

## **Pentagon's FY2003 Budget Request: More of Everything**

### **Christopher Hellman**

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On February 4, the administration of President George W. Bush released its proposed federal budget for fiscal year 2003 (FY'03). It includes a \$396.1 billion request for national security: a whopping \$379.3 billion for the Defense Department and \$16.8 billion for the nuclear weapons functions of the Department of Energy. This is \$48 billion above current annual spending levels, an increase of 13 percent. It is also 15 percent above the Cold War average, to fund a military force structure that is one-third smaller than it was a decade ago.

In all, the administration plans to spend \$2.1 trillion on the military over the next five years. The huge increase in the defense budget also is the key reason that the Bush FY'03 proposal, if approved by Congress, would lead the nation back into deficit spending ? for the first time in four years.

In presenting its request, the Bush administration justified the proposed Pentagon spending increases as necessary for supporting the "war" against terrorism, and providing funds to transform the current military into a force better suited to meet emerging threats to US national security. And while the budget does include funds for costs related to military operations in Afghanistan and transformation initiatives, the bulk of the funding continues to support the current force structure, and to purchase big-ticket Cold War-era weapons systems.

#### **Some programs facing funding cuts under the FY'03 proposal:**

Environmental Protection Agency: \$7.6 billion requested; 4% below FY'02

Community Development Grants: \$4.7 billion requested; 6% below FY'02

Higher Education: \$18.8 billion requested; which is 2% below FY'02

Job Training: \$6.5 billion requested; which is 8% below FY'02

Community Safety: 126 million requested; which is 77% below FY'02

With the president's approval rating steady at above 75 percent and broad support among the American people for the administration's "war on terrorism," Congress has been generally receptive to the idea of a significant boost in Pentagon spending. This is true despite the potential impact of such a large increase on funding for other domestic federal programs, and the likelihood that it marks the return to deficit spending ? a concept that was a virtual political "non-starter" as recently as last August.

Bush's rhetoric carries an eerie sense of déjà vu: major tax cuts, huge military spending increases, with a rapid return to balanced budgets. President Ronald Reagan made similar promises. While Pentagon spending during the Reagan administration reached record highs for peacetime (about \$425 billion annually in today's dollars), the deficit spending that supported it and the many tax cuts instituted during his administration drove the national debt from \$900 billion in 1980 to more than \$2.6 trillion in 1988 - a 290 percent increase. The dream of a balanced budget thus was sacrificed on the altar of increased defense spending.

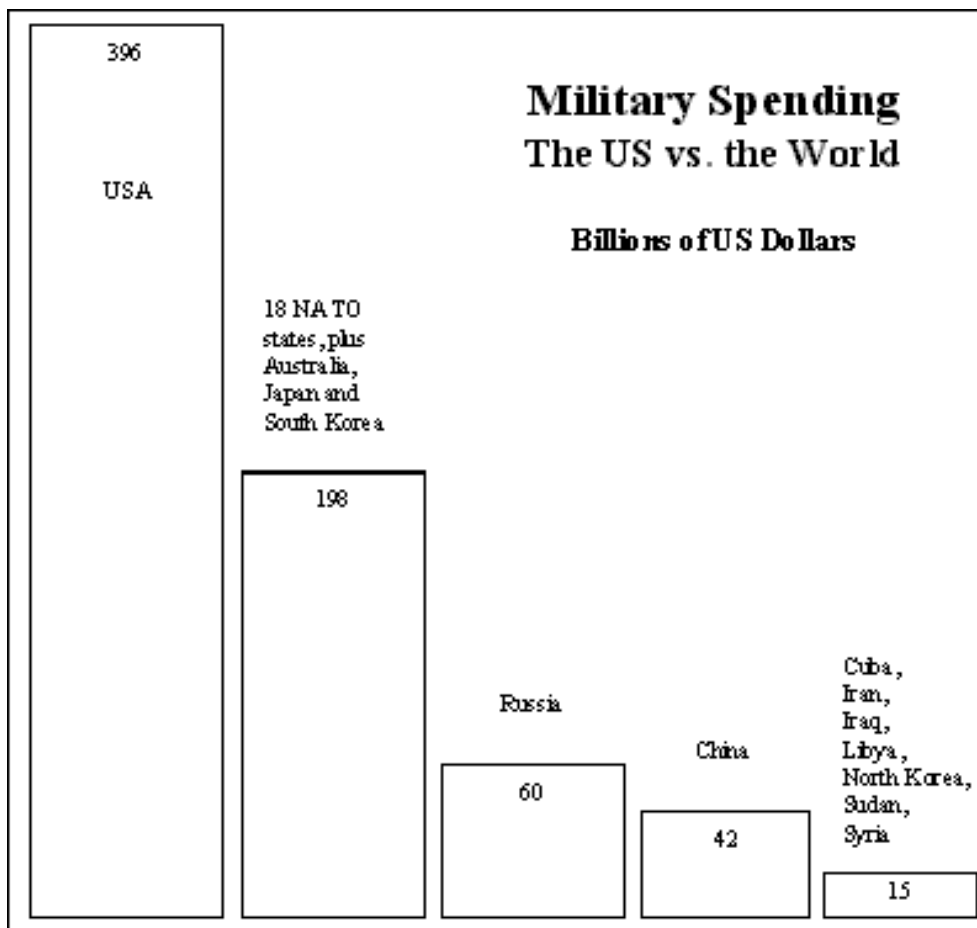
Concerns in Congress about the Bush's proposed Pentagon funding boost have focused on the economic impact of

