

A New Military Build Up?

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For the first time since before the end of the Cold War, the U.S. defense budget has been substantially increased.

Congress passed its regular defense appropriations bill at the end of September but last minute gyrations in an omnibus spending bill later resulted in an \$8.3 billion boost for defense. The boost brings the total defense budget for Fiscal Year (FY) 1999 to \$278.8 billion. Adjusted for inflation, this represents an 0.8 percent increase over last year's defense budget.

Until this year, the Clinton Administration regularly proposed and achieved modest annual cuts in defense. Congress at first dutifully complied with the budget proposals, but some legislators later complained that the reductions had gone too far.

In 1994 Clinton seemed to bow to the criticism by saying in his State of the Union address that "We must not cut defense further." The next year, Congress began a pattern of appropriating substantially more for defense than proposed by the Administration. Thus, Congress added a total of \$20 billion for military spending above the President's requests in fiscal years 1996, 1997, and 1998. The add-ons were not sufficient to arrest the downward trend and the budget continued to decline in real terms.

The balanced budget agreement negotiated in 1997 temporarily constrained congressional demands for greater military spending and a mere \$2.7 billion was added to the President's request for the next fiscal year.

However, a dangerous precedent was set when the Administration increased its own proposal that year with a supplemental request to cover the costs of the U.S. presence in Bosnia and the build-up in the Persian Gulf. To get out from under the cap on spending established by the balanced budget agreement, the supplemental request was designated an "emergency." This set a dangerous precedent.

The budget increase achieved for the current year (FY 1999) was the result of decisions at both ends of Pennsylvania Avenue to enlarge the emergency loophole. When the regular defense appropriations bill was enacted, the Administration let it be known that it would make a supplemental request to improve combat readiness, among other things. This included \$1 billion dollars for readiness, another \$1 billion for the Pentagon's year 2000 computer problem, and nearly \$2 billion for military operations in Bosnia. In final negotiations, the Administration's supplemental was nearly doubled.

At the insistence of the congressional leaders another billion dollars was thrown into the mix for the anti-missile program, despite protests from the Pentagon that the extra money was not needed. Additional large sums were added for such things as intelligence, anti-terrorism, and drug interdiction. Again, because the supplemental sent the defense bill through the balanced budget cap, it was designated an emergency.

Readiness Squabble in Budget Debate Signals Increase

Of all the political maneuvering over defense this year, the most revealing episode concerns the squabble over combat readiness. This is usually defined as the quality of troops, their training, and the condition of their weapons and equipment. Allegations of readiness problems have been made before, sometimes employed as a scare tactic to induce larger budgets. Charges, which turned out to be inaccurate, that the Army was unready were made in 1994. Not much was heard of the subject for the next several years.

But in August of this year Senate Majority Leader Trent Lott directed the Senate Armed Services Committee to conduct a hearing on reports of readiness problems. It was reported that Sen. Lott's action was intended to build a Republican consensus to tap the budget surplus for defense. The Senate Armed Services Committee held the hearing on September 29. There the Joint Chiefs of Staff complained that readiness was declining and that an extra \$20 billion for FY 2000 was needed to reverse the trend. The Chiefs said that similar increases needed to be made in future budgets.

Some of the senators seemed taken aback and criticized the Chiefs for not speaking out sooner. Significantly they did not take issue with the substance of the complaints. There can be little doubt that there will be a strong push from the Pentagon for a substantial increase in the readiness accounts in next year's defense budget.

There are other signs that arms spending will continue to rise. One is the recent hike in the procurement budget. For several years, the Pentagon has been urging an increase in spending for weapons and this year's budget provided for a real increase of seven percent over last year. That was the first time the Administration requested an increase in procurement since the end of the Cold War. Procurement had increased by three percent last year due to congressional add-ons.

Pentagon to increase procurement by \$12 billion

The Pentagon's goal is to increase the procurement portion of the budget from about \$48 billion to \$60 billion. That goal may be reached in a few years. Historically, such rapid growth in arms purchases have occurred in periods immediately preceding an overall military buildup or during the early part of a buildup.

Another indication of the impending buildup lies in the debate over what is termed the plans/funding mismatch. Those who favor larger budgets argue the military has been asked to carry out greater responsibilities—with respect to contingency planning for future wars and operations around the globe—with smaller budgets. If present trends continue, it is maintained, a financial crisis will ensue. Others respond that the Pentagon's plans are affordable if the arms modernization program is scaled down, if forces are restructured, and if savings are realized from additional base closings and reductions in the reserves.

Those are big "ifs," and one may reasonably be very skeptical as to whether any will materialize. Eventually, it will have to be decided whether to narrow the objectives, seek to achieve them in more cost effective ways, or request more funds. It has been apparent to some that, sooner or later, the solution of the budgetary problem will be perceived by top officials as a need for larger budgets.

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