

Deficit Conference: Looking At Defense


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- **Fiscal 2001 – 2010**, Sharing the Sacrifice: \$1.07 T on the next generation's credit card
- **Fiscal 1988 – 2000**, Defense Budget Tools that Contributed to a Balanced Federal Budget
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Fiscal 2001 – 2010, Sharing the Sacrifice: \$1.07 T on the next generation's credit card


From Fiscal 2001 – 2009, \$941.3 B has been appropriated to support military operations in Iraq and Afghanistan; an additional \$130 B is proposed by the Fiscal 2010 budget. That totals \$1.07 T. That debt has been charged on the country's credit card providing a bill to pay for our children's generation.


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 Readiness. If we are going to send U.S. troops into battle, then Americans have a duty to support them with the equipment, salary and health care benefits they deserve. Yet, as one Wall Street analyst has pointed out, the Iraq war is the only major conflict involving U.S. troops of this century in which Americans have not made an economic sacrifice.

 Sacrifice. There can certainly be no equivalent sacrifice to what our military personnel give to our country, but asking Americans to share the financial burden of providing for our forces in the field during a time of war is consistent with how a democracy should honor the commitment to, and of, its military. When we send our men and women into battle, we must be prepared to bear the burden and share the sacrifices they make on our behalf.

 Fiscal Responsibility. Yet these costs have yet to be paid for, and have far outstripped revenues to pay for it. Since the war began, the national debt has increased by almost \$3 trillion to \$9.2 trillion. We cannot expect a windfall to make up for these lost costs any time soon. We're handing our children the credit card bill for the Iraq war; we are taxing their future.

 Legacy. The Iraq war will continue to have substantial costs after its resolution. And even though the burden of this war is falling on our military personnel, we are not putting aside the fiscal resources needed to restore U.S. ground forces and care for the wounded. Resetting our armed forces and setting aside resources to support returning veterans who have been injured in the line of duty are financial obligations we must embrace to ensure our commitment to our armed forces is not forgotten.

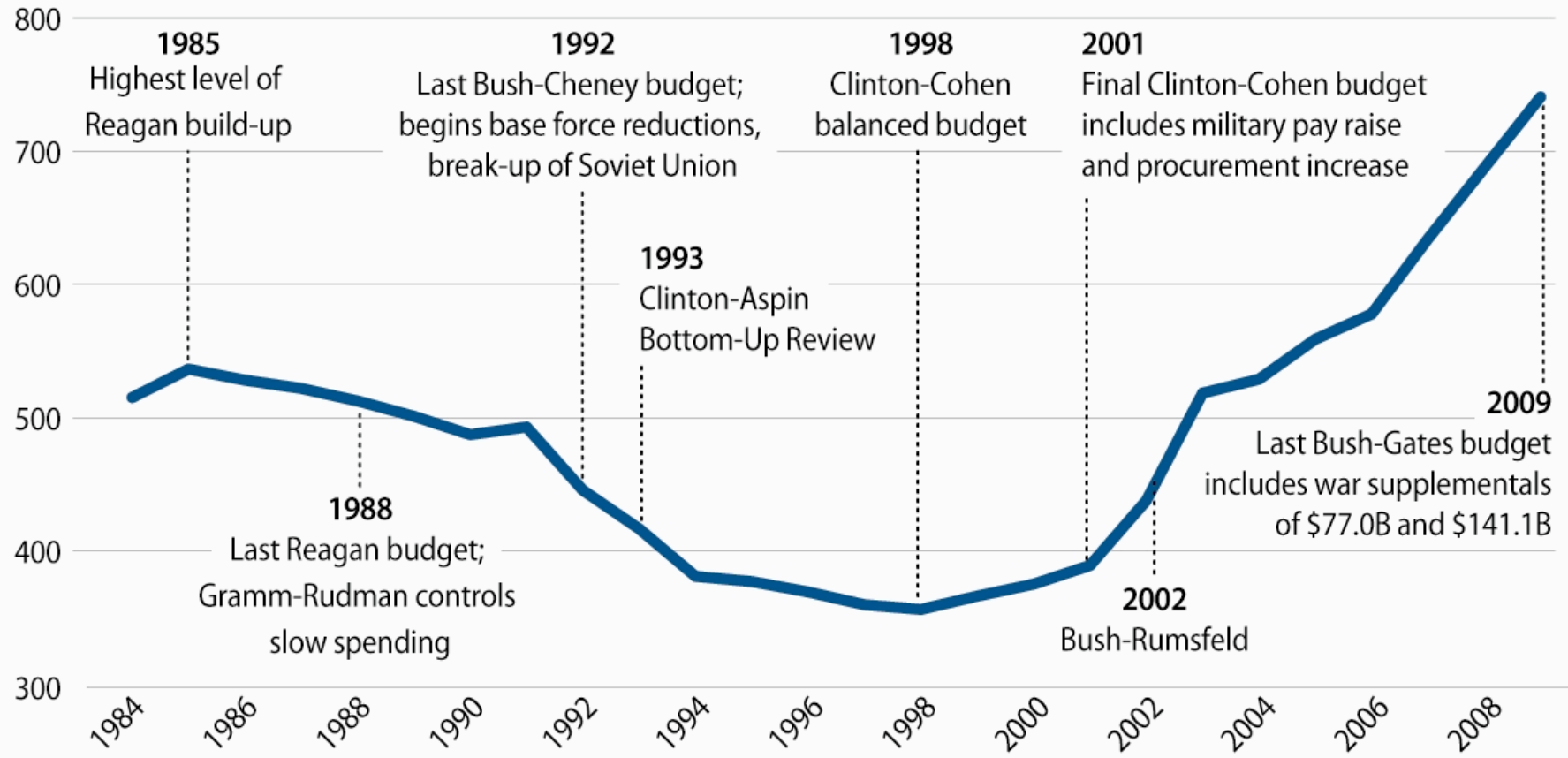
 Governance. That's why we need tools to maintain fiscal discipline while providing resources for the troops. Wartime contingencies require that resources be provided to support troops in the field, and the troops should be able to expect to rely on each of us at home. The tools used during the 1990s to limit government spending and balance the budget no longer exist. The tax surcharge is an instrument of good governance, providing an effective control for fiscal discipline while still making available all the resources for military readiness and capability, medical care and emergency

Fiscal 1988 – 2000, Defense Budget Tools that Contributed to a Balanced Federal Budget

- In response to soaring deficits, Congress approved the Gramm-Rudman budget rules;
- Break-up of the Soviet Union, and downsizing of US military under the “Base Force” proposed by Bush Administration in 1991;
- Desert Storm, and fiscal support of global allies;
- Government fiscal policy that promoted deficit reduction.

Defense Budget Trends

Fiscal Year 1985 - 2009 Constant Dollars



Defense Budget Issues for Fiscal 2010, New Complexities to Old Problems

What Drives The Current Defense Program:

- Iraq and Afghanistan, requiring a larger ground force
- O&M to support readiness
- Procurements from weapons technology to medical contracts

What Does The QDR Need to Decide

- Growing Cost of Military Personnel
- Trend lines for O&M
- Cost growth in Intergenerational Systems
- Underestimation of new technology costs
- New deployment standards for ground forces
- Broad Array of Global Security Challenges

Sustainable Security, Thinking About A Different Set of Tools

Thinking About An Integrated National Security Budget

Fiscal 2010:

■ State Department	\$ 52.3 B
■ Homeland Security	\$ 45.5 B
■ Intel	\$ 47.5 B
■ DOD	\$671.1 B
■ Total:	\$769.9 B