



**THE 2012 PRESIDENTIAL ELECTION CAMPAIGN:  
TOWARD A DEFENSIBLE DEFENSE BUDGET**

**By F. G. Hoffman**

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Although national security has not been a major component of the election campaign so far, it will undoubtedly become a critical element of comparison between the two contenders as the campaign heats up this summer. President Obama and presumed Republican Party candidate Mitt Romney have laid out stark alternatives in terms of strategic priorities, defense investment levels, American involvement in global affairs, and in our continued role in Afghanistan.

The President is shifting from stabilizing the recession to more strategic aspects of the Nation's economic security. His national security strategy calls for a strategy of renewal in America's infrastructure and economic foundation. He has stated that he believes the time has come to rebalance our strategic budget outlays from protracted foreign adventures to "nation building at home."<sup>1</sup> There is a clear logic here to focus on reviving the globe's most dynamic economy. This is central to our global position and influence. As Brookings scholar Michael O'Hanlon has stressed in testimony, "No great power has remained great while its economy eroded."<sup>2</sup>

Mr. Obama and his defense team have re-scoped the strategic guidance for the armed forces. As part of this strategic rebalancing, the President has developed a drawdown of the Pentagon's planned spending by \$487 billion by the end of the decade. Moreover, the Administration has made it clear that the conflict in Afghanistan is considered a high cost/low payoff drain on the Treasury. The impact it has had on our military with repetitive deployments for ground forces and airframes is also a concern. The President has not yet engineered an equal contribution to strategic renewal from the rest of the federal government bureaucracy, although General Services Administration's Las Vegas "training conference" scandal may accelerate that.

Moreover, the Nation has yet to face up to the fact that its appetite for "entitlements" and government programs exceeds its willingness to pay for them. This is all compounded by the voracious increase in health care costs, which when combined with the demographic changes of our population, are simply not sustainable. One economist has noted that the average taxpayer is getting several times more out of Medicare than is being invested.<sup>3</sup>

Mr. Romney's platform stands in stark relief to the President's in several areas. Instead of withdrawing from Afghanistan and husbanding U.S. power, Mr. Romney wants to assure success and will rely on the inputs of the field commanders. Instead of reducing defense spending by nearly half a trillion dollars, the assumed challenger to the current Administration wants to increase defense spending, perhaps to a fixed rate of 4 percent of GDP that raises the defense budget to roughly \$600 billion a year. In rough terms, this could be an increase of at least \$500 billion dollars by 2020.

Mr. Romney stated that the policies of his Administration would be guided "by one overwhelming conviction and passion: that this century must be an American Century." The United States would continue to hold its leadership role in the world and

<sup>1</sup> Barack Obama, *National Security Strategy of the United States*, Washington, DC: The White House, May 2010.

<sup>2</sup> Michael O'Hanlon, "The Defense Budget and American Power," Congressional Testimony before the Senate Budget Committee, at [http://brookings.edu/testimony/2012/0306\\_defense\\_budget\\_ohanlon.aspx?p=1](http://brookings.edu/testimony/2012/0306_defense_budget_ohanlon.aspx?p=1).

<sup>3</sup> David Brooks, "[Where Wisdom Lives](#)," *The New York Times*, June 6, 2011.

military supremacy. “In an American Century, America has the strongest economy and the strongest military.” This is not simply a reflexive desire to stay on top, but a conviction that this policy generates a more stable and secure world for ourselves and partners. “Without American leadership, without clarity of American purpose and resolve,” Mr. Romney stated in his most noted foreign policy speech, “the world becomes a far more dangerous place, and liberty and prosperity would surely be among the first casualties.”

