

BACKGROUND

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Sequester Decision Time: Global Leader or Regional Hegemon?

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Abstract

The most important goal of the American military is to defend the people of the United States and their interests. The U.S. must remain committed to providing for the common defense, protecting the freedom of American commerce, and seeking peaceful relations with other nations. To do this, America must renew its material investments in armaments and strategic force structure. If America's defense capabilities continue to decline, the U.S. will have less diplomatic influence and face increased security risks to its interests and territory. The history of U.S. defense spending indicates that America is now at an unmistakable decision point. Imprudent defense cuts today will largely determine America's reduced role in 21st-century world affairs.

This paper, in its entirety, can be found at <http://report.heritage.org/bg2753>

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As the year ends, Congress confronts a much delayed, monumentally important decision that will shape the possibilities of America's role in the world for generations to come. If the \$500 billion sequester defense cuts take effect as currently provided by law, the United States will be on track to pre-World War II defense spending levels—a time when America was not a superpower and not the leader of the free world. Beyond that stark reality, the sequester indiscriminately cuts defense programs without allowing for strategically guided readjustments and therefore would harm America's military readiness even more.

The Current Impasse

The congressional bargain struck in summer 2011 will impose \$1.2 trillion in automatic discretionary spending cuts—including \$500 billion in defense spending—if Congress fails to reach a budget agreement by January 1, 2013. As Chart 2 shows, this sequester would disproportionately affect defense spending and, as Chart 4 shows, does very little to address the real driver of the federal deficit—unsustainable entitlement and welfare spending.

To date, Congress has not reached a budget deal. The Pentagon is

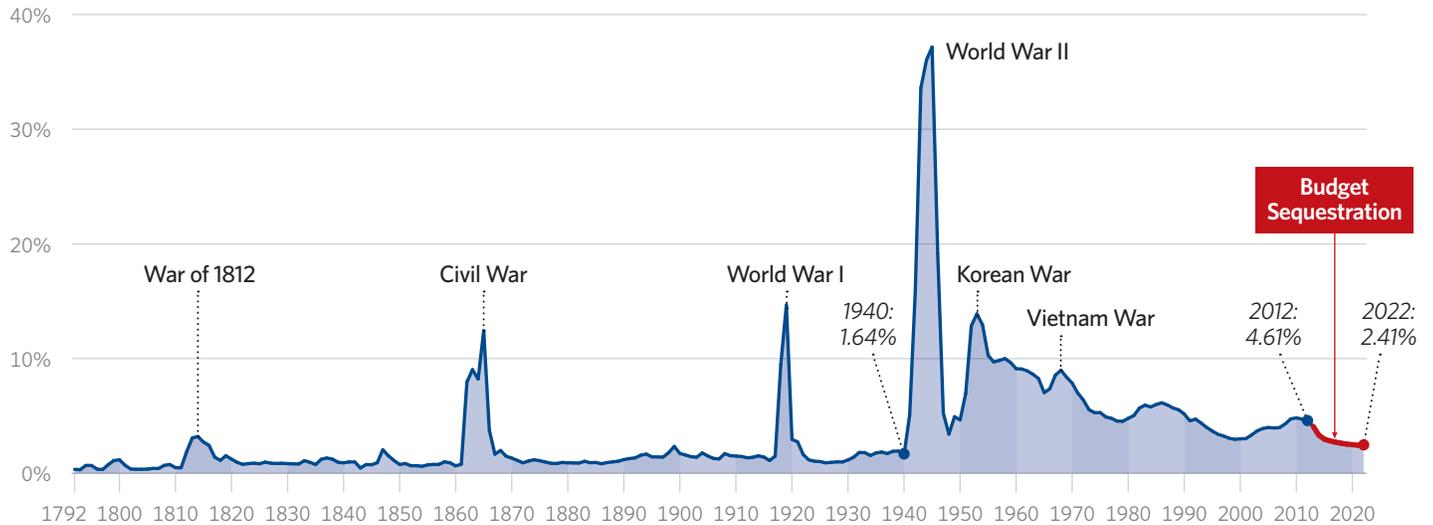
KEY POINTS

- If sequester cuts take effect, the U.S. will be on track to pre-World War II defense spending levels—a time when America was not a superpower and not the leader of the free world.
- Sequester cuts would disproportionately affect defense spending and do little to address the real driver of the federal deficit—unsustainable entitlement and welfare spending.
- America's spending priorities are out of whack. Government dependency at home threatens to weaken American security abroad. Force reductions and delayed weapons modernization are rapidly diminishing America's air and naval superiority.
- Congress and the Pentagon could achieve savings by eliminating redundant and unnecessary programs that have little to do with strategic defense priorities. These savings should be invested into upgrading existing armaments and developing new ones.
- Imprudently slashing U.S. defense levels to historic lows will make America less secure and less influential in the world.

