

68. The Military Budget

Policymakers should

- adopt a grand strategy of restraint to guide military budget reductions;
- reduce the end strength of the U.S. Army, Marine Corps, and Special Operations Command;
- focus the Navy on warfighting rather than on presence patrols, and reduce the fleet size accordingly;
- cut roughly a third of Air Force air wings and the land-based intercontinental ballistic missiles and bomber legs of the nuclear triad;
- reduce personnel, operations, maintenance, intelligence, and administrative spending to meet these force structure reductions;
- shrink excess base capacity and reform military compensation and benefits; and
- retain military spending caps, adjust them to include war spending, and extend them past 2025.

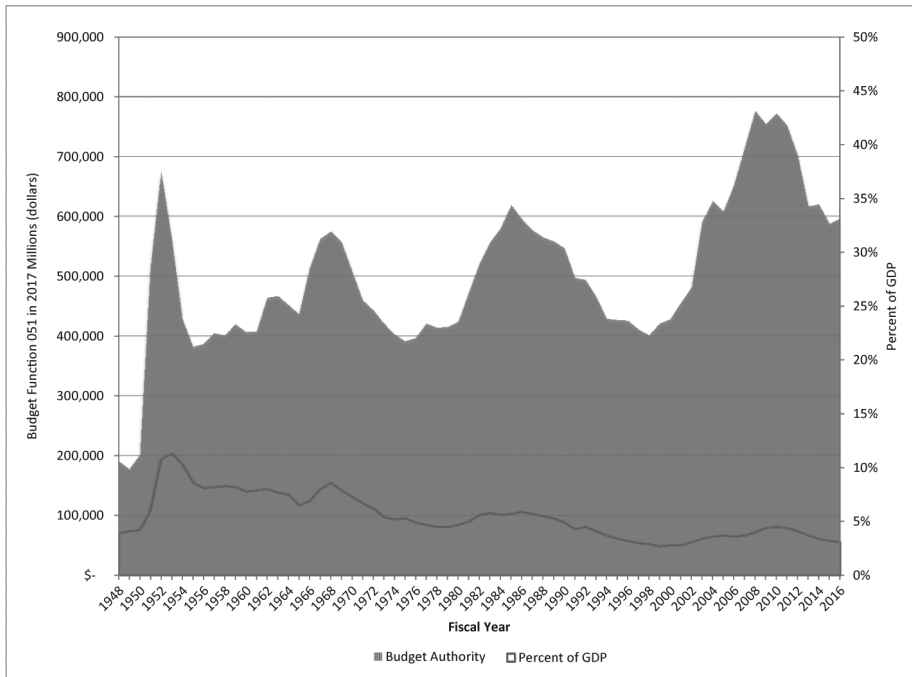
The United States will spend \$607 billion on “national defense” in 2016, according to the government’s definition. That includes \$522 billion for the nonwar, or base, Pentagon budget; \$59 billion in the Overseas Contingency Operations (OCO) budget, ostensibly for wars; and \$26 billion for defense-related activities in other agencies, principally the Department of Energy’s spending on nuclear weapons. That total, hereafter referred to as the military budget (as it is not particularly defensive), is 36 percent higher in real terms than in 2000, with two-thirds of the growth in nonwar spending. That is more, in inflation-adjusted terms, than annual military spending during the Cold War, except for the brief

peaks during the Korean War and the 1980s. It is more than double what Russia, China, Iran, and North Korea collectively spend on their militaries. And that amount excludes an additional \$290 billion in U.S. security-related spending, which funds the budgets of Veterans Affairs, Homeland Security, and the State Department.

Still, according to the officials in the Pentagon, White House, and Congress who manage the military budget, that amount is too small, a victim of cuts required to meet the annual “sequestration caps” imposed by the 2011 Budget Control Act, in the name of deficit reduction. They argue that the caps, in place through 2021, are overly austere and threaten to leave the U.S. military underfunded and unable to meet mounting dangers. The caps remain only because of partisan disagreement over how to end them without increasing federal debt.

This chapter takes the opposite view. It argues for lowering the caps and cutting the military budget because it does not defend against national

Figure 68.1
Historical U.S. Military Spending



SOURCE: U.S. Department of Defense, “National Defense Budget Estimates for 2017 (Greenbook),” March 2016: http://comptroller.defense.gov/portals/45/Documents/defbudget/fy2017_Green_Book.pdf.

security threats so much as pursue a strategy of primacy, which amounts to trying to dominate global politics with the U.S. military. The chapter then considers alternative ways of cutting the military budget and makes the case for using the grand strategy of restraint to guide cuts. Finally, the chapter discusses specific areas of the budget to cut, as recommended under restraint.

