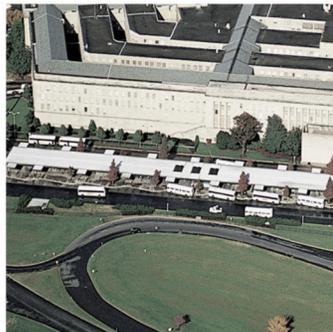


DEFENDING AMERICA, DEFENDING TAXPAYERS



How Pentagon Spending
Can Better Reflect
Conservative Values



Free markets. Real solutions.

ABOUT THE ORGANIZATIONS



National Taxpayers Union (NTU) is America's independent, non-partisan advocate for overburdened taxpayers. NTU

mobilizes elected officials and the general public on behalf of tax relief and reform, lower and less wasteful spending, individual liberty, and free enterprise. Founded in 1969, the organization works at all levels for the day when taxpaying citizens' right to a limited government is among our nation's highest democratic principles. For more information about NTU, please visit www.ntu.org.



The R Street Institute is a new non-profit, non-partisan think tank that supports free markets, limited and effective government, and responsible environmental stewardship. Founded in 2012, R Street strives to craft pragmatic solutions to domestic budget, tax, and regulatory challenges. For more information about R Street's work, please visit www.rstreet.org.

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EXECUTIVE SUMMARY

As conservative organizations, the R Street Institute and National Taxpayers Union (NTU) believe strongly in a robust national defense. However, our groups also believe strongly in exercising fiscal discipline in all areas of the federal budget. As by far the largest portion of discretionary spending, Pentagon expenditures must not escape scrutiny as conservatives examine methods for reducing our staggering debt.

That is why we have joined together to produce this report. By aggregating research from various reliable sources, we hope to demonstrate that the “universe” of programs and processes in need of reform at the Pentagon is more than large enough to allow for compliance with so-called sequestration while maintaining the strongest and most capable military the world has ever known.

What follows is a written report and appendices with 100 specific recommendations that fall into three broad categories, totaling nearly \$1.9 trillion:

- **\$385.8 billion through 50 specific changes to weapons systems (Appendix 1).** For example, replacing the costly V-22 Osprey aircraft with MH-60 and CH-53 helicopters could net over \$17 billion in savings by 2023.

- **\$618.6 billion through 20 specific changes to personnel and compensation (Appendix 2).** For example, trimming civilian positions at the Department of Defense (DoD) by attrition could save nearly \$37 billion by 2023.
- **\$878.5 billion through 30 specific changes to programs and processes (Appendix 3).** For example, consolidating DoD grocery and retail stores could save upwards of \$9 billion by 2023.

It should be noted that this report is not intended to be an A-to-Z sequential “roadmap” to reform. Several of the recommendations overlap or conflict with others, or would lead to spending additional money in related areas to compensate. For instance, scaling back or eliminating the F-35 Joint Strike Fighter program would necessitate greater reliance on (and investment in) the existing F/A-18 as an offset.

Furthermore, while the reforms listed here total roughly \$1.9 trillion by 2023, our organizations realize that such a steep cut to total defense spending in the next decade is not achievable and likely not desirable. We present the list in its totality here instead to show that existing avenues for reform are amply sufficient to accommodate sequestration as but a first step down the path to a long-overdue fundamental restructuring of Pentagon spending.

PART I

INTRODUCTION: A FISCALLY SUSTAINABLE APPROACH TO NATIONAL SECURITY

When it comes to the Pentagon's budget, why aren't political conservatives in Congress and elsewhere working to bring excessive expenditures under control? The answer is, many of them *have been* doing so, and all of them *should be* doing so.

Unlike many of the dubious functions the federal government improperly assumes, "provid[ing] for the common defence" is granted to Congress and enumerated in several parts of the Constitution, such as to "raise and support Armies" and "provide and maintain a Navy."

Safeguarding the nation from its enemies is the single most important task the American people have entrusted to Washington. As such, it confers upon our leaders a special responsibility to balance all aspects of national security in developing a coherent policy. This entails not simply cobbling together a warfighting capability and funding sophisticated weapons. It must also mean differentiating needs from wants, planning for economic as well as military strength, exercising consistent oversight, and ensuring that our defense posture reflects the sustainable, right-sized government conservatives seek.

Unfortunately, Congresses and Presidents have often fallen short of fulfilling this responsibility. Instead of methodical budgeting, taxpayers are frequently treated to horse-trading sessions designed to allay parochial fears over "local jobs." Such a notion is offensive to conservatives, who opposed the 2009 "stimulus" bill's premise that government-directed deficit spending can

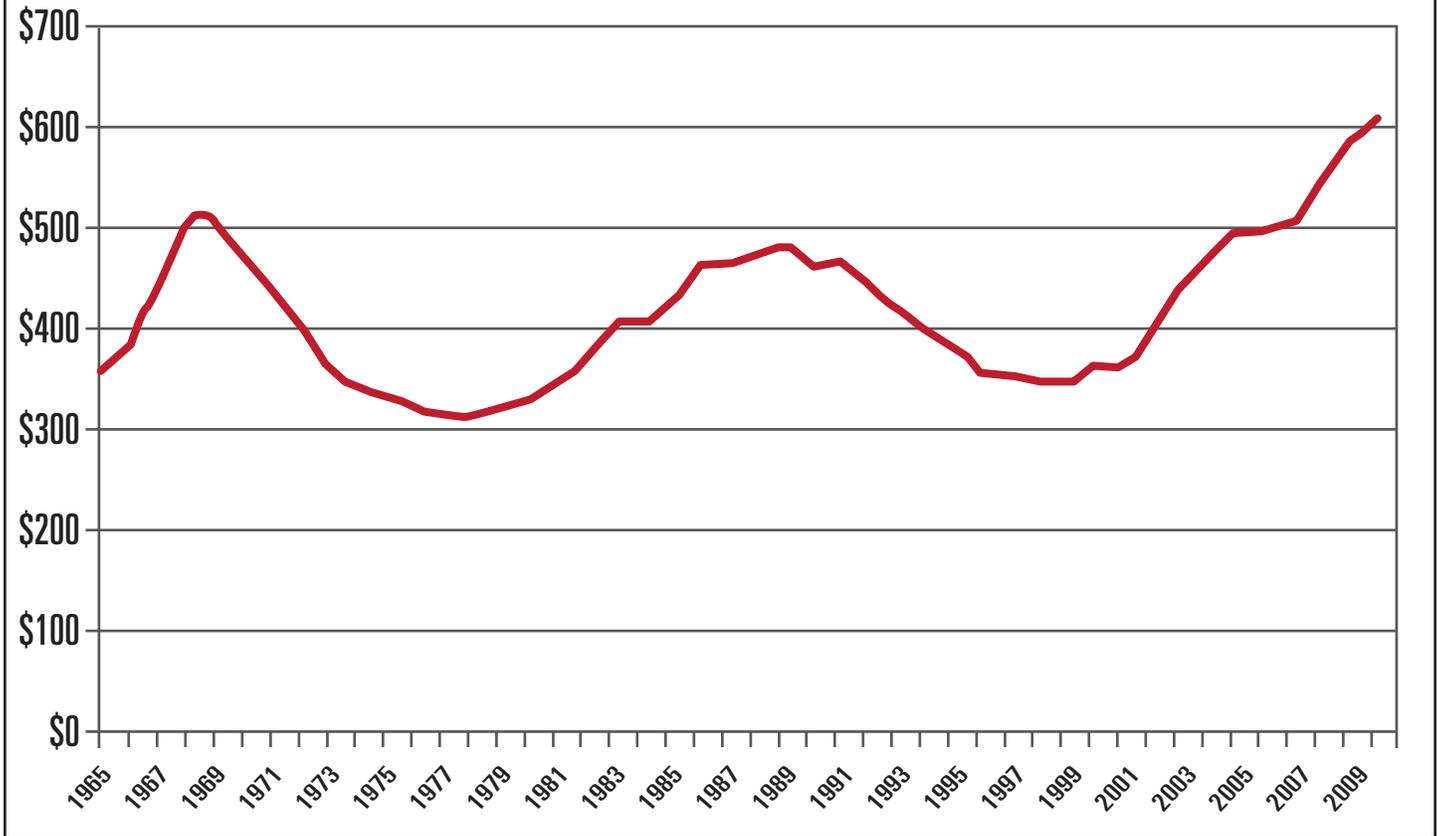
guarantee prosperity better than truly private economic activity.

