



Forum for American Leadership

10 Principles for the Defense Budget

As Congress reviews President Biden's FY2022 budget request, China is escalating its threats against Taiwan and Russian forces are amassing on Ukraine's eastern border. Providing adequate funds for our military is critical - so is how we direct that funding. Here are 10 principles that should inform oversight and sizing of the national defense budget:

Principle 1: Providing for the common defense is a Constitutional mandate.

- Providing for the common defense is the most important and one of the few explicit responsibilities of the federal government under the Constitution.
- As George Washington said: "To be prepared for war is one of the most effective means of preserving peace."
- Defense budget opponents have it completely backwards: they want to splurge on almost every area of the federal budget except defense.
- President Biden's FY22 budget request would increase non-defense discretionary spending by 16%, but the budget for our military wouldn't even keep pace with inflation.
- Providing for the common defense is a prerequisite for American prosperity. We should reject a false choice between security and prosperity that would come at the expense of ensuring America's servicemembers have the resources, leadership, training, and equipment they need to defend the nation.

Principle 2: The United States can afford the defense that it needs to have.

- The United States has the economic means and technological prowess to field a military capable of preserving peace and defending its interests. This does not mean we should encourage wastefulness, but we can afford genuine security that allows us to chart our own course in the world and ensure our citizenry's prosperity and freedom.
- National defense has been falling as a share of federal outlays for the last 30 years, falling from 28.1% in 1987 to 15.2% in 2019.
- National defense outlays comprised just 3.2% of GDP in 2019, down by a third since 2010 at the peak of the Afghanistan and Iraq wars, and down by nearly half since the Reagan buildup of the 1980s.
- For the first time since the Reagan buildup began 40 years ago, DoD must modernize its conventional and nuclear forces at the same time. As former Deputy Secretary of Defense Bob Work has recounted, accomplishing that feat during the FY1981-1985 timeframe required an average annual increase in defense spending of 7.3%. President Biden's budget request calls for just a 1.5% increase, not even keeping pace with inflation.

- Both as a share of the federal budget and as a share of GDP, today's spending on national defense is roughly half the level during the last major military modernization in the 1980s. In fact, spending on national defense today most closely resembles the 1990s when the U.S. slashed defense spending and cashed the so-called "peace dividend."

Principle 3: We must not ask our military to do more with less.

- Forcing the military to do more with less during the Budget Control Act (BCA) years ignored the lessons of history and produced a readiness crisis that put lives in danger.
- As former Deputy Secretary of Defense Bob Work has assessed, the BCA years resulted in "a force that was too big for the budget allocated but too small to meet the demands laid upon it."
- The BCA decade saw deadly tragedies from the *USS McCain* and *USS Fitzgerald* and more than 6,000 noncombat military aviation mishaps between 2013 and 2018 that cost 198 lives, 157 aircraft, and more than \$9 billion in damages. We must not repeat this mistake.
- History shows how defense drawdowns have repeatedly led to readiness disasters such as Kasserine Pass during World War II, Task Force Smith during the Korean War, and Operation Eagle Claw during the Iranian hostage crisis.
- Rather, DoD needs to focus on its real mission – preparing to fight and win the nation's wars – and we must not overburden them with unnecessary missions.
- Attempts to expand DoD's mandate in areas such as climate change, vaccine distribution, refugee response, and more should be heavily scrutinized. Any expansion of DoD's missions should be matched with increased resources to ensure core missions are not supplanted.

Principle 4: We must provide our military sufficient, timely, and predictable funding.

- *Sufficient*: Our military needs a budget commensurate with the strategy it is tasked to carry out, not one that is artificially limited by domestic political constraints. In order "to avoid losing future buying power and reducing the force structure the United States now has," former Deputy Secretary of Defense Bob Work has assessed that "the future years defense program needs to be inflated by 3 percent, year-over-year."
- *Timely*: Failure to pass on-time defense authorization and appropriations bills is no longer just a sad reflection on congressional gridlock, but an unaffordable strategic cost imposed on our military amid intensifying challenges. Uncertainty makes long-term planning impossible. Continuing resolutions don't continue spending as before, but instead have cost DoD billions in lost buying power. CRs also waste taxpayer dollars by preventing DoD from shifting money out of duplicative and ineffective programs. Holding the defense budget hostage to resolve disputes over domestic spending is perhaps the single-greatest driver of late defense budgets. This irresponsible behavior must stop.
- *Predictable*: The President and Congress should pursue a two-year budget agreement. Agreement on long-term funding levels for the Department of Defense would provide the intellectual and bureaucratic space to make difficult and complex tradeoffs concerning force structure, modernization, and readiness.