Why the Military Budget Should Be Cut

Before turning to the main argument—cutting the military budget—two common objections are worth addressing. One says that because the budget is economically sustainable, it should not cause concern. It is 3.5 percent of gross domestic product (GDP) and 20 percent of federal spending, which is far less than entitlement spending. Those looking to reduce deficits should find fatter targets, so the argument goes.

It is true that the U.S. military budget is economically sustainable. Thanks to economic growth, that 3.5 percent of GDP buys about what 13 percent of GDP did in the early 1950s. We could spend far more without economic calamity. But there is a difference between what is possible and what is wise. The United States is rich enough to do all sorts of foolish things, at least for a long time. Even so, resources remain limited, and spending frivolously takes funds from better uses. The view that defense should be spared the axe because entitlements cost more assumes either that excess can only be confronted one place at a time or that heavy spending in one place justifies waste elsewhere.

A second objection to cuts, periodically expressed by Pentagon leaders, is that the military budget has already taken its cuts thanks to the “sequestration” imposed over the last several years. That argument is misleading on two counts. First, although the 2011 Budget Control Act did impose austerity on the Pentagon via spending caps in place through fiscal year 2021, the equal, across-the-board cuts known as sequestration occurred automatically only in 2013. In each subsequent year, sequestration would have occurred only to enforce the caps if Pentagon spending exceeded them. Second, the planned cuts never quite arrived. Compliance with the original caps would have cut base spending 14 percent by 2021—hardly draconian after a decade in which it grew 40 percent. The budget deals reduced that cut from 14 percent to 10 percent, according to Congressional Research Service estimates. War funds further reduced austerity’s bite. Because OCO is exempt from the caps once Congress and the president declare an “emergency,” it can be used to transfer uncapped money to

cover the Pentagon's nonwar needs. Congress can technically comply with the cap, avoiding sequestration, while handing the Pentagon its money back under the table through OCO. According to a recent Stimson Center report, nearly half of the OCO budget now properly belongs in the base.

Those attenuated caps did force some adjustments to Pentagon plans. Active-duty Army end-strength dropped from 570,000 to 475,000 troops over the last five years and is due to hit 450,000 in 2018 (980,000 including the National Guard and Reserves). The Navy and Air Force saw delays in the procurement of new aircraft and ships and some orders trimmed. Some administrative units shrank, and Congress finally agreed to some modest efforts to curtail pay raises and health care and housing benefits.

Still, the Pentagon dodged the hard choices that a real drawdown would have required. No cancellation of a major procurement program has occurred since 2011. More important, the Pentagon essentially avoided strategic adjustment. The much-ballyhooed rebalancing (or "pivot") to Asia produced no rebalancing of funds to the Navy and Air Force, which are most relevant to China. U.S. leaders renewed troop commitments to Europe and the Middle East. The only big change that has a strategic rationale is the Army's shrinkage.

The insufficiency of the recent cuts is evident in the Pentagon's latest five-year spending plan. According to the Congressional Budget Office (CBO), the plan would exceed the caps by \$107 billion between 2017 and 2020. Moreover, as CBO notes, less rosy assumptions about cost control and adoption of measures Congress heartily opposes (e.g., another round of Base Realignment and Closures) add another \$57 billion to that excess by 2020. Congress is likely to raise budget caps again, but not enough to cover the difference. Nor is the expiration of the current caps in 2021 likely to end the search for military savings. CBO expects federal spending to raise the deficit from 2.9 to 4.9 percent of GDP over 10 years, while adding nearly \$10 trillion in debt. Recent experience suggests that this debt will sustain the push for deficit controls. Republicans will likely block tax increases, Democrats will protect entitlements, and deficit-reduction efforts will focus on discretionary spending, more than half of which belongs to the Pentagon.

The primary reason that the Pentagon budget should be cut is that it is far bigger than threats to U.S. security require. Three points are worth noting here. First, U.S. wealth, technical prowess, and geography generate enviable security before the Pentagon spends a cent. The dangers that states create militaries to combat—invasion and civil war—are unthinkable here.

Second, little of the U.S. military budget is related to fighting the terrorist groups that draw so much military attention. Those costs are mostly contained within the \$59 billion OCO budget. A more generous count that includes the budget for special operations and a portion of the intelligence budget still falls well short of \$100 billion, or a sixth of the total budget. Even a more expansive war against the Islamic State and the various remaining al Qaeda affiliates would not require added military capability or spending in the base (nonwar) Pentagon budget—unless, that is, the United States launches another manpower-intensive counterinsurgency operation in a foreign state or two.