Or, they are treated to political platitudes such as "we can't put a price tag on defending our freedoms" – a curious proposition, since countries that pay little heed to government expenditures are generally not known for having strong free-market economies.¹

Ultimately, these purported justifications for excessive levels of Pentagon spending ignore what is rapidly becoming the single greatest threat to our survival as a powerful capitalist nation: financial instability from an unaffordable government. The main drivers of this instability are structurally unsound entitlement programs. Nonetheless, other expenditures cannot be overlooked in this arithmetic. Between the Departments of Defense (DoD), Energy (nuclear weapons), Veterans Affairs, Homeland Security, State, and other agencies, national security-related spending goes well beyond weapons and uniformed soldiers. For Fiscal Year 2013, this more inclusive measurement would exceed \$800 billion.²

The expenditure levels on individual components of national security are also eye-opening when put in a historical context. As National Taxpayers Union Foundation Director of Research Demian Brady wrote in 2012, "Over the ten years since F[iscal] Y[ear] 2001, defense spending rose by about \$24 billion a year, in constant dollars."³

National Discretionary Defense Spending In Constant (FY 2005) Dollars (in billions)



Source: National Taxpayers Union Foundation, from federal budget data.

Such a large sum – amounting to roughly one-fifth of all federal outlays and more than half of all discretionary spending – must, along with civilian domestic programs, be part of any comprehensive blueprint for fiscal restraint.

Furthermore, the U.S. defense establishment should be confronting a drawdown brought on by withdrawals from Iraq and Afghanistan. Compared to other post-conflict eras, however, current plans for expenditure pare-backs are quite modest. In fact, Cato Institute research (summarized in the following chart) has indicated that under most scenarios, defense outlays are projected to begin rising again well before the end of this decade.⁴ Normally, recent post-conflict drawdowns have led to large spending reductions.⁵

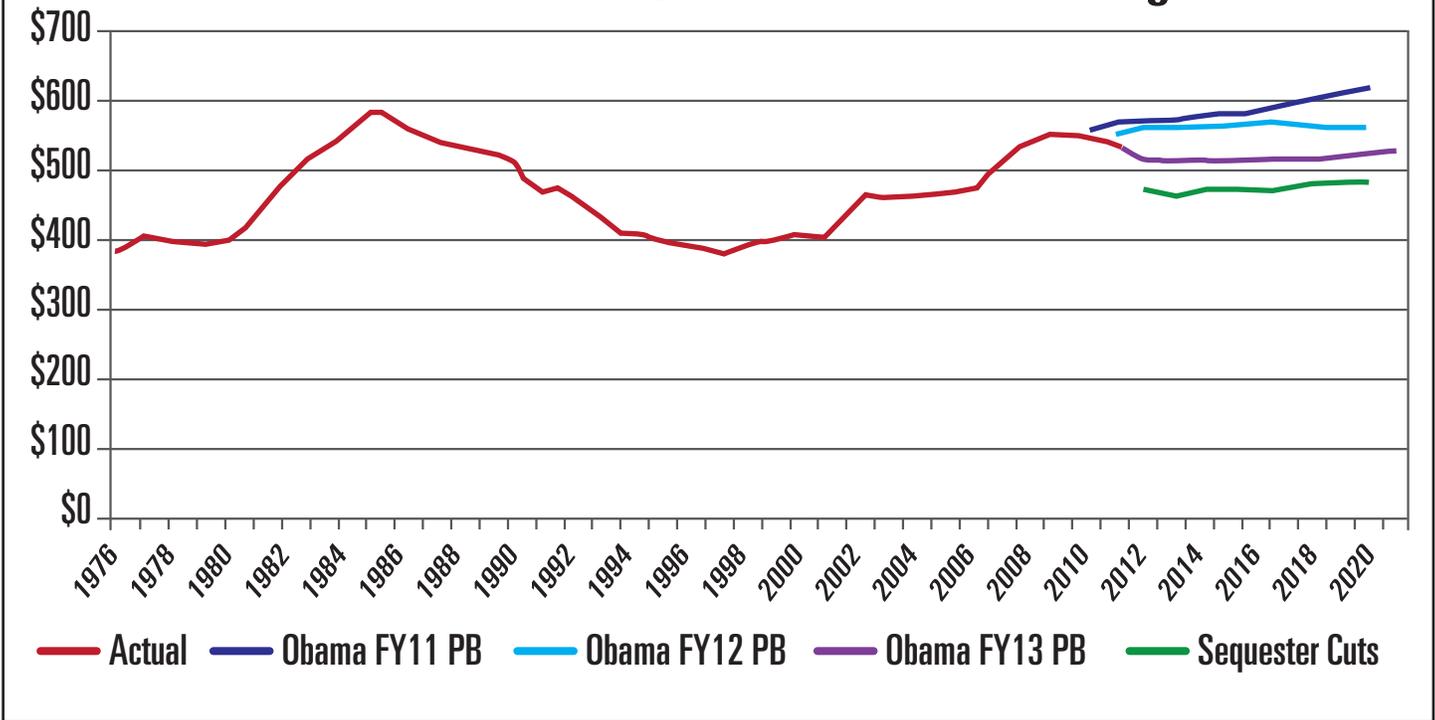
“Not only does the Pentagon bid up the prices of items which only it can buy – like tanks – but it also pays too much for everyday items – like screws – which anyone could buy for less. Since the military does not need to compete in providing our defense, it has no reason to worry about cost-effectiveness.”

James Davidson, Chairman Emeritus,
National Taxpayers Union

Quoted in NTU's *Dollars & Sense* Newsletter
September/October 1982 Edition

Pentagon Spending Since 1976 and Projections

Constant 2012 Dollars, PB = President's Budget



Source: Cato Institute.

Nearer-term legislative actions make this issue even more imperative. For better or worse, the Budget Control Act of 2011's sequestration mechanism has taken effect, amid the usual howls of protest accompanying any pullback in government spending rates. Early indications suggest that federal agencies are, with some disruptions, managing the process as best they can. For example, DoD has announced that civilian workers will be furloughed an average of 14 days this year instead of the initially feared 22 days.⁶

Yet, it is undeniable that sequestration will, if allowed to stand until its expiration in 2022, present significant political and fiscal challenges. Disturbingly, some Members of Congress have responded by proposing tax increases that would endanger a still-tenuous economic recovery.

