

The Steady-State Military Buildup

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The Clinton Administration proposal to once again increase the defense budget is dismaying to those who believe that international conditions do not warrant increasing spending above the average levels spent during the Cold War. Even Republican leaders in Congress, who have been urging a major build up, were pleasantly surprised by the large size of this year's request. Rep. Floyd Spence, chairman of the House Armed Services Committee, hailed it as the best budget to come out of the Administration in eight years.

At \$305 billion the proposed defense budget for fiscal year 2001 is, in real terms, the highest it has been since 1994. Given the tendency of Congress to add billions of dollars to Clinton's defense requests, the budget is likely to grow more before the year is out. The Pentagon and Congress have already wiped out a substantial portion of the post-Cold War peace dividend and seem determined to absorb what is left. It is conceivable that military spending will be pushed up over the next several years to levels reached during the presidency of Ronald Reagan.

The amounts planned for procurement are indicative of what lies ahead. This year's budget requests \$60.3 billion for procurement, about 10 percent more than last year's figure, and 35 percent more than the budget for 1998. Nevertheless, the increase is not satisfactory to those who advocate a much steeper rise.

The Center for Strategic and International Studies (CSIS) has put forth the most extreme case for a more rapid buildup. The Center is a well connected Washington think tank comprised largely of former military and foreign policy officials. This year, it arranged to present its latest report on military spending to the House Armed Services Committee, one day before the committee was scheduled to hear from the Pentagon about the new budget proposal. James Schlesinger, who was Secretary of Defense under Presidents Nixon and Ford, was the Center's principal spokesperson. He presented the Center's main conclusion, namely, that procurement spending should be increased by \$100 billion per year.

The Pentagon agrees that much more needs to be spent for procurement, but it does not go as far as Schlesinger and CSIS, at least, not at the present time. Defense Secretary William Cohen told the House Armed Services Committee that there is nothing magical about the \$60 billion level (a goal set for procurement by the Pentagon several years ago), that plans call for the figure to rise to \$70 billion by 2005, and that it will have to go "much higher" in later years. The military services have suggested, preliminarily, how much higher. The House Armed Services Committee invited the services to tell it what they believe they need to spend over the next five years. Naturally, they believe they need more than the budget requests. The services responded with long lists of their "unfunded requirements," mostly for procurement, totaling \$85 billion for the five year period.

Several reasons have been advanced by the Pentagon to justify the buildup. There is, of course, the broad and sweepingly vague argument that we live in a dangerous world and that we need to be better armed to deal with terrorism and a variety of threats to our security and that of our friends and allies. Presidential candidate George W. Bush has phrased the issue most succinctly: even though the evil empire is gone, evil remains. Therefore, he and many other politicians and Pentagon officials conclude, we must "rebuild" the military. Those who favor a large increase in procurement are doing so under what can be termed the "steady-state" argument. They assume that the present force structure is about right but that procurement must be greatly increased to halt the long-term aging of our weapons and equipment. How much is required depends on assumptions about the numbers and costs of the new weapons intended to replace the older ones. Another rationale for the buildup that is attracting

attention in the Pentagon and Capitol Hill concerns the share of the gross domestic production devoted to the military. Schlesinger and CSIS argue that the share, known as the military burden, is too small. The military burden is presently about three percent. They believe the figure should be about four percent. Coincidentally, it would cost about \$100 billion to raise the share from three percent to four percent, the amount by which they want to increase procurement.

Secretary Cohen agrees with the steady-state approach, which has become something like a mantra these days. But it should be noted that the idea of a steady-state military program is broad enough to justify a number of conclusions about how much should be spent. Under it, some argue for more spending and some argue for a lot more spending. Sadly, that is about the extent of the defense budget debate today.

Cohen points out that the weapons in the present force structure need not be replaced on a one-for-one basis, contrary to the Schlesinger-CSIS argument. He asserts that some weapons can be replaced with more efficient ones that are more expensive individually but require fewer numbers and will reduce overall costs. Others argue that it is also possible to reduce costs by buying less expensive alternatives to the high-cost arms now being purchased, such as the F-22 fighter aircraft.

A revealing exchange occurred during recent congressional hearings when Rep. John B. Larson of Connecticut expressed concern about the layoffs that have been announced for a Pratt & Whitney defense plant in his district. Secretary Cohen replied:

"With respect to layoffs, one thing we have tried to do, by reaching the \$60 billion mark, is to put more money into procurement, so that our industries will be able to function effectively, and not have these kinds of significant layoffs. That's one of the reasons why that figure will have to go up in the future."

The Secretary added that there had been great consolidation of the defense industries in the past decade because of reduced procurement and that some companies had taken on considerable debt in the course of consolidating. Apparently, part of the rationale for the buildup is to make the world safe for the defense industries.

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