Principle 5: The defense budget should be strategy-driven and fiscally-informed, not the reverse.

- The defense budget should be developed in concert with and to support the implementation of the National Defense Strategy (NDS).
- Multiple defense leaders from both parties have emphasized the importance of 3-5% real growth in the defense budget to implement the current NDS. Not only did the Biden administration fall short of this growth, its budget request did not even keep pace with inflation. As a result, our military will be forced to try to preserve its edge over China with reduced buying power.
- The defense budget should not be treated as a piggy bank to be raided for domestic political priorities.
- Defense cuts will not make other priorities more affordable. For example, we would have to zero out the defense budget for nearly three years to pay for President Biden's COVID rescue plan.
- Arbitrary attempts to slash the defense budget—such as Senator Bernie Sanders' proposed 10% across the board cut—should be rejected out of hand.

Principle 6: China is both the most urgent and most significant challenge facing DoD.

- For the first time in its history, the United States is confronting a great power rival with an economy equal to or greater than its own. During the Cold War, the economy of the Soviet Union was roughly just 40% of the United States.
- China presents a comprehensive challenge to the United States extending beyond national security to the kind of jobs we have, the technology we use, the movies we can see, and more.
- While the China challenge is comprehensive, we should not diminish the severity of the intensifying military dimension of that challenge.
- China has the world's largest standing ground, largest navy, largest coast guard, and largest sub-strategic missile forces. It also has the largest air force in the Indo-Pacific.
- China's advantages are not just quantitative. DoD's China military power report assesses that China is qualitatively ahead of the United States in areas such as shipbuilding, land-based missiles, and integrated air defenses.
- Consequently, the China challenge is the primary factor that must drive the size and prioritization of the defense budget.

Principle 7: The defense budget should be sized and prioritized for deterrence by denial against China—not primacy.

- DoD does not—nor should it—seek to “dominate” China. DoD's goal is to prevent conflict with China through credible deterrence.
- Primacy is neither a necessary nor realistic objective of U.S. defense strategy and budgets.
- The need for real growth in the defense budget is not driven by a quest for primacy, but the growing difficulty and rising cost of preventing conflict through credible deterrence, especially against China in the Indo-Pacific region.

- At a minimum, the budget must support a force structured to ensure that the U.S. military can defeat aggression by denying China or Russia its objectives in the most pressing scenarios, specifically in Taiwan or the Baltic States, while shifting to a more sustainable counterterrorism posture, maintaining a robust and secure nuclear deterrent, and sustaining a national missile defense capability.

Principle 8: The United States could lose the next war it fights.

- The United States is at risk of losing a war against China or Russia today, not just tomorrow.
- The defense budget – both its topline and internal balance between current readiness and future modernization – should reflect the urgent need to halt the erosion of U.S. military advantages and to restore credible deterrence in the most important scenarios.
- Defense investments should be tightly linked to and measured against specific warfighting objectives. The highest priority should be on investments that will make the greatest impact in a reasonable timeframe in the most pressing scenarios confronting our military, specifically in Taiwan or the Baltic States.

Principle 9: It's time to embrace hard budget choices, and support leaders willing to make them.

- We need *both* real defense budget growth and disciplined budget choices – not one or the other.
- Even with real defense budget growth, DoD will have to confront difficult budgetary tradeoffs (i.e. end-strength, legacy force structure, global force management) due to the severity of the challenges posed by China and, to a lesser degree, Russia.
- Savings identified inside the defense budget should be reprioritized to address strategic priorities.
- DoD should follow the example of the Army's "Night Court" process, which clearly identified sources of savings and mapped the reinvestment of those resources to established modernization priorities.
- Leaders in the defense establishment must be empowered and incentivized to find savings and reallocate them to the most significant strategic priorities.
- Restrained global force management and new operational concepts can help balance current readiness and future modernization, but they will not generate predictable or sufficient savings to justify a declining defense budget.
- Congress and Pentagon leadership must be willing to reconsider service roles and missions as well as budget shares to drive implementation of the NDS.
- The Pentagon needs to do a better job of translating regional priorities into budget priorities, especially when it comes to posture and logistics in the priority theaters of the Indo-Pacific and Europe.

Principle 10: The danger is not in doing too much, but in doing too little.

- Fresh thinking and risk taking will be necessary to rise to master the security challenges confronting our country. Business as usual will lead to failure.

- The stakes could not be higher: preventing conflict between nuclear-armed great powers. This is the work of statesmanship and diplomacy. But it is ultimately the work of deterrence.
- The choices we make now may well determine the course of strategic competition with China and Russia for decades to come.

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