

## 27. Defense Spending

by *Baker Spring*

WITH the stakes no less than survival of the free world, leadership by the United States is essential to winning the “Long War” now raging against the forces of Islamic fascism. Given the open-ended nature of this conflict, this means a long-term U.S. commitment to making the necessary resources available to the military. On February 6, the Bush Administration submitted its fiscal year 2007 defense budget request to Congress. The \$439.3 billion in budget authority requested for FY 2007 represents an increase of \$28.5 billion (about 7 percent) over the enacted level for 2006. The FY 2006 enacted level, however, does not include a request for supplemental appropriations for defense. Thus, the precise level of increase or decrease in the overall Department of Defense budget from FY 2006 is uncertain. Meeting the resource needs for winning the war on terrorism includes the following requirements.

### Notes

### Recommendations

**1. Sustain sufficient funding for national defense.** The U.S. needs to ensure that its armed forces receive sufficient funding. While funding levels should be determined by needs and requirements, they could be established at 4 percent of GDP without harming the U.S. economy. Indeed, mean U.S. defense spending during the Cold War period was significantly higher at roughly 7.5 percent of GDP. The U.S. will not risk losing the war because of economic collapse brought on by excessive defense spending. Congress also needs to keep in mind the economic costs of military failure. Military power trumps economic power in the short term. Even a single successful attack on U.S. territory by a nuclear weapon generating an electromagnetic pulse would have devastating economic consequences. The economic impact of several such attacks or direct nuclear strikes would be catastrophic.

**2. Limit future growth in spending on Social Security, Medicare, and Medicaid.** All of the federal government’s other responsibilities, including defense, face an uncertain future absent reform of the three major entitlement programs: Social Security, Medicare, and Medicaid. Driving this projection is the expected growth in spending on these programs. Comptroller General David M. Walker calculates that spending

on each of them will far exceed economic growth between 2005 and 2030. No one who is concerned about the future of the nation's security can afford to sit on the sidelines as policymakers begin to address the issue of entitlement reform. Although defense specialists need not insist on one particular approach over others, they can and should state that the goal of the reform effort should be to structure Social Security, Medicare, and Medicaid expenditures at a level that leaves sufficient room to fund national security programs for both the near and long terms, with federal outlays not to exceed 20 percent of GDP and taxes not to exceed 18 percent of GDP.

