

Practical Options to Save Billions in the Military Budget

The core U.S. military budget grew by 50 percent (over inflation) in the last 12 years, *in addition* to war spending. As the nation faces growing debt, a weakened economy, and increased poverty, Congress should review the spending practices of the largest federal agency – the Defense Department – and determine whether those practices serve the nation’s needs.

The U.S. will be safer abroad and more secure at home with a better balance in federal spending priorities.

U.S. Military Spending Is Out of Step with the Rest of the World: The U.S. military budget dwarfs the military spending of the next 29 biggest spenders. Iraq and Afghanistan do not even make the list for the top 30 big spenders; Iran is 26th. U.S. taxpayers spend about 7 times as much on the Pentagon and related military accounts as China spends on its military.^a

End Waste, Fraud and Abuse: Between \$31 and \$60 billion dollars were lost to waste and fraud related to the wars in Iraq and Afghanistan, according to the congressionally appointed *Commission on Wartime Contracting*.^b The Government Accountability Office has detailed billions more in cost-overruns for major weapons systems. The Pentagon’s books have not been audited, and are not currently auditable, according to the Pentagon’s comptroller Robert Hale.^c

Close Bases Leftover From Past Wars: The U.S. stations about 135,000 active troops on bases and ships in and around Europe and Asia (not counting those deployed to the wars.) Reducing the number assigned to overseas bases by just 25 percent would save about \$80 billion over the next ten years.^d

Adapt the Nuclear Weapons Budget to Current Realities: More than 20 years after the end of the Cold War, the U.S. is still funding a nuclear weapons arsenal designed to overpower the Soviet Union. The country’s current stockpile in excess of 5,000 nuclear warheads provides more than enough firepower to destroy the planet several times over. Yet the Pentagon seeks increased funding for these weapons.

Rein in Profits of Major Pentagon Contractors: In spite of the recession, major military contractors have realized substantial – even excessive – profits throughout the last decade. Spending on procurement from these contractors and others amounted to roughly a trillion dollars between 2001 and 2010.^e Stock prices of major military contractors more than doubled during this period. Some, such as Halliburton, benefited from billions in lucrative, single-source contracts.^f Procurement and contract reform, better accounting methods, and competitive bidding could save billions of taxpayer dollars.

Acknowledge the Investments Made in the Military Over the Last Decade. The Pentagon used the high investment in procurement over the last decade – even though unnecessarily expensive – to modernize its equipment, according to Russell Rumbaugh’s analysis in “What We Bought: Defense Procurement from FY01 to FY10,” leaving the military thoroughly modernized, and easing the need for further high procurement costs in the next 10 years.^g

Define a Clear and Appropriate U.S. Military Mission: Cato Institute policy analysts, Christopher Preble and Benjamin H. Friedman, offer a daunting list of missions that the Pentagon currently embraces, from containing China and transforming the governments of failed states, to chasing terrorists and securing cyberspace.^h They point out that “the 50 percent growth in our military’s cost in the last 12 years (adjusting for inflation and leaving out the wars) stems more from the proliferation of its objectives than from the way it is managed.” Congress is empowered by the Constitution to set the limits on the Pentagon’s mission, and to determine whether the broad scope of the Pentagon’s current plans fits with this nation’s actual needs.

Freeing up unneeded funds from the military budget will allow Congress to:

Create More Jobs: Although Pentagon contracts do support some employment in the U.S., Pentagon spending is the *least efficient* way to create jobs. For every 100 jobs created by Pentagon spending, the same investment would create 251 jobs in education, 169 jobs in health care, or 147 jobs in clean energy.ⁱ

Provide Sufficient Funds to Care for Wounded Veterans: Medical care, income support, housing and jobs for veterans are *not* provided through the Department of Defense budget. For these benefits, most veterans of the wars in Iraq and Afghanistan rely on Veterans' Administration programs, which are part of the *domestic category* under the Budget Control Act. Because of the kinds of wounding in current wars and the potential for survival of even serious wounds, the needs of veterans are much greater today than they were following other wars. Recent estimates^j place the cost of caring for wounded veterans over the next 40 years at a figure between 600 billion and a trillion dollars, not including support for housing and jobs, higher eventual costs for Medicare, and the social and economic losses born by the veterans and their families.

Balance Priorities – Create More Security at Home: The U.S. leads the world in military strength, but not in other measures. The U.S. ranks at or below the median among our 34 trading partners in the Organization for Economic Cooperation and Development (OECD) on reading, scientific, and mathematics proficiency, below average for the number of young adults who complete college, and near the bottom of the list for infant mortality and child poverty.^k Former Chair of the Joint Chiefs of Staff Admiral Michael Mullen adds another challenge: "The most significant threat to our national security is our debt." As a nation, we have some serious work to do to balance our spending priorities to match more closely our nation's actual needs.

^a Stockholm International Peace Research Institute: <http://www.sipri.org/databases>

^b Commission on Wartime Contracting, Final Report: http://www.wartimecontracting.gov/docs/CWC_FinalReport-lowres.pdf

^c Undersecretary of Defense, Robert Hale, Testimony before the House Armed Services Committee, July 28, 2011: http://armedservices.house.gov/index.cfm/files/serve?File_id=07d21f02-05f1-468a-b88e-4c357220265f

^d Sustainable Defense Task Force "Debt Deficits, and Defense: A Way Forward," June 2010: <http://www.comw.org/pda/fulltext/1006SDTFreport.pdf>. This bi-partisan task force, along with the Bowles-Simpson deficit reduction commission, the Bipartisan Policy Center (led by former Sen. Pete Domenici and former CBO and OMB director Alice Rivlin), the Committee for a Responsible Federal Budget (led by former U.S. Reps. Bill Frenzel, Jim Nussle, Tim Penny and Charles Stenholm), and many others, detailed sensible reductions of about \$1 trillion over ten years.

^e Russell Rumbaugh, Stimson Center, "What We Bought: Defense Procurement from FY01 to FY10"

<http://www.stimson.org/research-pages/what-we-bought-defense-procurement-from-fy01-to-fy10/>

^f Harvard economist Linda Bilmes and Nobelist Joseph Stiglitz, *The Three Trillion Dollar War*. Interview notes at

<http://www.npr.org/templates/story/story.php?storyId=87855957>

^g Russell Rumbaugh, Stimson Center, *supra*.

^h Benjamin H. Friedman and Christopher Preble, "Budgetary Savings from Military Restraint,"

http://www.cato.org/pub_display.php?pub_id=12151

ⁱ Robert Pollin and Heidi Garrett-Peltier, "U.S. Employment Effects of Military and Domestic Spending Priorities: an Updated Analysis," University of Massachusetts, Amherst:

<http://www.peri.umass.edu/236/hash/0b0ce6af7ff999b11745825d80aca0b8/publication/489/>

^j Linda Bilmes and Joseph Stiglitz, *supra*.

^k OECD, Statistics A to Z: http://www.oecd.org/document/0,3746,en_2649_201185_46462759_1_1_1_1,00.html

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