CHART 1

Defense Spending on Track to Lowest Level Since 1940

DEFENSE SPENDING AS A PERCENTAGE OF GDP



Source: Heritage Foundation calculations. For more information, see Appendix.

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planning for the scheduled sequestration to become reality on January 2, 2013, and has slated thousands of military personnel for involuntary termination. It is now the eleventh hour, and the specter of the sequestered cuts to defense has already caused delays in defense procurement plans, contracted orders, hiring, and new armament developments, while strategic defense planning is stalled due to unprecedented budgetary uncertainty. These realities are alarming because U.S. defense spending is already approaching historic lows, even though the security challenges facing the United States have not diminished.

America's Path to Power

In the face of soaring national debt, a budgetary impasse, and the absence of presidential leadership, Congress must decide whether or not

America will have the material capabilities to continue its leading role in international affairs. At this moment, the outcome is not obvious. In similar moments in the past, Congress has decided in various ways, with attendant consequences. In addressing this issue, the 112th Congress should consider America's historical path to world power and the principles that have guided it—as well as the probable costs of a real and relative decline in U.S. hard power.

IF AMERICAN DECLINE OCCURS AT THIS POINT IN OUR HISTORY, IT WILL BE A CHOICE. DECLINE IS NOT INEVITABLE.

The emergence of the United States as world superpower in the 20th century was not an accident. In 1945, this country could have ignored

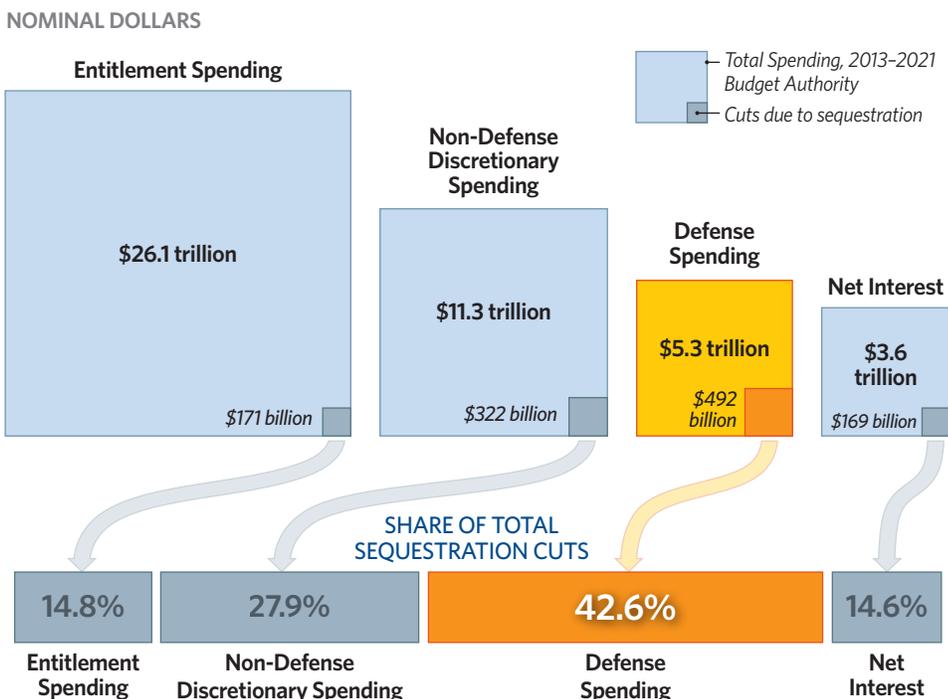
the opportunity—as isolationists and some realists then advised—and refused to assume the naval power supremacy that Great Britain could no longer sustain. However, the foundations of America's international leadership that were laid by the Founding Fathers were strong and have been strengthened through decades of experience.¹ In modern times, America's leading international role after World War II was sustained by the American people through taxpayer dollars and the sacrifices of the U.S. Armed Services—all made possible by a consensus in favor of American leadership of the free world. While the 21st-century global challenges to America's interests and ideas are great, the U.S. is well poised to face them. Hence, if American decline occurs at this point in our history, it will be a choice. Decline is not inevitable.