Even a few self-styled conservative lawmakers, concerned about sequestration's impact on the Pentagon's budget, have publicly pondered tax hikes as a substitute. In 2011, for example, Representative Buck

McKeon (R-CA) contended he would "go to strengthen defense" if presented with revenue-raising options instead of the sequester, even though he had "never voted for a tax increase" in the past.⁷ More recently, Representative Tom Rooney (R-FL) said that if forced to choose between "hollow[ing] out the Pentagon or increas[ing] taxes, I would support the latter to make sure that we didn't lose our capability to maintain our superpower status."⁸ And in an interview earlier this year, Senator John McCain (R-AZ) signaled that he would be willing to "look at revenue closers" to halt sequestration.⁹

Granted, these and other remarks have come with a number of qualifications, and Republican caucuses have at the time of this writing demurred on votes to suspend sequestration through tax increases. Yet, the budget process, as well as any effort at systemic tax reform, could afford numerous opportunities to foist higher tax burdens on the American people and avoid prudent choices to scale back spending in all areas.

In any case, meeting the aforementioned challenges with proper and intelligent spending reductions is the preferable approach for conservatives. It was with these concerns in mind, as well as a genuine hope for a more rational national security strategy, that this paper was written.

Washington does not suffer from a dearth of ideas on how best to restructure the Pentagon budget and realign our national security strategy. For this reason, we do not seek here to deeply plow new ground for policy. Most recommendations have been culled or adapted from existing publicly available sources, and may be familiar to some readers. But in each example, we have striven to make case for eliminating, reducing, or reforming a current Pentagon policy specifically from the fiscally conservative perspective. These options fall into three broad categories:

- 1) Addressing Wasteful, Unnecessary, or Low-Priority Weapons Systems. These items largely represent the “low-hanging fruit” of military undertakings that show little promise of making efficient or effective contributions to the nation’s security. While each project may have a parochial interest representing it, we believe any conservative outside that project’s manufacturing region or base of operation should be able to voice his or her opposition to it.
- 2) Pursuing Personnel, Compensation, and Benefit Reforms. With so much of the military budget tied to personnel, and with the Pentagon facing many of the same workforce issues that affect agencies throughout government, it is fitting for conservatives to support changes to compensation and benefits that reflect best practices and experience from the private and other areas of the public sector. These also include gradual reductions in uniformed and civilian personnel.
- 3) Overhauling Deficient Processes. *How* the Pentagon does things is as important as what it does. Suggestions in this section – running from supply-chain improvements to accounting upgrades – are basic tenets of management that conservatives have long backed for other agencies at the federal, state, and local levels.

All told, our analysis provides nearly \$1.9 trillion of recommendations for potential savings over the space of a decade through over 100 specific policy changes – more than enough to choose from in order to meet sequestration targets established in the Budget Control Act. **We do not mean to suggest that all of these proposals could or should be immediately enacted together.** Several recommendations overlap or clash with one another and even if they did not, cutting almost one-third of expected Pentagon spending over the next ten years is neither achievable nor desirable. The list is presented in its totality to demonstrate the full range of options Congress has to confront wasteful or inefficient spending in the defense budget while still being mindful of the overall impact on national security interests.

Even if the pressure of sequestration did not exist, many of these suggestions would make vital progress toward any long-term conservative blueprint for limited government that relies on fiscal discipline, economic freedom, and accountability from elected officials.

While the cost estimates accompanying these items involve projections and assumptions that may be subject to interpretation, we have endeavored to be as cautious as possible in expressing the amount of taxpayer dollars at stake. In addition, we are providing a brief overview of past efforts and future prospects for practical cooperation which will hopefully encourage leaders to, in the words of former Joint Chiefs Chairman Mike Mullen, “steward every dollar that we have” for national security. Such cooperation would extend to partners on other points of the political spectrum.

It is our hope to demonstrate that those dollars can be appropriated in a more thoughtful manner, one which protects the nation’s finances as well as its shores. We are confident that working together, conservatives in government as well as at the grassroots can help to defend America and defend taxpayers at the same time.

PART II

RECOMMENDATIONS FOR REFORM

ADDRESSING WASTEFUL, UNNECESSARY, OR LOW-PRIORITY SYSTEMS, \$385.8 BILLION

More than a few commentators have criticized the Pentagon's budget for failing to recognize that the Cold War is over and a new era has begun. Now, with operations in Iraq and Afghanistan coming to a close, our military budget planning process runs the risk of being *two* eras behind.

However, taxpayers are not only saddled with items the Department of Defense doesn't need, they are also footing the bill for systems the services don't even want. Worse, Senator Tom Coburn's (R-OK) recent "Department of Everything" report is only the latest resource demonstrating that DoD has become a repository for elected officials' parochial spending items that fall well outside the military's mission. But the Pentagon's priorities can sometimes seem strange too. Coburn's report highlighted items such as:

- A Navy-developed app that tells iPhone users the best time to take a coffee break;
- A Navy- and Air Force-funded study on Twitter jargon variations among states;
- A DoD partnership with the Agriculture Department to produce a reality cooking show featuring two "Grill Sergeants";
- \$450,000 for a study concluding babies are likelier to pay attention to robots that tried to interact with them; and

- \$1.5 million to develop a Pentagon-branded beef jerky.¹⁰

This section provides guidance on ending programs that no longer serve a useful purpose, have failed to demonstrate effectiveness or value, duplicate other initiatives, or never should have been funded through DoD in the first place. Through 50 recommendations in Appendix 1, it identifies a total of \$385.8 billion in potential spending reductions.

"Aspects we think of as being typical in bureaucracy are found in the Defense Department. Among these characteristics is a top-heavy organization manned by lots of chiefs and comparatively few Indians; a system in which tenure is more highly valued than output; and an organization in which output is very difficult to measure."

Eric Meltzer

*Writing in National Taxpayers Union's
Dollars & Sense Newsletter*

December 1982 Edition

INSTITUTING HUMAN RESOURCES REFORMS, \$618.6 BILLION

Apart from Overseas Contingency Operations, more than one-fourth of the base defense budget is attributable to personnel compensation costs.¹¹ Moreover, a recent report from the Defense Business Board reminded Americans that the financial strains will worsen. Defense Department actuaries projected that yearly payments for military retirement alone would more than double between 2010 and 2035.¹² Health care costs will likely rise faster than inflation in the coming decade, much like they will for civilian federal health programs.¹³

For these reasons alone, a fiscally conservative plan for Pentagon spending must consider reforms to staffing and benefits, just as conservative budget proposals for other federal employees or entitlement beneficiaries do.

It is important to recognize that the risks and hardships of military service are far greater than most other occupations in government, and compensation must

reflect the sacrifices that such service entails. Still, pay and benefits for service members can embrace conservative principles such as strengthening the relationship between provider and patient, designing benefits for portability and flexibility, and allowing more individual control over retirement assets through defined contributions (a concept already present in the retirement system). Although programs such as Social Security and Medicare operate through a different method of finance, conservatives should recognize that the underlying reasons for their unsustainable financial growth can encumber military programs as well.

This section presents a phased-in approach to compensation reform, as well as other structural changes to personnel levels in the services. These adaptations are a vital response to ongoing demographic, societal, and international trends. Through 20 recommendations in Appendix 2, it identifies a total of \$618.6 billion in potential spending reductions.