the plan, although other issues have been raised. At the extremes are fiscally conservative Republicans who support more drastic controls on non-defense spending, and liberal Democrats who favor delaying or repealing tax cuts. Other members, both Democrats and Republicans, support scaling back a portion of the Pentagon increase to ease pressure on other domestic programs. Yet generally speaking, the increase remains popular on Capitol Hill, with some members - who see major opportunities for home-district pork - urging that even more be spent on the Pentagon.

The Bush budget request projects deficits of \$106 billion for the current fiscal year, and \$80 billion for FY'03. It also projects a return to surplus spending by 2005. But while Bush administration officials continue to assert that the country's return to deficit spending is temporary, some members of Congress have raised concerns about the specter of long-term deficits. Sen. Kent Conrad, D-N.D., chairman of the Senate Budget Committee, made the point forcefully in hearings on the administration's budget proposal. "We don't see deficits as the president asserted being short-term and small. What we see is an ocean of red ink. What we see is deficits right through the decade. What we see is the use of Social Security and Medicare trust fund money by over \$2 trillion to fund tax cuts and other spending."

The administration has made it clear that it will resist efforts to tap military spending to fund other priorities. Mitchell Daniels, Jr., the director of the Office of Management and Budget (OMB), told the Senate Budget Committee that, "if there are attempts to raid defense for lesser priorities or to raid homeland security for lesser priorities, then we'll resist that, and I think pretty strongly."

According to Rep. John Spratt, D-S.C., top Democrat on the House Budget Committee, the administration's proposed budget falls \$15.8 billion below the amount needed to maintain current government services other than defense and homeland security. And despite the administration's willingness to borrow extensively to fund its proposed budget, a number of important programs would be cut dramatically under the new plan.



No one seems to have a budgetary plan that will fund both military and non-military domestic programs, increase funding for homeland defense, and revive the economy while restoring budgetary surpluses that is likely to work, let alone be politically palatable. In the end—given the broad public support for higher military spending, and the political cover that the current "state of war" provides for the members of Congress reluctant to return to deficit spending—legislators will likely support the administration's request for the Pentagon, while borrowing additional funds to meet shortfalls in other federal programs.

According to CDI's latest analysis, the proposed \$396 billion Pentagon spending package exceeds that of the next 25 nations combined. It is not surprising that as the world's lone super power the United States spends more on its military than any other nation. What is surprising, however, is just how much larger the U.S. defense budget is compared to any other nation, or even groups of nations.

Consider the following:

- At \$396 billion, the U.S. military budget request for FY'03 is more than six times larger than that of Russia, the second largest spender.
- It is more than 26 times as large as the combined spending of the seven countries traditionally identified by the Pentagon as our most likely adversaries (Cuba, Iran, Iraq, Libya, North Korea, Sudan and Syria).
- The United States and its close allies spend more than the rest of the world combined, accounting for more than two-thirds of all military spending. Together they spend over 39 times more than the seven rogue states. ("Allies" includes NATO, Australia, Japan and South Korea.)
- The seven potential "enemies," Russia and China together spend \$117 billion, less than one-third (30 percent) of the US military budget.

The FY'03 budget request includes \$767 billion for discretionary spending (the money the president and Congress

must decide and act to spend each year), \$396 billion of which will go to the Pentagon.

The other category of federal spending is mandatory spending, money that is spent in compliance with existing laws that govern the particular program or function. Mandatory spending includes entitlements, money or benefits provided directly to individuals such as Social Security, Medicare, Medicaid, Food Stamps, and Federal Retirement. It also includes interest payments on the national debt.

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