1. Marion Smith, "The Myth of American Isolationism, Part I: American Leadership and the Cause of Liberty," Heritage Foundation *First Principles Essay* No. 34, December 6, 2010, <http://www.heritage.org/research/reports/2010/12/the-myth-of-isolationism-part-1-american-leadership-and-the-cause-of-liberty>.

CHART 2

Budget Control Act Sequestration Would Hit Defense Hardest

The Budget Control Act's \$1.2 trillion automatic sequestration cuts, out of \$46.3 trillion in total spending, would impose draconian cuts on defense (on top of an estimated \$407 billion in cuts from its spending caps). This would slash the defense budget and jeopardize the U.S. military's ability to defend the nation. Entitlement spending—the biggest part of the budget—would scarcely be touched by comparison.



Sources: Congressional Budget Office, *The Budget and Economic Outlook: Fiscal Years 2012 to 2022*, Tables 1-3 and 3-2, January 31, 2012, <http://www.cbo.gov/publication/42905> (accessed April 8, 2012); Congressional Budget Office, "Estimated Impact of Automatic Budget Enforcement Procedures Specified in the Budget Control Act," September 12, 2011, Table 1, <http://www.cbo.gov/publication/42754> (accessed February 14, 2012); and Douglas W. Elmendorf, "Discretionary Spending," testimony before the Joint Select Committee on Deficit Reduction, U.S. Congress, Projections of Discretionary Budget Authority for Defense Programs, Table 3, October 26, 2011, http://cbo.gov/sites/default/files/cbofiles/attachments/10-26-DiscretionarySpending_Testimony.pdf (accessed April 8, 2012).

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Since the Administration of President George Washington, the U.S. military has primarily provided for the common defense of the American people. The common defense, broadly conceived, includes not just the territorial defense of the United States, but also the protection of American citizens and trade abroad. Congress approved America's first naval program—the most expensive U.S. program to date—in 1794 after Washington's persistent requests. At the time, America was also paying off its

enormous Revolutionary War debt of \$75,000,000, which amounted to nearly 50 percent of gross domestic product (GDP). Even in the absence of a declared enemy or an imminent attack, Washington urged military preparedness: "Among the many interesting objects which will engage your attention, that of providing for the common defence will merit particular regard. To be prepared for war is one of the most effectual means of preserving peace."²

Although the ships built beginning in 1794 were not used in combat

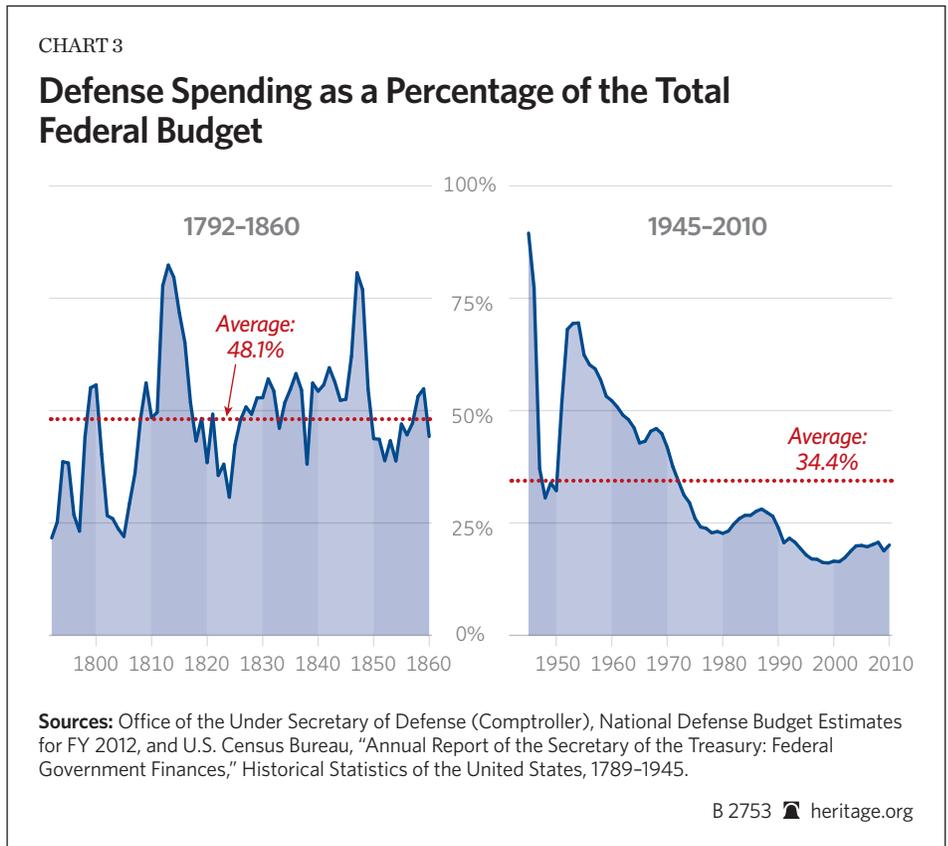
during Washington's Administration, they were deployed by his successor John Adams during a brief naval war with France, by President Thomas Jefferson against the Barbary States, and by President James Madison during the War of 1812. With the increasing strength of U.S. naval power, proven valor of American sailors, and innovative use of technology and tactics, even Great Britain, the world's most powerful country, conceded the likely rise of the United States. "There cannot be a doubt they will speedily become a respectable,