CORRECTING DEFICIENT PROCESSES, \$878.5 BILLION

As parts of this study have recounted, DoD's everyday management remains highly troubled. On a biennial basis, the Government Accountability Office (GAO) "calls attention to agencies and program areas that are high risk due to their vulnerabilities to fraud, waste, abuse, and mismanagement, or are most in need of transformation."¹⁴ In 2013, this "High Risk List" contained 30 separate findings. Of these, no fewer than eight directly pertained to DoD, encompassing huge aspects such as contract management, weapons systems acquisition, and business systems modernization. Several other high

risk areas, such as strengthening Department of Homeland Security management functions, are related to national security policy.

"Audit the Pentagon" legislation, sponsored in various forms by Senator Tom Coburn (R-OK) and Representative Barbara Lee (D-CA), is vital to establishing a basic accounting foundation at the Department of Defense upon which other fiscal reforms can be built. The savings depicted here are therefore likely understated, as systemic benefits from a uniform accounting system are fully realized.

Conservatives recognize that the Pentagon cannot perform with the efficiency of a private business in every way. However, the guidance presented in this section is designed to improve the Pentagon's institutional culture – notoriously resistant to reform – in disciplines ranging from logistics to financial management. Other cultures that interact with the Pentagon, including private contractors, must make improvements as well. The result will be a more business-like structure that can better serve the warfighter as well as the taxpayer.

Through 30 specific recommendations in Appendix 3, this section identifies as much as \$878.5 billion in potential spending reductions.

Other Avenues for Reform

In the course of their research, the authors came across possibilities for reforming the Pentagon budget that had clear potential for savings to taxpayers, but could not necessarily be quantified with a sufficient degree of specificity. A few such cases are presented here.

In late 2012, the Whistleblower Protection Enhancement Act (WPEA, S. 743) was enacted into law, with the support of conservatives such as Representative Darrell Issa (R-CA) and Senator Chuck Grassley (R-IA). Designed to shield federal employees who report waste, fraud, and abuse from on-the-job retaliation, WPEA would reaffirm previously enacted provisions, and reverse several damaging policy precedents. It also established new safeguards, among them: creating whistleblower Ombudsmen in Inspector General Offices, removing a hostile court's sole jurisdiction over certain whistleblower proceedings, and allowing the Office of Special Counsel to file friend-of-the-court briefs to support whistle-blowing employees who appeal administrative rulings against them.¹⁵

One "to-do" item is to extend the framework of WPEA (with some modifications) to cover national security employees, thereby creating a safe channel of communication through which they can relay vital information about malfunctioning programs to Congress. Conservatives should press to complete this task.

Beyond what has been offered in previous recommen-

dations, changing the basic philosophy behind military contracting contains potential to provide needed weapons systems in a more effective way. In a *Wall Street Journal* article last year provocatively entitled "What If Apple Designed an iFighter?" American Enterprise Institute scholar Arthur Herman made an intriguing case for allowing successful civilian business principles to guide the procurement process. Among these were adaptability, efficiency, innovation, and competition.¹⁶ He wrote:

The future of military technology is the kind of high-tech engineering in which American companies already are the established leaders. So why not let the Air Force ask Apple to design an iFighter? Or let the Navy ask Google to design the software architecture to power its ships and submarines? That company's skunk-works innovation team, Google X, has now developed a car that drives itself on the streets of San Francisco. Why not tap that expertise for the Pentagon's future unmanned systems?

While Herman's article has sparked some controversy,¹⁷ the future he outlines is well worth discussion in military and political spheres.

An area of contract-savings for taxpayers that is far from theoretical relates to post-retirement benefits. In 2012, Citizens Against Government Waste (CAGW) made Freedom of Information Act requests to 14 cabinet-level agencies requesting data on reimbursements for underfunded pension plans of private contractors with whom the federal government does business. CAGW's action was prompted by Government Accountability Office revelations that the Department of Energy alone spent \$3.64 billion over a ten-year period on its own contractors' pension shortfalls. CAGW recommended that in the future, all federal contractor pension contributions be tied to standard actuarial assumptions, losses in invested pension funds be recovered from the contractors rather than taxpayers, and contractor agreements cover new employees under defined contribution plans rather than defined-benefit pensions.¹⁸

Still other opportunities for Pentagon budget reform are on the table from past recommendations that remain unfulfilled or under-fulfilled. A March 2013

study from Mackenzie Eaglen of the American Enterprise Institute argues that the Base Realignment and Closure (BRAC) process must be updated to address excess capacity (up to 25 percent for the Air Force) in the armed services' infrastructure compared to its force size. The author noted that the last round of BRAC, in 2005, did not meet the 20-year, \$36 billion savings target due to factors such as poor planning for environmental remediation, personnel reassignment shell games, and excessive control over the process by the Secretary of Defense (as opposed to the individual services).¹⁹

With the Pentagon preparing a request for a new round of BRAC, it is vital that Congress learn from the missteps of 2005 and insist on a closure procedure that more closely resembles the successes of rounds such as those in 1993 and 1995.

Eaglen also points to a depressing pattern of failed efficiency reforms at the Pentagon. In 2011, then-Defense Secretary Robert M. Gates directed DoD to identify and pursue \$100 billion of savings over five years through actions such as manpower reductions. Another \$78 billion was to be achieved by consolidating information technology, reducing bureaucracy at top levels, and cutting back on internal reports. A subsequent Government Accountability Office report could only identify less than \$3 billion in savings DoD might actually realize from some of the efficiency initiatives. A 2012 review initiated by DoD's Comptroller outlined \$60 billion in FY 2013-2017 savings from "more disciplined use of resources," but GAO has expressed doubts that these goals have been adequately articulated.²⁰

Why do these initiatives so often fail? As with any large entity, particularly government ones, the Pentagon's own institutional culture is part of the problem. In January 2011, the Defense Business Board, established in 2001 to provide transformational advice to the Pentagon from private-sector executives, reported on ways to help DoD implement a "well-planned and structured culture of change process," which includes "a mindset of affordability with taxpayer funds." The Board urged procedures such as creating a Change Management Program Office and focusing on the "high risk" areas GAO identified.²¹

"Our nation's \$16 trillion national debt is the new red menace, posing perhaps a greater threat to our nation than any other military adversary. The threat of the national debt can be defeated by reviewing every department, every program, and expenditure within the federal budget, including at the Department of Defense. We must eliminate waste and duplication to refocus the Pentagon to its true mission: fighting and winning the nation's wars."

—
Senator Tom Coburn (R-OK)

*Writing in Department of Everything:
Department of Defense Spending that Has
Little to Do with National Security*

November 2012

Few areas are riper for change – and more resistant to it – than acquisition reform. A seminal report issued this year from the Stimson Center provides an excellent review of the research surrounding defense management: the everyday processes that can make the Pentagon's leadership of personnel and programs more efficient and effective. Stimson's findings on acquisition centered on the need to better define the parameters of a given acquisition initiative so as to avoid "requirement creep," a phenomenon identified repetitively from the work of the Defense Business Board, a House Armed Services Committee Task Force Chaired by Representatives Rob Andrews (D-NJ) and Mike Conaway (R-TX), the Packard Commission, and DoD's Better Buying Power 2.0 project. The latter initiative also stressed the need for higher quality prototyping and proof-of-concept demonstrations in systems development. Incorporating these philosophies (and others such as better consulting-contract management) from the ground-up could, according to Stimson, yield more than \$100 billion in long-term savings depending on how vigorously they were implemented.²²



A further procedural option to make personnel benefit reform likelier would be to strengthen the evaluation currently underway. The Fiscal Year 2013 National Defense Authorization Act (NDAA) created a Military Compensation and Retirement Modernization Commission. The nine-member panel, appointed jointly by Congress and the President, is charged with developing proposals (including legislative language) to address looming liabilities in the services' pension, health care, and other benefit systems by March of 2014. The President can either approve the Commission's findings or order changes, after which Congress can receive them.