He promised not to surrender America’s role or place in the world, and to reverse President Obama’s “massive defense cuts.” He found no efficiency in unpreparedness and absorbing risk. “Time and again,” he stated, “we have seen that attempts to balance the budget by weakening our military only lead to a far higher price, not only in treasure, but in blood.”<sup>4</sup>

Mr. Romney has also signaled that he would substantially invest in naval shipbuilding which is presently in decline to buttress the Navy’s dwindling warship inventory.<sup>5</sup> It was heartening to hear a candidate recognize the critical importance of seapower to America’s strength. The challenger appears more willing to tackle the plethora of federal goodies and programs that taxpayers and special interest groups have come to expect from Washington. He is also willing to publicly challenge our non-discretionary “entitlements” system. Mr. Romney’s endorsement of the Paul Ryan budget proposal, which focused on tax reform and major government program cuts, is further evidence of the distinctive options being offered to the electorate this time around. The Ryan budget proposal restored almost half of the Administration’s planned military cuts.<sup>6</sup>

To address the distinction between the candidates and their positions, I will present a number of facts and issues in a dialectic argument in the remainder of this E-Note:

**THESIS.** *America has an enormous lead in all forms of national power and can afford to reduce its guard in order to focus on renewing its economic prosperity.*

- We have the world’s best military power, with human capital, advanced space and intelligence systems, lethality and reach that are the envy of every nation.
- We outspend almost the rest of the world combined. When you factor in our treaty partners, our most reliable allies, it represents more than 75 percent of all military spending on the planet.
- America’s military has a huge head start on potential rivals. As noted by the Stockholm International Peace Research Institute (SIPRI), “The USA has increased its military spending by 81 percent since 2001, and now accounts for 43 percent of the global total, six times its nearest rival China.”<sup>7</sup>
- SIPRI reports that U.S. military spending equals the next 19 countries in the world combined.<sup>8</sup>
- Our current spending levels represent higher than Cold War levels of spending even after accounting for inflation—despite the absent of an existential threat such as the Soviet Union.
- We do not currently face the proximate potential of an existential threat or combination of threats that suggests we should be spending more than Cold War-levels to secure ourselves.
- The Administration’s drawdown plans are deliberately measured over a longer period of time than most post-conflict descents, and are more modest than previous plans. Most build-downs have been 30 percent and the current plans are only half of that.<sup>9</sup>

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<sup>4</sup> The Romney Citadel speech transcript can be found at <http://www.nationalreview.com/corner/279491/romneys-foreign-policy-speech-katrina-trinko>

<sup>5</sup> The only two called out areas for special attention were the Navy’s sorry shipbuilding plans and increasing national missile defense. Mr. Romney specifically addressed naval shipbuilding with the comment that “I will reverse the hollowing of our Navy and announce an initiative to increase the shipbuilding rate from 9 per year to 15.”

<sup>6</sup> Arthur C. Brooks, Edwin J. Feulner and William Kristol, “Ryan Budget Protects Defense,” Wall Street Journal, March 28, 2012, p. 13; Gary Schmitt and Thomas Donnelly, “A Path to Security,” The Weekly Standard, Vol. 17, No. 28, April 2, 2012.

<sup>7</sup> Information from the Stockholm International Peace Research Institute, at <http://www.sipri.org/media/pressreleases/2011/milex>

<sup>8</sup> “Background paper on SIPRI Military Expenditure data, 2011,” at SIPRI

<sup>9</sup> This build-down is less than the three previous post-WW II military demobilizations. The Eisenhower Administration reduced defense spending by 28 percent after the Korean War; after Vietnam Presidents Richard Nixon and Gerald Ford drew down the Pentagon by roughly 40 percent; and after the Cold War Presidents George. H.W. Bush and Bill Clinton collectively sliced defense spending by nearly 28 percent. Gordon Adams, “The Defense Budget Non-debate” *Time.com*, April 5, 2012. Available at

- Defense reductions were not taken from current budgeted levels but from planned increases to the Pentagon's top line. In FY17, the end of the Defense Department's budget will still equal where the Pentagon was in the middle of the last decade when we had the world's finest force.
- According to GAO, our major systems have experienced cost overruns of over \$447 billion since their inception; over 3 years of investment capital for our warfighters lost due to either poor costing or mismanaged programs.<sup>10</sup>
- We just spent well over \$2 trillion since 9/11 on two wars, evenly divided between building up the military and to support overseas campaigns. Every dime was borrowed, and has to be paid with accumulated interest at some point.<sup>11</sup>
- Retrenchment would give us the breathing space to reinvest in ourselves. "A reduction in U.S. forward deployments could mollify U.S. adversaries, eliminate potential flashpoints, and encourage U.S. allies to contribute more to collective defense."<sup>12</sup>