2. George Washington, "First Annual Address to Congress," January 8, 1790, http://www.pbs.org/georgewashington/collection/other_1790jan8.html (accessed December 14, 2012).

and ere long, truly formidable naval power,” said one British journalist at the time.³

By 1907, when modern America’s resources, interests, and politics signaled a transition from regional dominance in North America toward a greater role in world politics, President Teddy Roosevelt’s Great White Fleet and steady investments in the U.S. Navy prepared the way. Likewise, following World War II, President Harry S. Truman invested heavily in defense (including the Air Force), tripling U.S. defense spending beginning in 1950. (See Chart 1.) This buildup and the decision to intervene militarily on the Korean Peninsula signaled America’s earnest intent to check the expanding influence of the Soviet Union, an expansionist Communist system hostile to the interests and principles of the American people. These material capabilities enabled America to assume a position of global leadership in the Cold War between the “free world” and the Soviet Bloc. Later, Ronald Reagan’s military buildup—defense spending increased to roughly 6 percent of GDP—was crucial to American diplomatic successes and contributed to the dissolution of the Soviet Union, resulting in freedom for millions of people throughout Europe and Central Asia. Today, the global commons, which are vital for U.S. trade, are maintained and international stability is strengthened by the existence and occasional use of American military power.

In the early days of the republic, defense spending as a percentage of



GDP remained low, but accounted for nearly half of the federal budget, more than any other area of spending. (See Chart 3.) Despite intense congressional debates, severe miscalculations about foreign risks, and a few explicitly anti-war and isolationist Senators and Representatives, military spending for the common defense was the clear priority at the federal level. Additionally, individual states maintained militia forces and some naval fighting vessels.

In 1815, in an attempt to prevent Congress from dismantling the Army and Navy as it had done before, President James Madison highlighted “important considerations which forbid a sudden and

general revocation of the measures that have been produced by the war.” Instead, Madison asked Congress to authorize long-term defense programs, noting that “a certain degree of preparation for war is not only indispensable to avert disasters in the onset, but affords also security for the continuance of the peace.”⁴ In 1815, Madison also stationed a permanent U.S. naval squadron in the Mediterranean Sea to protect American trade, setting a precedent for the U.S. Navy’s role in protecting peacetime commerce and enabling the boom in U.S. foreign trade in the decades that followed.

As early as 1815, near continual war and disruptions of foreign

3. Albion, letter to the editor, *The Naval Chronicle*, February 6, 1815, in *The Naval Chronicle*, Vol. 33 (Cambridge, U.K., Cambridge University Press, 2010), p. 222, <http://books.google.com/books?id=ZzBOKqeFh90C&printsec=frontcover#v=onepage&q&f=false> (accessed December 14, 2012).

4. James Madison, address to Congress, February 18, 1815, in U.S. Congress, *American State Papers: Documents, Legislative and Executive, of the Congress of the United States*, [Foreign Relations] Vol. 3 (Washington, DC: Gales and Seaton, 1832), p. 731, <http://memory.loc.gov/ammem/amlaw/lwsplink.html> (accessed December 14, 2012).

commerce had produced a consensus opinion that America must not only defend U.S. territory from foreign attacks, but also work to shift the balance of power in international affairs—however great or small—in favor of American freedom, beginning in the Western Hemisphere. This understanding was reached long ago and necessitated a rejection of potentially isolationist or strictly non-interventionist policies, and it emphasized the interrelated nature of America’s military, economic, and diplomatic policies. This constitutes providing for the common defense, as historically understood in America. Over time, America’s economic growth, territorial expansion, and material capabilities allowed the U.S. to grow into a superpower and champion for freedom around the world—a role that the Founders and many American statesmen anticipated.