"The Navy's participation in the political campaign to pressure Congress into unraveling the sequester is crude, obvious, and shameful, and it should earn the Navy's budget especially skeptical scrutiny by Congress. The Defense Department's civilian employment has grown 17 percent since 2002. In 2012, defense spending on civilian personnel was 21 percent higher than in 2002. And the *Truman* must stay in Norfolk? That is, strictly speaking, unbelievable."

George F. Will

Writing in His Syndicated Column

February 22, 2013

Unlike BRAC, this Commission's recommendations could simply hit a brick wall once they are delivered to the House and Senate. The FY 2014 NDAA could alleviate this potential for gridlock by changing existing law to require an up-or-down vote in both chambers on the Commission's reforms.

One direction this Commission ought to consider is expanding the concept of Health Savings Accounts (HSAs) – long-popular among conservatives – to military personnel. Roy Ramthun, President of HAS Consulting Services and a former advisor to the Treasury on health initiatives, recently outlined how creating an HSA option in Tricare could not only save taxpayer dollars through better management of health care costs, it would also help those who have left the services for other employment:

Because Tricare doesn't offer any high-deductible plans, the Tricare coverage carried by military retirees prevents them from contributing to savings accounts even if their employers offer them.

Ramthun cited research from the RAND Corporation estimating that health care spending in the U.S. could decline by \$57 billion a year if HSAs and similar products were to reach half of all employer-sponsored coverage.²³

Taken together, the areas discussed in this section could easily generate tens, if not hundreds, of billions in extra savings for taxpayers over the next decade if they were implemented aggressively. Applying some of the same discipline to these financial matters as armed services commanders must apply to their own ranks in daily operations could yield tremendous dividends.

PART III

A BRIEF POLITICAL HISTORY: FISCAL CONSERVATIVES AND THE PENTAGON BUDGET

In post World War II history, mainstream and liberal media figures are fond of quoting Republican leaders such as Dwight D. Eisenhower and Robert Taft²⁴ to support the case for curbs on modern military spending. Other more liberal Republican figures from the 1980s and 1990s, among them Senators Mark O. Hatfield (OR) and Charles Mathias (MD), were known for strident opposition to expanding certain portions of the Pentagon budget, but also for supporting increases in domestic spending.²⁵ Additionally, leaders in the libertarian movement, particularly those who support a smaller American military presence overseas, have advocated for national security spending reductions.²⁶

Yet, it remains tempting to associate the words “conservative” and “national defense” with a philosophy that stresses bigger budgets and muscular military deployments abroad. While numerous right-of-center figures have embraced this mindset, the purpose of this brief overview is not to show that the vast majority of “Reaganite” conservatives opposed the defense build-up of the 1980s. Nor is it intended to make the case that today “The Right” (however that may be defined) inside or outside of Congress is thoroughly united behind Pentagon budget reform.

Rather, we hope to show that these reformist tendencies among fiscal conservatives have never been absent from the political sphere over the past several decades,

and recently they have become more prevalent. The following are a few instructive examples where more fiscally conservative policymakers and organizations made an impact on the direction of national security matters – sometimes alone, sometimes in conjunction with other ideological factions.

The 1970s: Coalitions Take Halting Steps

Although a wind-down of Vietnam conflict activities saw inflation adjusted national defense outlays drop by roughly one-third between 1969 and 1974,²⁷ the Nixon Administration is not generally regarded as ideologically conservative. Nixon’s policies often resulted in expansionist government, ranging from wage and price controls to the creation of a “minimum tax.”²⁸ However, Congress obviously also had a role in the direction of military expenditures, and conservative lawmakers were involved.

How can the relative fiscal ideologies of the lawmakers engaged in this and other debates be measured? One way is through National Taxpayers Union’s annual Rating of Congress, a legislative scorecard incorporating roll call votes on issues solely of relevance to taxpayers. In its early form (1969-76), the NTU Rating utilized numerous tax and budget votes. From 1977

“An unfortunate stigma still exists that those who propose reasonable military spending cuts do not support the troops. But that’s far from the truth.

No one wants to jeopardize our national security or purposely put troops in harm’s way. The reality is that more military spending does not necessarily make us safer. A lot of items in the Department of Defense budget have nothing to do with defending our nation.”

*Dick Arme y (R-TX),
Former House Majority Leader*

*FreedomWorks Column
Appearing on NewsMax*

January 11, 2012

forward, NTU introduced several improvements to its scoring system, by including *all* roll call votes affecting federal spending, taxes, debt, and regulation. Also subsequently introduced was a weighting system that ranked each vote’s impact.

The leading Republican sponsors of an amendment from Representative Les Aspin (D-WI) (out of seven GOP members total) to limit Fiscal Year 1975 defense procurement increases to the level of inflation were John Rousselot (CA, who was allied with Aspin on a similar effort in 1973) and James Broyhill (NC).^{28B} Both lawmakers scored among the top five percent of House Members on NTU’s 1974 Rating. The amendment could not be brought to the floor owing to adoption of a restrictive House rule, but it sparked an important conversation about the affordability of blank-check budgets in an era of high inflation.

The Senate was the scene of an even bigger battle in 1975, when the upper chamber voted down (48-42) the conference report for the FY 1976 defense procurement authorization legislation.²⁹ Spearheading the coalition of opponents were Edmund Muskie (D-ME) and Henry Bellmon (R-OK), who scored above average on NTU’s 1975 Rating. According to NTU’s

newsletter, published shortly after the vote:

It was the first time a military budget conference report was ever rejected, and one of the few times that military-spending ‘heavies’ such as John Stennis, have been overridden. The principal argument against the report, used by both liberals and conservatives, was that it ‘busted the budget.’ ...In an effort to line up bipartisan opposition, Senator Muskie asked for the defeat of the conference report on the Child Nutrition Act Amendments, which were also helping to ‘bust the budget.’ This tactic is especially significant since it represents considerable sentiment in Congress for keeping within the bounds of the budget regardless of the issue.

The conference report could only pass after being trimmed by \$250 million.³⁰

The 1980s: Waste-Watching Intensifies

President Ronald Reagan’s tenure marked a major increase in Pentagon spending, although inflation-adjusted data show that the buildup was underway in 1979, while Jimmy Carter was still in office. Conservatives generally applauded this trend, but even in the heyday of the defense buying-spree some right-of-center voices spoke up. In 1982, leaders with the Business Roundtable, the National Association of Manufacturers, and other business groups urged curbs on the rate of Pentagon spending increases, while the editorial page of *The Wall Street Journal* criticized the Reagan Administration for an outlook that “throw[s] money at the Pentagon, relying on the generals and admirals to compile shopping lists. ... This is a recipe for an expensive and clumsy defense apparatus.”³¹

Overall, however, the 1980s could be regarded as a decade of rising concern about fiscal oversight in the Department of Defense.