**ANTITHESIS.** *America faces a perfect storm of increased challenges to its interests and values, and should preserve its preponderance of power in the face of these threats.*

- China is a major power in Asia at this time, and both an emerging economic competitor and increasingly a destabilizing factor in the South China Sea. China's assertive behavior, evidenced in incidents with Japanese, Vietnamese and Philippine vessels, in both territorial and international waters, is indicative of a non status quo power that finds the crass application of intimidating military behavior to be a beneficial tool.
- China has increased its defense spending by over 12 percent a year for a decade. "The ongoing accumulation of arms by Beijing is a development with far-reaching and potentially dangerous implications."<sup>13</sup>
- Our defense spending ratio with China is really less than 3:1 if you factor in purchasing parity and their reduced manpower costs. China's security obligations are not as global as ours and they do not have the science and technology (S&T) infrastructure or strategic mobility requirements we have.
- Both Iran and North Korea continue to employ illegal and unconventional methods to defy the international community, and to pursue nuclear weapons. Both of these states are internally weak, but they threaten U.S. treaty partners in their respective regions and some of our best friends.
- The continued presence of violent extremist Islamists will continue to require security investments in intelligence, special operations forces, and security assistance efforts in the Third World.
- The democratic urges and self-determination inherent to the Arab Spring could produce numerous autocratic backlashes in the Middle East, including more Syrias, as well as a number of illiberal "democracies" that could generate threats to friends like Israel.
- Austerity in areas like southern Europe may also prove to be threatening to order. The discontent created by broken promises and shattered dreams has only cost a few lives so far, but watch out for major riots and civil violence in the next few years and the breakdown of social order in numerous cities.

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<http://battleland.blogs.time.com/2012/04/05/the-defense-budget-non-debate/#ixzz1rBQsk3pY> Matthew Leatherman, "Pentagon Should Embrace Larger Budget Cuts," *U.S. News and World Report*, February 9, 2012.

<sup>10</sup> For details on the Government Accountability Office's findings see <http://timemilitary.files.wordpress.com/2012/04/gao-03-2012.pdf> See Appendix II, p. 171.

<sup>11</sup> The notion that our national security expenditures have "not put any additional pressure on the U.S. economy in spite of more than 10 years of war" is erroneous. Clearly borrowing \$2 trillion has materially increased our debt load by over 20 percent, compounded the depth and breadth of the economic recovery, limited our freedom of fiscal responses, and contributes to our bond rating decrease. See Anthony Cordesman, *CSIS Global Forecast*, Washington, DC: Center for Strategic and International Studies, April 2012, p. 13.

<sup>12</sup> Joseph Parent and Paul K. MacDonald, "The Wisdom of Retrenchment," *Foreign Affairs*, November/December 2011, pp. 32-47. See also Micah Zenko and Michael A. Cohen, "Clear and Present Safety: The United States Is More Secure than Washington Thinks," *Foreign Affairs*, March/April, 2012. Accessed 15 April 2012 at <http://www.foreignaffairs.com/articles/137279/micah-zenko-and-michael-a-cohen/clear-and-present-safety>.

<sup>13</sup> Aaron L. Friedberg, *A Contest for Supremacy: China, America and the Struggle for Mastery in Asia*, New York: Norton, 2011, pp. 265-266. See also "The Dragon's New Teeth," *The Economist*, April 7, 2012.

- New domains of conflict including space and cyber security will continue to require serious study and substantial resources.
- Due to a decade of persistent conflict far from our shores, the military in general, and the Army and Marines in particular, need to be reset and reconstituted. Furthermore, elements of both the Navy and Air Force are aging badly and needed modernization.
- The cost of our advanced weapons systems reflects their cutting edge technology and our ability to apply integrated solutions to generate short and decisive conventional conflicts. This is costly, but not necessarily costly compared to long wars with many military and civilian casualties.