Since 1945, the United States has maintained a higher level of defense spending as a percentage of GDP compared with pre-World War II levels. (See Chart 1.) This commitment to material capabilities or hard power has corresponded with America’s emergence as world superpower, including a global diplomatic and commercial presence and the rapid growth of interests abroad. While the U.S. has not necessarily fought fewer wars in this period than in previous times, wars since 1945 have been far less disruptive to the U.S. citizenry and economy and have been fought on foreign soil.

However, the ever expanding and extra-constitutional purview

of government power has affected America’s institutions of national security. As with most areas of government, there is waste in the U.S. defense budget.⁵ Congress and the Pentagon could achieve savings by eliminating redundant and unnecessary programs that have little to do with strategic defense priorities. At the same time, however, it would be prudent to invest these savings into weapons modernization, which has been sorely underfunded for the past two decades.

America cannot most effectively fight tomorrow’s wars with today’s weapons systems. The likely ultimate cost of underfunding the common defense is unacceptably high. Moreover, it is a mistake to believe that cutting defense spending can significantly reduce America’s deficit while ignoring the real drivers of the national deficit.

AMERICA CANNOT MOST EFFECTIVELY FIGHT TOMORROW’S WARS WITH TODAY’S WEAPONS SYSTEMS.

A Question of National Priorities

In the midst of the current budget battle, many on both the right and the left assume that defense spending is a luxury that America can no longer afford. This view is far removed from both historical experience and the U.S. government’s priorities as delineated by the U.S. Constitution. The Framers

of the Constitution shared James Madison’s conviction that “security against foreign danger is ... an avowed and essential object of the American Union.”⁶ They understood that certain goals listed in the Constitution—justice, domestic tranquility, and the general welfare—entailed the absence of government activity beyond establishing a framework for representative lawmaking and impartial adjudication. By contrast, the Constitution enumerates many specific powers in order to provide for the common defense. In government activity, national security is the first priority of the U.S. government.

Today, America’s spending priorities are out of whack. Government dependency at home threatens to weaken American security abroad. Increasingly, Americans look to government as a source of financial, physical, and emotional well-being. Americans’ growing dependence on government is both a symptom and a cause of the move away from constitutional government and toward an ever-greater role for government in the daily lives of ordinary citizens.⁷ This trend has put American finances on an unsustainable path and undercuts America’s ability to fund the common defense.

The text of the Constitution does not mandate a specific level of defense spending. In a legal sense, it is acceptable to choose social welfare over national security as a spending priority. Although reducing America’s military force may be a legitimate option from a legal

5. Tom A. Coburn, “Department of Everything Report,” November 2012, http://www.coburn.senate.gov/public/index.cfm?a=Files.Serve&File_id=00783b5a-f0fe-4f80-90d6-019695e52d2d (accessed December 14, 2012).

6. James Madison, *Federalist* No. 41.

7. William W. Beach and Patrick Tyrrell, “The 2012 Index of Dependence on Government,” Heritage Foundation *Special Report* No. 104, February 8, 2012, <http://www.heritage.org/research/reports/2012/02/2012-index-of-dependence-on-government>.

perspective, it is also a foolish one. Although the precise level of defense spending may be a political issue, it involves the safety and longevity of the American constitutional republic. As such, it ought to stand above partisan politics, but history shows this is rarely the case, especially in the absence of effective presidential leadership.