Although his Defense Secretary Caspar Weinberger routinely clashed with Congress over expenditure levels, Reagan also had the foresight to call on America’s best business minds to examine government’s malfunc-

tioning machinery in detail. He appointed what was then the most significant waste-fighting initiative of the postwar period: the President's Private Sector Survey on Cost Control.

Headed by J. Peter Grace (an avowed Democrat who nonetheless supported Reagan's tax cuts) and a team of some 1,500 volunteers from the business world, the so-called "Grace Commission" made "2,478 recommendations covering 784 issues, whose implementation could result in net savings of \$424.4 billion over three years."³² About one-fourth of the total savings were attributable to reforms in the defense establishment, ranging from termination of commissaries to streamlining the acquisition process. One comment from the Commission's report, sadly still of relevance today: DoD "has virtually no usable financial management information system."

The findings were part of what was then an intensifying "watchdog" movement involving ordinary Americans, the media, and groups like NTU, which uncovered scandals with echoes to present-day Pentagon maladies. Whistleblowers who had been active well before the 1980s, including early NTU leader Ernest Fitzgerald, gained greater notoriety. Among the many examples of this activity:

- A heavily-reported 1983 investigation from DoD's Inspector General determined that spare parts were being bought at excessive rates and prices. Over a three-year period, the Air Force accepted a 1,000 percent run-up in prices for some parts, compared to a rise in the Consumer Price Index of 27 percent over the same interval. Spare parts inventory management remains a major concern in the formulation of the Government Accountability Office's High Risk List.³³
- In 1985, after receiving a tip from an angry taxpayer, Senator William Roth (R-DE) discovered that the Navy had paid an average of \$640 apiece for commode covers in its P-3 Orion aircraft. Roth, who scored among the top ten Senators on NTU's Rating for 20 out of his 30 years in the upper chamber, successfully negotiated a reduced price of \$200 per unit. This was just one "gold-plated toilet seat" story, which has since become emblematic of Pentagon waste.³⁴

- A steady stream of negative press on the Bradley armored fighting vehicle culminated in revelations (during 1986) that some 5,000 of the planned 6,882 units would have been procured by the time testing on the system had been completed (a flawed concept paralleling today's F-35 fighter program).³⁵

"As we transition from wartime to peacetime, and as we confront our nation's fiscal challenges, future defense budgets should reflect the conclusion of these wars [in Iraq and Afghanistan] and acknowledge that our modern military is able to approach conflicts utilizing fewer – but more advanced – resources. ... As you work toward a budget agreement to address our fiscal challenges, we urge you to include substantial defense savings."

Representatives Mick Mulvaney (R-SC), Keith Ellison (D-MN), and 22 other Members of the U.S. House of Representatives

"Dear Colleague" Letter, December 11, 2012

Another major oversight development was the 1981 formation of the Congressional Military Reform Caucus, spurred on by earlier work of lawmakers such as Robert Taft (R-OH) and a loosely-knit group called the military reform movement.³⁶ Co-founders of the bipartisan caucus included Representative Newt Gingrich (R-GA) and Senator Charles Grassley (R-IA), both of whom routinely met or exceeded the GOP average score on NTU's Rating of Congress during their careers (Grassley is a highly effective advocate of military expenditure restraint today). The group, which at times exceeded 100 Senators and Representatives, was "intended to support the regular committee work for a more effective national defense."³⁷

Pentagon restructuring was likewise on Congress's agenda in the 1980s, culminating in the passage of Goldwater-Nichols Reorganization Act. While many lawmakers helped craft the package, its first namesake,

Barry Goldwater (R-AZ), was instrumental in its enactment. The legislation, passed in 1986, streamlined the Pentagon's leadership structure with the aim of reducing top-brass bureaucracy by more than 10 percent.³⁸

The legislative achievement of the 1980s that may have held the most promise for fiscal conservatives was passage of the Defense Base Closure and Realignment Act. Although many lawmakers had long sought to improve the sluggish postwar mechanisms for shutting down unneeded military infrastructure, a key to the proposal's enactment was the persistence of conservative House Member Dick Armey (R-TX), another above-GOP-average scorer on NTU's Rating. Armey and other supporters of the plan had to overcome serious last-minute hurdles to the legislation, including an unusually large 55-Member "Conference Committee" packed with higher defense spending advocates.³⁹

The 1990s: New Alliances Form

With the cessation of the Cold War came new opportunities to reevaluate military spending programs designed to confront the non-existent Soviet Union. During this time, fiscal conservatives engaged in many coalitions with left-of-center lawmakers in an attempt to fulfill then-President George H.W. Bush's purported vision of an eight-year, 30 percent drawdown in Pentagon outlays (a vision that wasn't always backed by reality on either end of Pennsylvania Avenue).⁴⁰

Still, the Executive Branch did make some contributions to a more fiscally disciplined military budget specifically from a figure who would later be criticized for taking part in a large buildup: then-Secretary of Defense Dick Cheney. According to his Defense Department biography – less-than-varnished for an official source – Cheney had to confront a reluctant Congress on several defense budget reduction issues even as he resisted some stronger measures:

Cheney recognized the necessity of cutting the budget and downsizing the military establishment, but he favored a cautious approach. ... In his budget proposal for FY 1993, his last one, Cheney asked for termination of the B-2 program at 20 aircraft, cancellation of the



Midgetman, and limitations on advanced cruise missile purchases to those already authorized. When introducing this budget, Cheney complained that Congress had directed Defense to buy weapons it did not want, including the V-22, M-1 tanks, and F-14 and F-16 aircraft, and required it to maintain some unneeded reserve forces. His plan outlined about \$50 billion less in budget authority over the next 5 years than the Bush administration had proposed in 1991.⁴¹

Cheney also earned considerable praise for canceling, in 1991, the Navy's A-12 attack aircraft program. Beset by a spiraling price tag, production delays, and mismanagement, the \$52 billion project was nixed because, in Cheney's words, "If we cannot spend the taxpayers' money wisely, we will not spend it." Though perhaps not regarded with as much gravity now, Congressional Quarterly called Cheney's decision "a turning point for reform of the Pentagon," and quoted a Senior Fellow with Business Executives for National Security as saying "This is the best thing that's happened for defense management."⁴²

A notable success in the legislative arena, involving Representatives John Kasich (R-OH), Ron Dellums (D-CA), Jim Ramstad (R-MN), Tim Penny (D-MN), and colleagues on both sides of the aisle, was an effort to scale back acquisition of the hyper-expensive B-2 stealth bomber (1992-95).⁴³ Other attempts at limiting military budgets included an annual construction cap on *Seawolf* submarines (sponsored by Senators William Roth (R-DE) and John McCain (R-AZ)) and "burden sharing"

requirements for Western European allies (involving, for instance, Representative Fred Upton (R-MI)).⁴⁴

One particularly far-reaching proposal had many fiscally conservative fingerprints on it. In 1994 Representative Dan Schaefer (R-CO) offered a five-year spending plan, the “Fiscal Responsibility Act,” which called for \$69.7 billion in Pentagon budget savings. Provisions included terminating production of Trident D-5 missiles, capping procurement of the C-17 cargo aircraft, and making additional reductions in the officer corps.⁴⁵ Besides Democratic Representative Tim Penny (D-MN), the handful of colleagues who joined Schaefer as cosponsors included Representatives Dick Zimmer (R-NJ) and Wayne Allard (R-CO), high performers on NTU’s Rating.

