

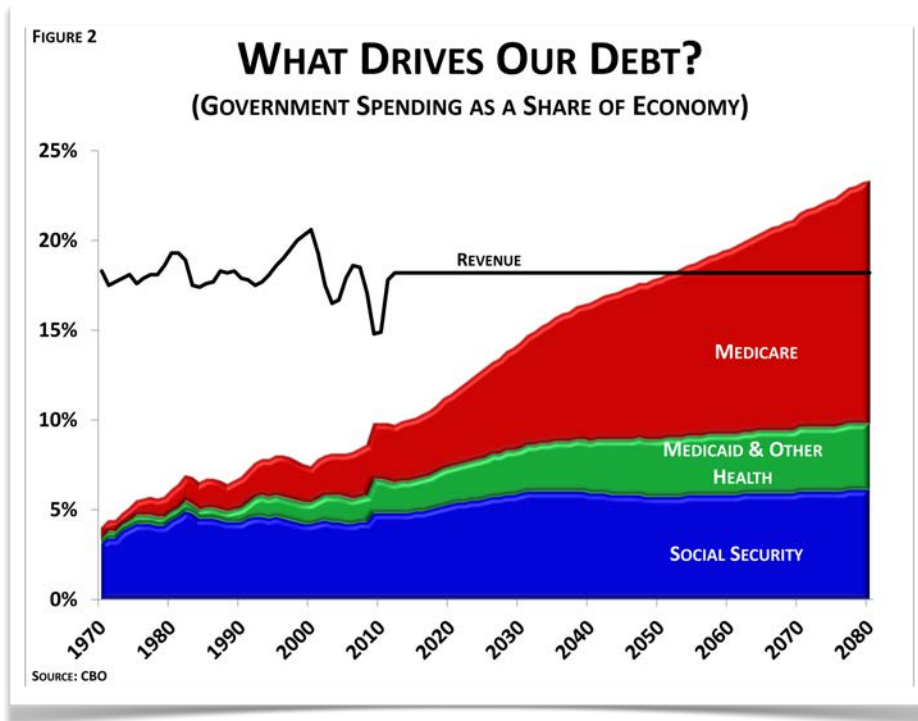
## PROVIDING FOR THE COMMON DEFENSE

### The Challenge: A Military Threatened

The first job of government is to secure the safety and liberty of its citizens from threats at home and abroad. Like all categories of government spending, defense spending should be executed with efficiency and accountability. However, because it is the first responsibility of government, the national defense should be funded based on *strategic*, not merely *budgetary*, calculations.

The United States spends a great deal on defense in nominal terms, but defense spending is shrinking as a share of government spending and as a share of the national economy. The share of the nation's resources devoted to defense has declined from its Cold War average of 7.5 percent to just 4.6 percent today. And defense spending constituted around 20 percent of federal spending in fiscal year 2011 – below the 25 percent it constituted just 30 years ago.

Defense's share of the budget is projected to shrink even further in the years ahead as other areas of the budget grow to unsupportable levels. This category of spending is clearly not driving the unsustainable fiscal trajectory that is threatening the nation's future.



Simply put, America's dangerous debt trajectory has put fiscal policy on a collision course with her national security, for two reasons.

First, Figure 2 makes it very clear that, absent action, Social Security, Medicare and Medicaid will soon grow to consume every dollar of revenue that the government raises in taxes. At that point, policymakers would be left with no good options. Making do without any federal government departments, including the military, is not really an option at all, and neither is raising taxes to a level that no free and prosperous economy could sustain.

Of course, if Congress continues to ignore the drivers of the debt, it will lose even the ability to make such choices on its own terms. The foreign

governments and institutional lenders that finance America's debt would cut up the nation's credit cards before things got that far, representing a sudden and severe threat to the nation's ability to defend itself.

Second, the Budget Control Act (BCA) signed into law last year created an automatic sequester process to force \$1.2 trillion in spending reductions over ten years in the event that Congress failed to produce equivalent reductions through a specially formed Joint Select Committee on Deficit Reduction (JSCDR). The BCA further specifies that, after accounting for reductions in debt-service costs, a total of \$984 billion in net spending reductions is to be distributed equally among defense and non-defense accounts – resulting in a \$492 billion reduction in each. To put this in perspective, defense constitutes approximately 20 percent of total federal spending, but will bear 50 percent of the spending reductions through sequestration.

Because the JSCDR failed to produce a bill, the sequester is scheduled to take effect beginning in January of 2013. While the sequester serves an important role in forcing Congress to reduce spending, it is vital that those spending reductions be done in a responsible way. Therefore, policymakers in both parties agree that the sequester should be replaced with equivalent deficit reduction to ensure that the national defense is not compromised.

A responsible budget must recognize that the United States is a nation with global interests, and that protecting those interests requires a strong, modern and capable military. The Constitution charges Congress with the responsibility for structuring, building, maintaining, and funding that military capability. It is a responsibility policymakers must make a top priority.

### **The Choice: Decline as a World Power vs. Renewed American Leadership**

America's fiscal problems pose a real threat to its military, and left unaddressed, these problems will spell decline for America as a world power. The need to address this threat is urgent. But decline is not a certainty for America. Rather, as *Washington Post* syndicated columnist Charles Krauthammer put it, "decline is a choice."<sup>4</sup>

Letting budgetary concerns drive national-security strategy means choosing decline. By contrast, putting defense first among government's priorities while simultaneously lifting the debt burden and ensuring a more prosperous America would enable the nation to afford a modernized military that is properly sized for the breadth of the challenges America faces.