The Cost of Material Decline

If the sequester takes effect, U.S. defense spending will be cut by \$500 billion over the next decade, in addition to the \$800 billion in reductions already made by the Obama Administration. These combined cuts will lower U.S. defense spending to pre-World War II levels as a percentage of GDP and severely undermine the U.S. military's ability to accomplish its current and anticipated operational tasks. In practical terms, the U.S. will have the smallest land force since 1940, the smallest navy since 1915, and the smallest tactical fighter air force ever. Despite technological improvements and increased firepower, sheer numbers of troops, ships, and fighter jets have a strategic value in themselves because no soldier, ship, or jet can be in two places at once. Meanwhile, the needed modernization of America's armaments will be delayed indefinitely. U.S. Secretary of Defense Leon Panetta has described this prospect as "devastating," considering that America is "within an inch of war almost every day."⁸

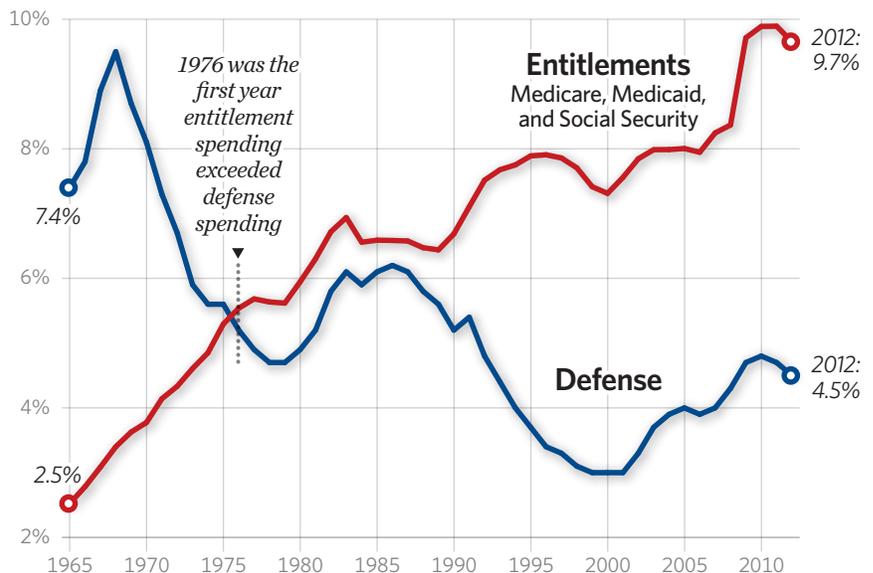
America's defense will soon resemble 1940 levels, a time when America was a regional hegemon,

CHART 4

Medicare and Other Entitlements Are Crowding Out Spending on Defense

Ever-increasing entitlement spending is putting pressure on key spending priorities, such as national defense, a core constitutional function of government. Defense spending has declined significantly over time, even when the wars in Iraq and Afghanistan are included, as spending on the three major entitlements—Social Security, Medicare, and Medicaid—has more than tripled.

PERCENTAGE OF GDP



Note: 2012 figures estimated.

Source: Office of Management and Budget, *The President's Budget for Fiscal Year 2013, Historical Tables*, Table 8.4, 8.5, and 10.1, February 2012, <http://www.whitehouse.gov/omb/budget> (accessed April 8, 2012).

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but certainly not a global power. (See Chart 1.) The material inability to project and sustain hard power around the world will have direct and far-reaching consequences. America's potentially degraded strength and respectability will occur in the face of steadily increasing military investments by other

countries that do not share America's commitment to political, economic, and religious freedom.

Among these countries is China, an officially communist government guilty of grave human rights abuses at home and of intimidating its foreign neighbors. Beyond maintaining the largest manned military

8. Felicia Sonmez, "Debt-Panel Failure Would Result in 'Devastating' Defense Cuts, Panetta Says," *The Washington Post*, November 14, 2011, http://www.washingtonpost.com/blogs/2chambers/post/debt-panel-failure-would-result-in-devastating-defense-cuts-panetta-says/2011/11/14/gIQA1u5LN_blog.html (accessed December 14, 2012), and Jeremy Herb, "Pentagon Chief: 'We're Within an Inch of War Almost Every Day,'" *The Hill*, April 18, 2012, <http://thehill.com/blogs/defcon-hill/policy-and-strategy/222387-panetta-were-within-an-inch-of-war-almost-every-day> (accessed December 14, 2012).

on earth, China's unprecedented buildup of technologically advanced military capabilities is evident in its new stealth fighter jets, aircraft carriers, submarines, and missile systems. China is not presently an enemy of the United States, although its system of government is fundamentally dissimilar. It is increasingly clear that, if left unchecked, China's increasingly dominant position in East Asia threatens the stability and tranquility of that region—a region vital to American commercial interests.