Meanwhile, groups outside Congress were joining forces to push for fiscal discipline. In a 1994 joint study, *Indefensible Spending*, NTU and the Council for a Livable World Education Fund identified nearly \$50 billion in total taxpayer savings if certain defense-related earmarks, non-germane funding, and obsolete programs were eliminated. The analysis – recommending, for example, an end to the MILSTAR program and unnecessary authorizations for C-130 transport planes – marks one of the first times such a wide range of citizen advocates cooperated so extensively on Pentagon spending matters.⁴⁶

2000–Present: Fiscal Reality Collides with Military Wish Lists

The new millennium marked a major upswing in military expenditures, backed by many but not all conservatives. As the 2000 Presidential campaign season was in full swing, and the candidates traded charges over whether the armed services were adequately funded, an NTU Issue Brief called attention to a trend that shocked many Americans: “The Pentagon is funding social programs completely superfluous to securing the defense of our nation.” Items the analysis uncovered included \$2.5 million for marijuana eradication in Hawaii, \$50 million for the overall peer review medical research program, and \$6 million for coronary/prostate disease reversal.⁴⁷

“Conservatives should insist that defense spending be examined with the same seriousness that we demand in examining the books of those government agencies that spend taxpayer money in the name of welfare, the environment, or education. We laugh at liberals who declare that their favorite spending programs should be exempt because the spending is for a noble cause.”

*Grover Norquist, President,
Americans for Tax Reform*

*Speaking in an Interview for
The American Conservative*

October 24, 2012

In the early years of his Administration, George W. Bush’s advocacy of the No Child Left Behind Act, a Farm Bill that turned back the clock on key 1996 reforms, and, especially, a new Medicare prescription drug entitlement program had aroused public opposition in the conservative community to his spending policies.⁴⁸ But what of military expenditures? Although such criticisms were initially muted, they were not absent from the discussion. *The Washington Post*, for example, described a 2003 budget briefing for conservative economists (which NTU’s then-President John Berthoud attended) that went awry:

The issue came to a boil this week, when White House economic aides summoned conservative economists to allow them to vent their rage. But according to participants, the session did little to dampen their anger. Joel D. Kaplan, the deputy director of the White House budget office, displayed a chart showing that, outside homeland security and defense, spending was falling. But under tough questioning, one participant recounted, Kaplan conceded that his figures did not include the series of ‘emergency’ supplemental measures requested by Bush each year.⁴⁹

Those “supplemental measures” were also related to military operations abroad.

Although campaign politics did sideline criticism of the Administration’s spending policies – among conservatives, those voices were not silent.

In 2004, NTU’s research arm strenuously emphasized the need to bring military expenditures under control after a multi-year run-up precipitated under the auspices of the war on terror and the conflict in Iraq:

Perhaps the most erroneous notion advanced by President Bush and many in Congress since the terrorist attacks of 9/11 is that large increases in defense spending are essential to winning the war on terror. ...[F]ar too much of our nation’s defense spending is either frittered away or spent in ways that have nothing to do with the war on terror. Realigning spending priorities may indeed take time, but in light of massive deficits, our nation cannot afford to spend billions of dollars on unneeded weapons systems.⁵⁰

Even during the big-spending Bush years, the culture of oversight did manage to prevail in exposing the folly of some weapons systems. Over the objections of Congress, between 2002 and 2005 the Bush Administration announced termination of the Crusader artillery system and the Comanche helicopter, as well as further limited purchases of the F-22 Raptor. Curbing Raptor production was estimated to save taxpayers \$15 billion, while the \$11 billion Crusader had a troubled eight-year development before being canceled. Comanche’s price tag quadrupled despite two decades of restructuring efforts. NTU publicly supported all three decisions.⁵¹

Fortunately, joint undertakings between fiscal conservatives and left-of-center lawmakers over national security spending have been increasingly prevalent in recent years.

Most momentous among these was the conservative support in July of last year for an amendment by Reps. Barney Frank (D-MA) and Mick Mulvaney (R-SC) to national defense spending legislation freezing Pentagon outlays for the Fiscal Year (the equivalent of a \$1.1 billion reduction from the bill crafted by the House Armed Services Committee). Mulvaney,

recognized as a leader of the “Tea Party” wing of Congress, managed to enlist 88 other Republicans to vote in favor of the amendment, which passed the House. Of these 89 Republicans, 71 scored higher than the GOP average on NTU’s 2012 Rating of Congress.

Mulvaney was also a co-organizer, in late 2012, of a bipartisan “Dear Colleague” letter to Members of Congress urging that defense savings be included in any bipartisan budget agreement to address the so-called “fiscal cliff”.⁵²

“This world in arms is not spending money alone. It is spending the sweat of its laborers, the genius of its scientists, the hopes of its children.”