Third, the nations that threaten the United States are historically few and weak. North Korea remains a blustery troublemaker with a tiny nuclear arsenal and a ballistic missile arsenal of decent range. But poverty has atrophied its military capabilities to the point that its internal collapse is a bigger threat than its aggression. Iran has the money to fund extremists like Hezbollah and to antagonize its neighbors. But its military lacks the expeditionary capability to pose much direct threat to its neighbors, let alone U.S. forces, unless they are occupying Iran. The recent nuclear deal does not much affect that military balance. Russia is considerably more capable and a threat to its weak neighbors, especially Ukraine. But with an energy-dependent economy now about the size of Italy's, the Kremlin has little ability to challenge nations further west, whatever its ambitions.

Of course, in the longer term the most capable challenger to the U.S. military is China. Should it sustain its rapid growth, which is doubtful, and continue its recent rate of investment in its naval and air forces, it could become the dominant military power in East Asia and even rival the United States in some respects. That might encourage Beijing to more forcefully assert its contested claims in the East and South China Seas, heightening tensions with the United States, insofar as it backs China's local rivals. Several recent think tank studies suggest that improved Chinese surveillance and missile capability will soon threaten U.S. aircraft and ships, especially aircraft carriers, at greater distance. That capability, it is feared, will deter U.S. forces from defending allies or will embolden the Chinese to see things that way and risk aggression.

That argument should not preclude a drawdown for several reasons. One is that it overlooks countermeasures that U.S. ships can take to defend themselves. If need be, U.S. military spending can be redirected to address the problem, rather than increased overall. Two, China's ability to conquer U.S. allies will remain limited, given the inherent advantages held by those

defending their own shores and their ability to adopt the same technologies abetting Chinese defensive improvements. Three, the argument overstates the difficulty of deterrence. It implies that only invulnerable forces can deter aggression, which would have surprised the Cold War architects of U.S. defenses in Germany. And it casts China's generally pragmatic leaders as zealots willing to risk economic dislocation and nuclear war for nationalistic adventures.

How to Cut Military Spending

The real reason U.S. military spending is so high is not the threats it meets but the ambitions it serves. The primacy strategy of global military dominance, which Chapter 65 discusses, fails to guide choices among military responses to danger. Because primacy sees threats and prescribes forces almost everywhere, it offers little basis for budgetary limits or prioritization. In that sense, it is less a strategy than a justification for expansive military ambitions. At a minimum, it endorses the present size of the U.S. military, with units permanently deployed in Europe, East Asia, and the Middle East, various training missions, and global naval patrols.

A strategy of restraint, by contrast, would husband U.S. power and focus planning on actual threats. By keeping U.S. forces out of avoidable troubles, restraint would reduce the number of wars the Pentagon must plan to fight, allowing big reductions in military spending. A less busy military could be a smaller and cheaper one.

Cuts guided by restraint would save far more than those offered by the most popular method of reducing spending, which is to target "waste, fraud, and abuse." The latter approach objects less to U.S. military ambitions than to the Pentagon's inefficiency in pursuing them. It recommends savings via managerial reforms—acquisition reforms, improved financial management, and empowering civilian technocrats to eliminate programs that seem redundant.

The problem with that approach is that the spending it targets is a chimera. Everyone opposes "waste." But attempts to find it reveal that nearly every military program does something and creates a political constituency who swear that the nation's security requires its full funding. The Pentagon surely spends too much buying weapons, but the trouble is rarely sneaky contractors or rules that fail to control them, so much as satisfying those who rule over acquisitions: military leaders load in requirements to serve their service's goals, and members of congressional defense committees defend the contracts that employ a chunk of their

constituents. Achieving real Pentagon savings requires having fewer goals and taking on the special interests dependent on the associated spending.

A second alternative approach to cuts is the “Nike” way, in which you “just do it,” lowering the total and letting the Pentagon sort out the details. That is essentially the approach that the White House and congressional leadership inadvertently selected by agreeing to spending caps while asking the Pentagon to do everything it had been doing. One virtue of legislated future caps is that they lock in future Congresses. The difficulty of overcoming the status quo protects the cuts. This method also has the advantage of being the most doable; it is easier to agree on cutting spending than on a strategic rationale for doing so.