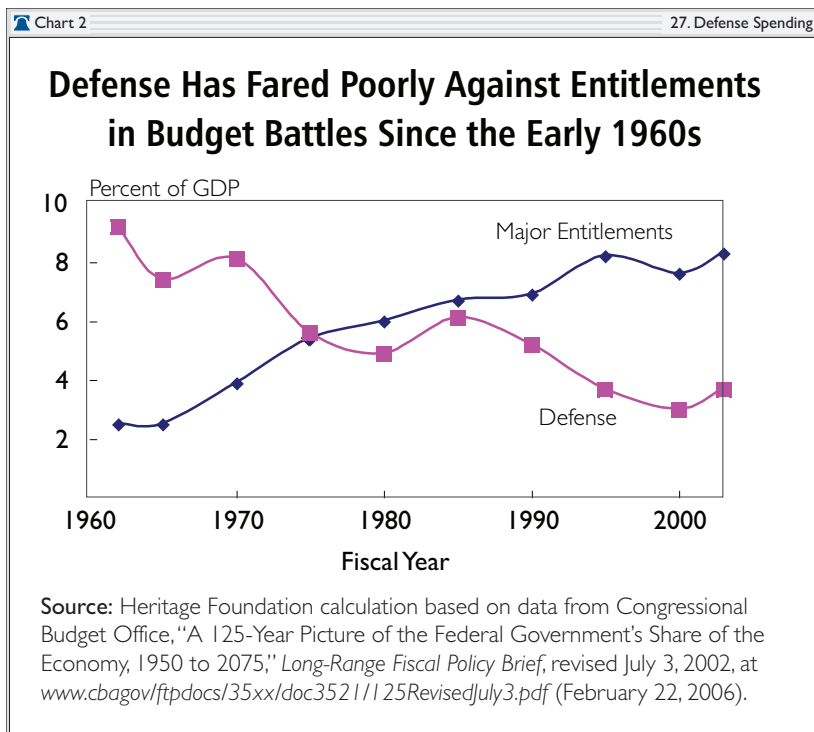
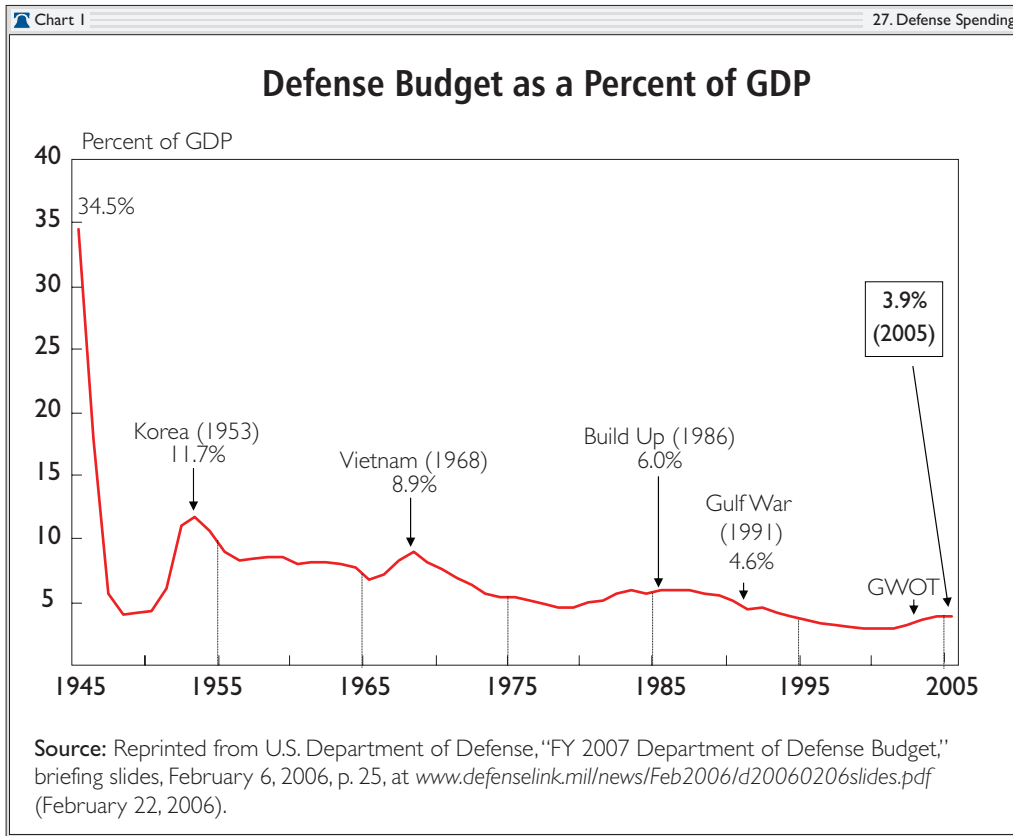
**3. Find more efficient ways to invest in military manpower.** Although concern that members of the military receive adequate compensation and enjoy a good quality of life is just, it is not clear that Congress is paying appropriate attention to the question of whether the DOD's manpower investment is as efficient and effective as possible. Congress would serve the interests of the military and the nation by holding focused hearings on the effectiveness of this investment. Left unaddressed, there is the distinct possibility that the per capita resource requirements for compensation will force manpower levels lower than currently projected. The desire for high-quality military personnel under the all-volunteer force has justified previous and currently planned reductions in manpower, but budget pressures derived from compensation requirements should not become the driver in determining end strength. Although it is unclear at this time whether these would be the best options, Congress needs to examine whether it is better to emphasize current compensation over deferred compensation and cash compensation over in-kind benefits in the future.