#### **Decline as a World Power**

On January 5, 2012, President Obama announced new defense strategic guidance premised on the hope that "the tide of war is receding."<sup>5</sup> But in testimony before the House Budget Committee, Secretary of Defense Leon Panetta acknowledged that the administration's defense drawdown is being carried out in the face of ongoing elevated threats to the United States:

SECRETARY PANETTA: But despite what we have been able to achieve, unlike past drawdowns when threats have receded, the United States still faces a complex array of security challenges across the globe: We are still a nation at war in Afghanistan; we still face threats from terrorism; there is dangerous proliferation of lethal weapons and materials; the behavior of Iran and North Korea threatens global stability; there is continuing turmoil and unrest in the Middle East; rising powers in Asia are testing international relationships; and there are growing concerns about cyber intrusions and attacks.<sup>6</sup>

Yet, the defining characteristic of the President's new defense posture is a reduction in the administration's own defense plan from last year, bringing the total reduction to \$487 billion over the next ten years.

This number stands out as significant for several reasons. In the President's latest budget proposal, total spending increases by \$1.5 trillion and taxes increase by \$1.9 trillion, for a total of around \$400 billion of deficit reduction over ten years. A clear-eyed look at the numbers reveals that American taxpayers and the Department of Defense are being asked to bear the entire burden of deficit reduction under the President's budget.

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<sup>4</sup> Charles Krauthammer, "Decline is a Choice," *The Weekly Standard*, October 19, 2009. <http://www.weeklystandard.com/Content/Public/Articles/000/000/017/0561fnpr.asp>

<sup>5</sup> President Barack Obama, "Defense Strategic Guidance Briefing," January 5, 2012. <http://www.defense.gov/transcripts/transcript.aspx?transcriptid=4953>

<sup>6</sup> Leon E. Panetta, Testimony before the U.S. House, Committee on the Budget. *The Department of Defense and the Fiscal Year 2013 Budget*, February 29, 2013. [http://budget.house.gov/UploadedFiles/Panetta\\_Testimony\\_2292012.pdf](http://budget.house.gov/UploadedFiles/Panetta_Testimony_2292012.pdf)

Without the defense cuts, there would be no deficit reduction, and without the tax increases, the President's budget would represent \$1.5 trillion in additional borrowing to finance new "stimulus" spending.<sup>7</sup> Under the President's budget, while all other government agencies enjoy a generous net increase in their allowance, only the federal government's highest priority – defense – is forced to make do with less.

The President has asserted that his new defense posture is driven by strategy and not budgets, but his timing indicates otherwise – he announced the budget figure at the same time he was announcing the beginning of his strategy review.

Rather than choosing to lead by addressing the fundamental drivers of near- and long-term deficits and debt, the President has defaulted to slashing the defense budget. The unmistakable fact is that the President has chosen to subordinate national-security strategy to his other spending priorities.

### **Renewed American Leadership**

A robust national defense for generations to come can only be sustained on a sound economic foundation. A safer world and a more prosperous America go hand-in-hand. Economic growth is the key to avoiding the kind of painful austerity that would limit America's ability to exercise both hard and soft power.

Today, some in this country relish the idea of America's retreat from her role in the world. They say that it's about time for other nations to take over; that America should turn inward; that she should recede from her unquestioned ability to defeat any foe.

Instead of heeding these calls for retreat, policymakers must renew their commitment to the idea that America is the greatest force for human freedom the world has ever seen; a country whose devotion to free enterprise has lifted more people out of poverty than any economic system ever designed; and a nation whose best days still lie ahead of it, if policymakers make the necessary choices today.

### **The Solution: Providing for the Common Defense**

- **Provide \$554 billion for national defense spending in FY2013, an amount that is consistent with America's military goals and strategies.**
- **Reprioritize sequester savings to protect the nation's security.**

The budget resolution offered by House Republicans ensures that the men and women who each day risk their lives in defense of the nation will continue to have the best training, equipment and support. This budget is not, however, a blank check for the military. To the contrary, this budget builds on the FY2012 budget's call for greater efficiency in the spending of defense dollars. Last year, the budget reduced the defense program by \$78 billion over ten years to capture savings from the efficiencies identified under the leadership of Secretary Gates. This year, another \$60 billion of identified efficiencies are devoted to mission-critical defense priorities, including savings recommended by Secretary Panetta.

This budget resolution ensures that the base defense budget will not be cut during wartime. The President's defense budget request is 2.5 percent lower in real inflation-adjusted dollars than what Congress provided for this year. The House Republican budget provides level funding for defense so that the military has adequate funds to accommodate higher-than-anticipated fuel prices, to maintain training and readiness, and to keep faith with America's soldiers, sailors, airmen, and marines.

Over the ten-year period covered by the budget resolution, this budget restores about half of the funding cut by the President and ensures that the defense budget grows in real terms in each year – providing adequate funding to maintain a robust end-strength and to address the years of forgone equipment modernization.

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<sup>7</sup> "Analysis of the President's Budget for FY 2013," U.S. House Budget Committee, February 24, 2012.  
[http://budget.house.gov/UploadedFiles/POTUS\\_FY13budget.pdf](http://budget.house.gov/UploadedFiles/POTUS_FY13budget.pdf)

Congress has no higher responsibility than to ensure that the President has available all the tools necessary to protect the national security. This budget meets that responsibility.