In theory, budgetary restraint can drive efficiency and strategic restraint. Heightened resource constraints encourage service leaders to squeeze overhead costs more than instructions to find fat. Spending constraints also require more prioritization among goals, which is the essence of strategic planning. Particularly when interservice competition occurs, budgetary pressure can cause the services to debate priorities and offer alternatives to policymakers looking to limit objectives and save money. The Navy, for example, in promoting offshore methods of meeting threats, might highlight the risks of deploying U.S. ground forces to confront them and note the advantages of carrier-based airpower over land-based fighters.

The strategic and Nike methods of cutting the budget could be fruitfully combined. Restraint, in the sense of having fewer allies and wars, is possible without budget cuts; but in the absence of fiscal pressure to adjust, restraint would likely be little more than a slogan used by those doing the same old things. By articulating a strategy of restraint, imposing lower caps, and encouraging interservice competition, leaders could get the best of both approaches.

Suggested Cuts

Restraint-oriented reforms would arrive gradually as the United States exited alliances, ended wars, closed facilities, and retired forces. They would be achieved by reducing commitments and military units. Divesting force structure would allow further savings in personnel, operations and maintenance, intelligence, and real estate costs. The following cuts, once realized, would cut roughly 25 percent from current projections.

Restraint would take advantage of America’s geographic position and give the Navy a larger share of the Pentagon’s reduced budget. The Navy would shrink, but less than other services. Ships and submarines have

Suggested Cuts

Ground Forces

- Reduce active-duty Army end-strength to 360,000 or fewer soldiers.
- Reduce active Marine Corps end-strength to 145,000 or fewer.
- Cap the Army Reserves at 165,000 soldiers.
- Reduce the Army National Guard to 290,000 soldiers.
- Reduce the Special Operations Command to 40,000.
- Reduce operations and personnel costs to match reductions in ground combat units.

Navy and Air Force

- Reduce the number of carriers and associated air groups to eight.
- Retire at least three amphibious assault ships.
- Cease production of the littoral combat ship.
- End the F-35 program and buy less advanced fighter aircraft instead.
- Accelerate the shrinkage of the attack submarine force.
- Reduce the Air Force's tactical aircraft fleet (including those in the National Guard) by at least a third.
- Reduce operations and personnel costs to match reduced force size.

Nuclear Weapons

- Limit bombers and fighter aircraft to conventional (nonnuclear) missions.
- Retire intercontinental ballistic missiles.
- Cancel the new nuclear-armed cruise missile.
- Cancel upgrades to the B-61 gravity bomb.

Administration

- Consolidate or close geographic combatant commands and overseas bases.
 - Reduce three- and four-star commands.
 - Reduce associated contracting and civilian personnel.
 - Reform maintenance and supply systems.
 - Cut spending on intelligence and missile defense.
 - Adopt more cost-controlling reforms for military compensation.
 - Authorize another Base Realignment and Closure round at home and for foreign bases.
 - Cut most Overseas Contingency Operations funding; leave only what is actually necessary to conduct the air campaign against the Islamic State.
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access to most of the earth's surface without the need for basing rights. With gains in range and massive increases in missile and bomb accuracy, carrier-based aircraft can deliver firepower to most targets, even in those states with considerable ability to defend their coastlines. The Navy would

operate as a surge force that deploys to attack shorelines or open sea lanes, rather than pointlessly patrolling peaceful areas. Divested of presence-driven requirements, the Navy could reduce the number of carriers and associated air groups it operates to eight, retire at least three amphibious assault ships, cease production of the littoral combat ship, replace the floundering F-35 program with F/A-18s, and accelerate the shrinkage of the attack submarine force. These cuts would allow additional reductions in operations and personnel costs to match the reduced fleet size.

Restraint recommends cuts to ground forces for two reasons. One is the dearth of conventional wars in which the United States might play a leading role. In the event of a conventional war on the Korean peninsula, in the Persian Gulf region, or even in Eastern Europe, wealthy U.S. allies should man the front lines. No modern Wehrmacht is poised to overcome them. The other reason is that counterterrorism is poorly served by manpower-intensive occupational wars, which rarely produce stability, let alone democracy.

U.S. policymakers should cut the active-duty Army to 360,000 or fewer soldiers, as opposed to the current plan of 450,000, and reduce the Marine Corps' end-strength size to 145,000 rather than 182,000. Because restraint requires less frequent deployments and reduces the emphasis on deployment speed, cuts to Reserve and National Guard forces would be proportionally smaller—the Reserves would be capped at 165,000 rather than 195,000 and the National Guard would shrink to 290,000 rather than 342,000. Reduced demand for military-to-military training and fewer wars would allow Special Operations Command to cut its current size of 63,000 down to 40,000.