America's air and naval superiority is diminishing rapidly as a result of force reductions and delayed modernization. Clear, present, and tangible security challenges emanate from Iran, North Korea, and an increasingly tumultuous Middle East. Moreover, new arenas of warfare have emerged, including cyberspace and outer space. America's defense capabilities need to match the security challenges and U.S. strategic goals—no more, but certainly no less.

Conclusion

Taxpayer dollars spent on defense should be spent wisely, and any wasteful spending in the Pentagon should be eliminated, but it is essential that America's levels of defense spending match the strategic priorities and current operational tasks of the U.S. military. At the very least, Congress should allow the Department of Defense to absorb any reductions in defense spending in a manner guided by strategic planning, not by the arbitrary and foolishly

indiscriminate across-the-board cuts mandated by the sequester. Imprudently slashing U.S. defense levels will make America less secure and less influential in the world.

As its power has grown, the United States has steadily, although imperfectly, enhanced international respect for the ideas of liberty, equality, and justice around the world. If America no longer fulfills this role, the global balance of power will inevitably shift in a direction more hostile to American liberties. The commander in chief is responsible for setting a stable course that reflects America's proper role in the world and that provides the military, diplomatic, and economic capabilities needed to carry it out. In the absence of presidential leadership, Congress needs to carefully weigh the cost and consequences of America's investments in national defense.

Other nations are indeed rising in material terms, and this is a good thing, but no nation is currently capable of replacing America's position of global leadership in defending free markets and free peoples. If the United States relinquishes its position as leader of the free world, it will do so because Americans and their elected representatives have decided to abandon it. Before making such a decision, they should remember that the vacuum left by America in chosen decline will be filled by other powers with very different ideas of international order.

—*Marion Smith is a graduate fellow in the B. Kenneth Simon Center for Principles and Politics at The Heritage Foundation.*

Appendix Sources for Chart 1

Sources for GDP and GDP Deflator

GDP and GDP Deflator, 1791–2002

Richard Sutch, “National Income and Product,” chap. Ca, in Susan B. Carter et al., eds., *Historical Statistics of the United States, Earliest Times to the Present: Millennial Edition* (New York: Cambridge University Press, 2006), Series Ca9-19. Richard Sutch’s GDP estimates were converted from 1996 dollars to 2005 dollars using the Bureau of Economic Analysis’s Implicit Price Deflator for Gross Domestic Product. One 1996 dollar equals \$1.203 in 2005 dollars (rounded). U.S. Department of Commerce, Bureau of Economic Analysis, National Income and Product Accounts Tables, Table 1.1.9, <http://www.bea.gov/iTable/iTable.cfm?ReqID=9&step=1> (accessed December 17, 2012). GDP figures for years prior to 1820, except 1810 and 1800, are interpolated from the GDP figures for 1800, 1810, and 1820.

GDP and GDP Deflator, 2003–2017

U.S. Office of Management and Budget, *Budget of the U.S. Government, Fiscal Year 2013: Historical Tables* (Washington, D.C.: U.S. Government Printing Office, 2012), p. 211, Table 10.1, <http://www.whitehouse.gov/omb/budget/Historicals> (accessed December 17, 2012).

GDP, 2012–2022

Congressional Budget Office, “An Update to the Budget and Economic Outlook: Fiscal Years 2012 to 2022,” August 22, 2012, p. 2, Table 1-1, http://www.cbo.gov/sites/default/files/cbofiles/attachments/08-22-2012-Update_to_Outlook.pdf (accessed December 17, 2012).

GDP Deflator, 2018–2022

IHS Global Insight Chained Price Index, Total Personal Expenditures, 3rd Quarter 2012, based on data from the Bureau of Economic Analysis.

Sources for Defense Spending

Defense Spending, 1792–1939

John Joseph Wallis, “Government Finance and Employment,” chap. Ea, in Carter et al., eds., *Historical Statistics of the United States*, Series Ea638–Ea640 and EA643.

Defense Spending, 1940–2017

U.S. Office of Management and Budget, *Budget of the U.S. Government, Fiscal Year 2013, Historical Tables*, p. 47, Table 3.1.

Defense Spending, 2018–2022

U.S. Office of Management and Budget, *Budget of the U.S. Government, Fiscal Year 2013: Analytical Perspectives* (Washington, D.C.: U.S. Government Printing Office, 2012), Table 32-1, http://www.whitehouse.gov/omb/budget/Analytical_Perspectives (accessed December 17, 2012). The 2018–2022 appropriations were adjusted using Heritage Foundation calculations to estimate outlays for those years.