## **SYNTHESIS: HOW MUCH IS ENOUGH?**

Several years ago, I tried to answer the proverbial “how much is enough?” for defense spending, and thought that the Cold War average of \$464 billion (in constant FY 2009 dollars) was adequate (or about \$484 in today’s FY12). This would have been a substantial reduction for defense. However, subsequent studies from the Defense Business Board proved that this level did not sufficiently account for personnel benefits, especially the dramatic increase in health care costs. To account for these, at least another \$30 billion would have to be added.<sup>14</sup> Even holding the Pentagon’s annual budget to \$500B a year would pressurize spending for new challenges in space, cyber security, homeland defense, and special operations.

Thus, I have readjusted my estimates and accounted for inflation since my original calculations. Something above the \$500 billion (in FY 12 constant dollars) range appears warranted unless you have a dramatically different strategy and a higher risk tolerance.

My reassessment finds that the defense cuts the President has engineered with his Defense team are doable and prudent. Anything much higher than the planned nearly half a trillion dollars of reductions brings about the need to craft a less engaged strategy that generates more risk and encourages others to fill power vacuums. Other Washington think tanks and scholars have come to the same conclusion.<sup>15</sup> More cuts may be reasonable under certain assumptions and if our allies continue to stand with us. But they should not be considered risk free. I would not be sanguine about cutting Defense by a trillion dollars as outlined in the contrived sequestration plan or by some scholars.<sup>16</sup>

The new defense guidance admits that we’ve historically been pretty poor at predicting the future.<sup>17</sup> Accordingly, the Pentagon’s planners are trying to hedge and mitigate risks where possible. I think they’ve done a good job of balancing ends and means. But they cannot eliminate risk and our new, leaner Pentagon will not be able to put the finger in every dike, even with contributions from our allies and friends, or from advanced technologies. We should not create “strategies for heroes” or a delusion that tomorrow’s Soldiers, Sailors, Marines and Airmen pay for with their lives.

Mr. Romney’s plans to increase defense spending does a lot to reduce security risks, and the increase in naval shipbuilding makes particular strategic sense. But there is a social dimension to strategy, and privileging the Pentagon with extra funding while our citizenry makes all the sacrifices and while we continue to wallow in debt could worsen the social contract and is considered politically unsustainable.

On the flip side, others are more comfortable with our current standing, and think that retrenchment is warranted. Some believe that reducing our forward presence and global posture will actually help stabilize flashpoints and crisis areas, and push reluctant allies to invest more in their own defense. Quite the opposite is more likely, and the purpose of U.S. military posture is not to mollify potential aggressors or elongate response times for U.S. policymakers. We can reduce forward deployed forces in Europe, but other withdrawals will generate flashpoints not reduce them. Nor is “soft power” and inexpensive diplomacy and development assistance a good tradeoff. The efficacy of soft power against China, North Korea and Iran has not been rigorously tested.

Arguments for more cuts are looking at today’s current posture rather than future challenges. These recommendations are more likely to embolden challengers and increase risks. They ignore America’s overseas interests and commitments, reducing

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<sup>14</sup> This assumes that planned end strength reductions to DOD military personnel totals are enacted, and that health care costs are controlled.

<sup>15</sup> LtGen David W. Barno, USA (ret.), Nora Bensahel and Travis Sharp, *Hard Choices: Responsible Defense in an Age of Austerity*, Washington, DC: Center for a New American Security, October 2011.

<sup>16</sup> Kori Schake, “Margin Call: How to Cut a Trillion from Defense,” *Orbis*, Winter 2012.