Restraint also recommends cutting the Air Force's air wings across active and reserve forces. Few enemies today challenge U.S. air superiority, which is why so many missions go to drones and nonstealthy aircraft with limited ability to fend off rival aircraft or surface-to-air missiles. Recent advances in aircrafts' ability to communicate, monitor targets, and precisely strike them with laser guidance and Global Positioning Systems have made each aircraft and sortie vastly more capable of destroying targets. Naval aviation, which also benefits from these gains, can bear most of the airpower load. The Air Force's tactical aircraft fleet, including those in the National Guard, should be reduced by at least a third, allowing similar reductions in support units.

Additional reductions to the Air Force budget could come from reducing its nuclear weapons spending. A credible nuclear deterrent does not require

1,900 nuclear weapons deployed on a triad of delivery vehicles—bombers, land-based intercontinental ballistic missiles, and submarine-launched ballistic missiles. The new nuclear-armed cruise missile should be cut, and upgrades to the B-61 gravity bomb should be canceled. Shifting to a submarine-based monad could yield far larger savings. Even if extended deterrence—protecting allies from aggression—requires the ability to preempt enemy nuclear forces, which is doubtful, a submarine-launched ballistic missile force could achieve that goal. Thanks to accuracy gains, conventional cruise missiles could help by destroying hardened silos and threatening enemy arsenals. It is often said that the triad is necessary to ensure that U.S. nuclear forces survive preemptive attacks and thus to deter those attacks. But no enemy can reliably track U.S. ballistic missile submarines, let alone do so with the sort of reliability required to attempt a preemptive strike against all of them. Changes in that circumstance would be detectable in time to restore another leg, and air-launched cruise missiles could be stored as a hedge.

The cuts to force structure listed above would allow additional reductions to the Pentagon's administrative costs. Additional savings could come from consolidating combatant commands, reducing three- and four-star commands, reducing associated contracting and civilian personnel, and reforming maintenance and supply systems. Spending on intelligence and missile defense could also be reduced substantially.

Independent of strategy, compensation costs—including basic pay, medical costs, housing allowances, and other benefits—need controlling. The cost of enlisted service members has virtually doubled since 2000, with compensation far exceeding comparable private-sector earnings. Service leaders and a bipartisan coterie of defense experts annually beg Congress to adopt cost-controlling reforms. Congress should accept more aggressive cost-saving proposals in these areas.

Congress should also cut down on the Pentagon's real estate spending, starting with another Base Realignment and Closure round. The Pentagon estimates that base capacity exceeds its needs by 20 percent and that the five rounds between 1988 and 2005 produced \$12 billion in recurring annual savings. Additional cuts could target the Pentagon's spending on overseas base infrastructure as the United States reduces commitments abroad.

A rough estimate is that those cuts would reduce nonwar military spending by about 20 percent, to about \$435 billion. Because the United States would fight fewer wars under a policy of restraint, it could also get

rid of most OCO funding, leaving only the funds actually necessary to prosecute the air campaign against the Islamic State. Generously, we can call that \$20 billion, resulting in another \$39 billion in annual savings compared with present spending. That yields a new military budget of \$455 billion, which is 25 percent lower than the present one.

If some U.S. wars and strikes continue in Afghanistan, Pakistan, Syria, Iraq, Libya, Yemen, and Somalia, we should abandon the pretense that they are an unforeseen emergency. OCO should be folded into the base Pentagon budget, as occurred in some past wars. War spending should be included under an adjusted defense spending cap, still enforced by sequestration, which should be extended to 2025 at least.

Keeping war spending uncapped encourages Congress, with the executive branch's contrivance, to stash base defense money in OCO, a habit that reduces the need for overdue reforms in the Pentagon. The current arrangement also arguably gives Pentagon leaders incentive to support wars: it lets them reap OCO's largesse. Moreover, leaving OCO spending uncapped makes its costs seem less than they are. Because distance, low costs, and safety already make U.S. wars seem nearly costless to most citizens, the wars commence with too little thought and debate. By requiring war to be paid for now, caps would make clear the tradeoffs between war and other priorities. That would spark some congressional debate as to the worth of those conflicts and slightly combat the tendency to wage war frivolously.

Proponents of current military spending argue that a restrained military budget is a radical notion that will expose Americans to danger. But what is truly radical is the idea that U.S. security requires securing rich states in perpetuity, maintaining military interventions in several poor ones simultaneously, patrolling the seas endlessly, and spending the better part of a trillion dollars a year to those ends. Given the safety the United States can enjoy if it avoids looking for conflicts to manage, the proposals here are actually cautious. They would not only save a fortune but also might even keep U.S. forces out of avoidable trouble.

Suggested Readings

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