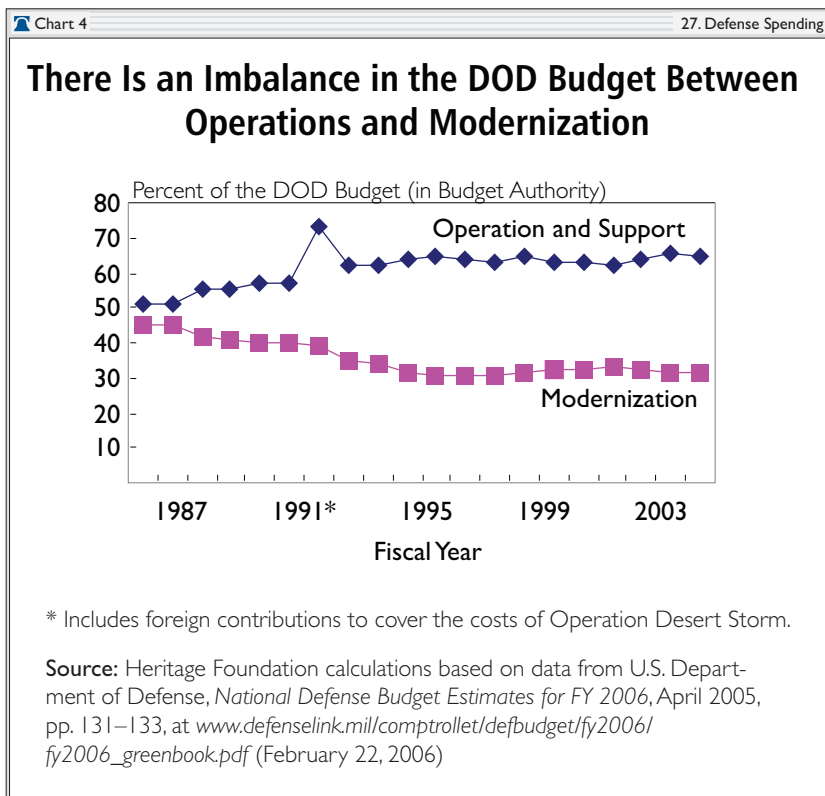
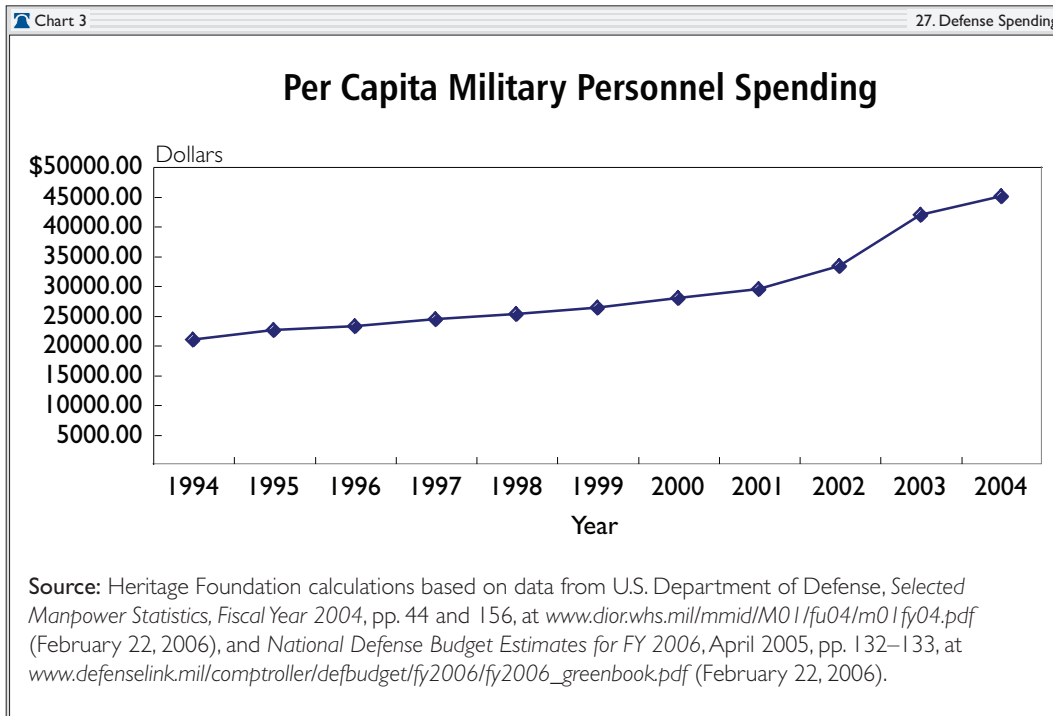
**4. Set reasonable near- and long-term budget goals for military modernization.** Researching, buying, and fielding new weapons and equipment is necessary to keep the U.S. military the best in the world. In budget debates, however, the amounts needed to research, develop, and procure new weapons and equipment often take second place behind the demands of operating today's military. Although it is reasonable to expect that the ongoing requirement to surge military operations will temporarily tilt the defense budget in favor of operations over modernization, such an imbalance cannot be sustained for an extended period. Congress must rebalance the defense budget, support larger overall defense budgets, or pursue a combination of both.

## Notes

Facts and Figures

Notes





This chapter can be read online at [issues2006.org/defensespending](http://issues2006.org/defensespending).

## Additional Reading

George W. Bush, letter to J. Dennis Hastert and attached documents, February 16, 2006, at [www.whitehouse.gov/omb/budget/amendments/supplemental2\\_2\\_16\\_06.pdf](http://www.whitehouse.gov/omb/budget/amendments/supplemental2_2_16_06.pdf).

U.S. Department of Defense, “Fiscal 2007 Department of Defense Budget Is Released,” February 6, 2006, at [www.defenselink.mil/releases/2006/nr20060206-12435.html](http://www.defenselink.mil/releases/2006/nr20060206-12435.html).

Brian M. Riedl, “Entitlement-Driven Long-Term Budget Substantially Worse Than Previously Projected,” Heritage Foundation *Backgrounders* No. 1897, November 30, 2005, at [www.heritage.org/Research/Budget/bg1897.cfm](http://www.heritage.org/Research/Budget/bg1897.cfm).

James Jay Carafano and Paul Rosenzweig, *Winning the Long War: Lessons from the Cold War for Defeating Terrorism and Preserving Freedom* (Washington, D.C.: The Heritage Foundation, 2005).