<sup>17</sup> Leon Panetta, *Sustaining America’s Global Leadership: Priorities for 21<sup>st</sup> Century Defense*, Washington, DC: Department of Defense, January 5, 2012.

deterrence against aggressors, and do little to reassure partners and allies. Nor do they resolve what the current Chairman calls our “security paradox,” a world with fewer threats but with greater horizontal and vertical proliferation of advanced lethal means to small states and non-state actors.<sup>18</sup>

These analysts are correct about our current position and the need to invest in diplomacy and development, but they deflect attention from the real domestic fiscal problem. Spending on our major three entitlement programs already consumes more than \$2 trillion in 2012 or 50 percent of the federal budget. These mandatory programs, as enacted, will cost just over \$3 trillion by FY19 and increase our national publicly held debt to \$19.5 trillion, well over 100 percent of GDP. Interest payments on the burgeoning national debt, a mandatory expense, will reach \$578B in FY19, potentially equaling defense spending.<sup>19</sup>

The Defense Department budget is not the central problem of our poor economic state. Nor is that budget big enough to provide the solution to the rapidly cresting federal debt tsunami. Our problems are a function of past poor discipline, demographics and health care trends. We cannot do much about the past, but health care which consumes nearly one sixth of our economy and half of federal expenditures. This presents options. As I noted in *Orbis* back in 2009, “the government’s focus should be reducing the insolvency in our mis-titled “mandatory” or “entitlements” programs. They remain the greatest threat to our future security.”<sup>20</sup>

But for political purposes, and for long-term sustainable commitment from the American people, DOD is going to be part of the solution. But it should only be a small part of an overarching grand bargain, which neither contender has yet framed. The onus is on the Presidential candidates to ensure that they offer concrete options that preserve our security interests, rebuild America’s economic foundation, maintain an adequate safety net for the less fortunate, and ensure we don’t handcuff future generations. We cannot borrow our way out of the problem. Nor should we shamelessly pass it on to our children.

Clearly some risk will have to be accepted since we can no longer afford to spend our way out of every problem. As former Secretary of Defense Robert Gates noted before he left office, “The United States cannot expect to eliminate national security risks through higher defense budgets, to do everything and buy everything. The Department of Defense must set priorities and consider inescapable tradeoffs and opportunity costs.”<sup>21</sup> The same can be said with greater urgency about the rest of government, particularly medical costs.

## CONCLUSION

Admiral Mike Mullen, USN, the recently retired Chairman of the Joint Chiefs of Staff, once famously quipped that our debt was the greatest threat to our national security. He was almost correct, but we can handle our current debt. It is the impending mountain of new debt that will produce a crisis. We have choices about what role we want to play in world affairs, the means needed to fulfill that role, and how we pay for those means without borrowing trillions from foreign bankers. We should not continue to hide these choices or the tradeoffs in the coming debates. If that happens, the fault will be ours. I think the greatest threat to our national security is *not* the debt, nor a dysfunctional political process, but our failure to be honest with ourselves.

The coming election is a perfect opportunity to pose serious questions to the country. Will our contenders rise to the challenge or stick to banal talking points?

The choice is fairly simple. Retrench and retreat, or continue to lead and rebuild without degrading our defense? Do we want a very costly government that exists largely to redistribute income and benefits? Do we want to move forward together and reclaim the American dream of security and prosperity for subsequent generations or wallow in debt, doubt and decline? The choice is ours and we should demand that our Presidential aspirants frame options so that this election frames exactly what path each leader wants as a mandate.

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<sup>18</sup> See General Dempsey’s remarks at Harvard’s JFK School Policy Forum, “The Security Paradox,” April 12, 2012. Accessed at <http://www.militaryaerospace.com/news/2012/04/16/general-martin-dempsey-usa-delivers-remarks-at-the-harvard-john-f-kennedy-jr-forum-at-the-harvard-ke>. [printArticle.html](#)

<sup>19</sup> Congressional Budget Office, *An Analysis of the President’s 2012 Budget*, Washington, DC: CBO, March 2012, p. 3.

<sup>20</sup> F. G. Hoffman, “Towards a Balanced and Sustainable Defense,” *Orbis*, Summer 2009, pp. 385–404.

<sup>21</sup> Robert M. Gates, “A Balanced Strategy: Reprogramming the Pentagon for a New Age,” *Foreign Affairs*, January/February 2009, p. 28.