided that the United States would not repeat the mistake of becoming involved in a ground war in an area that did not directly affect U.S. security.

Nixon also cut back production of high-end, expensive fighters like the F-14 and F-15, replacing them with somewhat less sophisticated but still very effective and less expensive F-18s and F-16s. And he reduced the number of submarines in our strategic arsenal by increasing the number of ballistic missiles on individual Trident submarines from the 16 the Navy wanted to 24 on each boat.

Similarly, Reagan abandoned the goal of a 600-ship Navy. He recognized that even with only 500 ships the U.S. Navy was still without peer. George H.W. Bush and his Secretary of Defense Dick Cheney ended production of the F-14 and F-15, stopped production of the B-2 bomber at 20 rather than 132, and cancelled the A-12, the Navy’s equivalent of the Air Force’s \$350 million F-22.

If Obama were to make significant reductions in projected levels of defense spending he would be the first Democratic president in the post-World War II period to do so. As mentioned above, Eisenhower reduced the projected budgets he inherited from Truman, and George H.W. Bush reduced the budget plans he inherited from Reagan. On the other hand, President Jimmy Carter ended the post-Vietnam downturn in defense spending and President Bill Clinton actually spent more on defense than the outgoing administration of George H.W. Bush had projected. And it was Clinton who ended the post-Cold War reduction in defense spending.

This paper identifies roughly \$109 billion that could be saved in the FY 2015 defense budget without compromising vital U.S. national security interests. No country can buy perfect security, and there is always an element of risk no matter how much is spent on the Pentagon. But the configuration outlined in the pages that follow offers a series of options that provide needed savings at minimal risk.

Our colleagues at the Center for American Progress have written about the need to achieve primary balance—a budget in which total government revenues are equal to total government spending with the exception of interest on the debt. Their recent work examined scenarios in which primary balance could be achieved in FY 2015 through a mix of spending cuts and tax increases. The options presented in this paper complement their work by providing defense spending reductions to help meet overall spending-cut goals in each of the four scenarios they examined:

- 33 percent overall spending cuts = \$85 billion in spending reductions
- 50 percent overall spending cuts = \$130 billion in spending reductions
- 66 percent overall spending cuts = \$170 billion in spending reductions
- 100 percent overall spending cuts = \$255 billion in spending reductions

(For more information on these scenarios, see CAP’s report, “A Thousand Cuts.”)

The chart on the next page outlines the specific defense program cuts and associated savings we propose. The following pages examine each of these in more depth.

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