

CHAPTER 6

Bush's Budget: Protecting Homeland Security and Defense by Reining in Entitlements

Baker Spring, James Jay Carafano, Ph.D., Alison Acosta Fraser, Brian M. Riedl, and Will Packer

The primary objective of the President's 2008 budget is to eliminate the deficit by 2012. While this seems a commonsense goal, focusing solely on the deficit will deflect attention from more important issues. The most important feature of the President's budget proposal is its focus on reining in the crushing costs of entitlement programs like Medicare while adequately funding national defense and homeland security. Congress should give serious consideration to these proposals. Just as important, it should address the coming tsunami of entitlement spending and set a goal to maintain adequate defense spending at 4 percent of GDP on a sustained basis.

Consistent and Sustained Homeland Security Funding

For fiscal year 2008, the President has proposed investing about \$61.4 billion on homeland security. This figure includes all spending by all federal agencies, including about \$29.9 billion for the homeland security responsibilities of the Department of Homeland Security.

This proposed level of spending is appropriate and consistent with the Administration's previous budgets. Consistent and sustained funding is the most crucial way to ensure homeland security over the long term and is more important than short-term spurts in funding. Consistent, ongoing vigilance is essential to maintain adequate homeland security. After all, it took at least five years to plan the 9/11 attacks and at least three years to organize the Madrid bombings.

The time between attacks alone reveals very little about the nature of the threat. It may be another week or another five years before the next major attack. And the next attack may occur with little or no warning. The best way to guard against this possibility is to ensure that homeland security is adequate, year after year. Programs built for the long term are more vital than spending splurges on short-term investments.

A Strong National Defense

The Bush Administration is requesting \$647.1 billion in budget authority for national defense in FY 2008. This includes \$141.7 billion for ongoing operations in the global war on terrorism. This means that national defense programs, in terms of budget authority, will absorb over 4.4 percent of GDP in FY 2008. If Congress adopts the Administration's request, the resources required to meet U.S. defense needs in FY 2008 will be available.

American troops today are at the frontlines in Afghanistan and Iraq to protect the liberty of the American people and keep them safe from attack. In return, they deserve the resources from Congress that give them the best possible chance to prevail. Further, this commitment should extend to the troops who will be manning the frontlines in the future by starting to build the weapons and equipment they will need. Playing shell games with vital defense funding

Four Percent for Freedom: The Need to Invest More in Defense

in order to shirk fiscal responsibility is unacceptable. If the troops themselves are too polite to remind Congress of its responsibilities, the American people should do so on the troops' behalf. To ensure an adequate defense, the U.S. government must meet the nation's defense requirements by devoting 4 percent of GDP to defense on a sustained basis.

Furthermore, Congress should resist the temptation to assume another peace dividend is in sight. The idea of a peace dividend poses a risk to national security because the federal government has been ignoring the need to develop and build the next generation of weapons and equipment since the early 1990s. In short, such thinking would be harmful to an adequately prepared and supplied defense program. Congress should make a firm commitment now to sustain national defense budgets at 4 percent of GDP into the future.

Unchecked Entitlement Spending Threatens National Defense

The biggest risk for maintaining a strong defense and adequate homeland security comes from the growing cost of entitlement programs like Medicare, Medicaid, and Social Security. The challenge posed by long-term entitlement spending is daunting. Between now and 2050, Social Security, Medicare, and Medicaid costs are projected to surge from 8.7 percent to 19.0 percent of GDP. Consider that an equivalently sized tax increase today—raising taxes by 10.3 percent of GDP—would amount to \$13,457 per household.

The sheer enormity of these spending programs threatens to crowd out all the rest of the federal budget. If lawmakers do not restrain spending in these programs, they would have to eliminate every other federal program, including all defense and homeland security. Because every year of delay steeply increases the ultimate costs of reform, responsible lawmakers must address this challenge now.

The Administration's budget sets the stage for addressing the huge long-term fiscal challenges of entitlement spending by making changes to Medicare premiums for Parts B and D and to the program's reimbursements to doctors and hospitals. These reforms would be a strong first step toward reining in the enormous fiscal burden of current policies that threatens a strong national defense and homeland security.

Conclusion

The President deserves praise for proposing sustained funding for defense and homeland security. Adequate defense funding is critical to America's security and prosperity. Moreover, the President's proposals would take the first steps to rein in entitlement spending and could set the stage for a serious discussion of the unaffordable entitlement programs, paving the way to maintaining adequate resources for vital national security priorities. Congress would do well to consider these proposals and to commit now to sustain national defense budgets at 4 percent of GDP into the future.

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