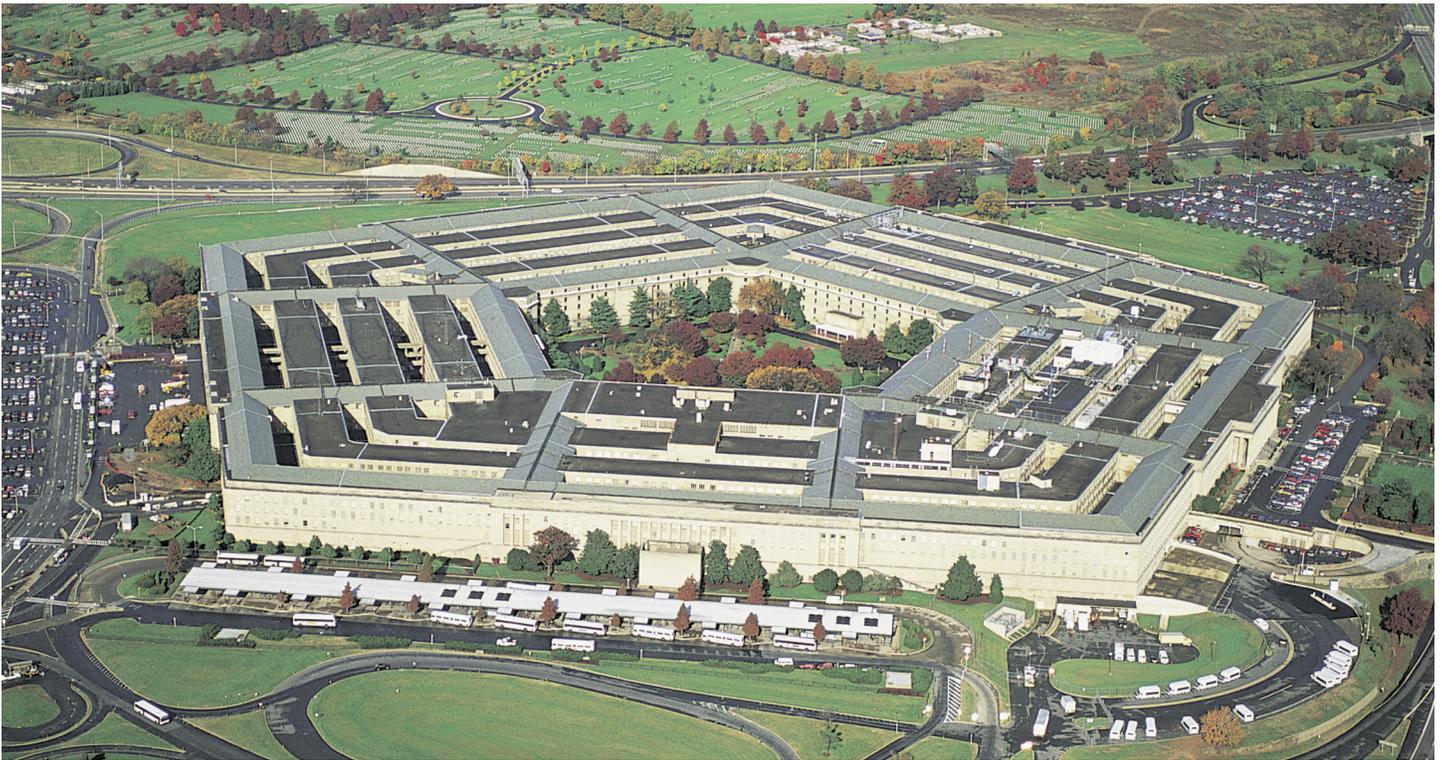
—————
President Dwight D. Eisenhower

*Speech before the American Society of
Newspaper Editors*

April 16, 1953

Off Capitol Hill, citizen groups have boosted their collaboration too. In 2010, the Sustainable Defense Task Force provided detailed recommendations for realistic military spending reductions totaling \$960 billion over 10 years.⁵³ The panel, itself created at the request of a bipartisan group of lawmakers*, included experts from a range of ideological perspectives, among them Taxpayers for Common Sense and the Cato Institute. During 2010 and 2011, NTU and the left-of-center U.S. Public Interest Research Group produced a joint report outlining as much as a trillion dollars in 10-year budget savings, nearly half of which were attributable to Pentagon spending.⁵⁴ These findings were especially relevant as the bipartisan “Super Committee” continued its deliberations.

*Those lawmakers were Representatives Barney Frank (D-MA), Walter B. Jones (R-NC), and Ron Paul (R-TX) as well as Senator Ron Wyden (D-OR).



Easily the most visible indicator of growing vigor among conservatives for reform is the major coalition-building that has already taken place this year. On February 27, an open letter to President Obama and Congress signed by 21 organizations on the right and the left united behind the message to “Spend Less, Spend Smarter, at the Pentagon.” Signatories from the conservative community represented a large cross-section of the movement, and included the R Street Institute, Americans for Tax Reform, Council for Citizens Against Government Waste, National Taxpayers Union, and Taxpayers Protection Alliance. The letter noted:

There is a growing consensus – among Members of Congress from both sides of the aisle, policy wonks of various stripes, and even defense industry CEOs – that lawmakers can, and should, find areas for substantial savings in the Pentagon’s bloated budget. ... The Pentagon must confront the threat to our economy with the same vigor, determination, and skill it has shown toward other urgent tasks. Our military might is not measured by how many dollars we spend but how we spend our dollars.⁵⁵

These snippets hardly comprise a complete account of fiscal conservatives’ involvement in Pentagon budget reform, but they do bring into focus a few important lessons:

- 1) Pentagon oversight and management issues often attract interest from conservatives, just as they would if they were occurring at civilian agencies.
- 2) Reductions in Pentagon spending tend to win greater support from conservatives when paired with corresponding non-defense cuts, or when presented in a larger context of fiscal reform.
- 3) On an individual, project-by-project basis, conservative elected officials are generally quite willing to team up with their ideological opposites.

Granted, the accounts presented here cannot gloss over historical realities. Numerous prominent conservatives have indeed contributed to run-ups in military spending and continue to oppose sensible reductions. Nor have those fiscal conservatives supportive of reform magically erased the fiscal problems plaguing the Pentagon. Still, they provide some valuable guidance going forward.

PART IV

A FIELD GUIDE FOR PENTAGON BUDGET REFORM

The recommendations contained in this report should mark a new phase – not a “beginning” – for how conservatives must engage more intensely on issues of military budget restraint. After all, as the authors have hopefully demonstrated, such engagement on the right has not been insignificant in the first place.

The fact remains, though, that a concerted effort to move beyond occasional success and become an ongoing influence in policymaking requires seizing every opportunity. Accordingly, we offer the following advice.

1) Harmonize, Don't Hide from, Conservative Principles.

Too often, conservatives in and out of government feel as if they must “set aside” long-held beliefs about national security or foreign policy to support Pentagon budget restraint. The recommendations in this report give lie to such a “choice.” More broadly, however, a robust and fiscally sustainable defense is not only compatible with limited government, it is essential.

Unbridled spending at the federal level has led, and will continue to lead, to crushing levels of debt and taxation. Even though Congress and the President agreed in January to enact tax hikes of hundreds of billions of dollars, the Congressional Budget Office

projects that publicly-held federal debt as a percentage of Gross Domestic Product will rise to increasingly burdensome levels after the current decade ends.⁵⁶

A 2010 working paper for the World Bank put the “tipping point” where an economy begins to slow at 77 percent of public debt to GDP.⁵⁷ Considering that the gross federal debt of the U.S. for FY 2013 stands at 106 percent of GDP, and public debt is projected at 76.3 percent of GDP,⁵⁸ by either measurement our economic recovery is likely already being slowed.

It is quite true that entitlements are the main impetus of this trend because of their long-term imbalances, but they are not providing the *only* impetus. Even with the sequester-level spending targets, the Pentagon’s budget will, according to the Cato Institute, revert only to 2006 levels this year and then begin rising in years to come. In fact, the post-sequestration spending amount for FY 2013 (\$603 billion) exceeds the peak Cold War defense budget, even after adjusting for inflation (the 2013 figure includes war costs).⁵⁹

This explains why former Joint Chiefs Chairman, Admiral Mike Mullen, identified the national debt as the single greatest threat to the nation’s security. His observation, which he repeated in an interview after his retirement, remains valid.⁶⁰

Conservatives should understand, embrace, and communicate this linkage – that a lean, efficient budget in all areas, including defense, protects national security rather than imperils it.

2) Fiscal Discipline and Economic Evidence Shouldn't End at the Pentagon's Doorstep.

Recent criticisms of sequestration expressed many themes. Some were valid, like the fact that automatic, across-the-board spending slowdowns are a poor substitute for policy that evaluates individual programs' necessity and budgets accordingly. Far less legitimate were Keynesian-style predictions of economic calamity if the federal government planned to spend \$47 trillion instead of \$48 trillion over the next decade. Unfortunately, even some conservatives bought into these ploys.⁶¹

Conservatives know that an environment of limited government, moderate taxes and low expenditures leads to a prosperous economy. Conversely, raising taxes or increasing expenditures can result in economic stagnation. To give just three examples:

- A working paper published last year through Harvard University's National Bureau of Economic Research examining 16 OECD countries confronting "fiscal adjustment" found that policies to correct the national balance sheet relying primarily on tax increases rather than spending discipline have been associated with "prolonged and deep recessions."⁶²
- In a March 2013 review by the American Legislative Exchange Council of economic research and evidence from as early as 1945 to the present day, the authors concluded that cuts to government need not negatively affect economic growth or employment. The economy is more complex than basic Keynesian fiscal models driven only by spending predictions.⁶³
- Late last year the Tax Foundation examined 26 studies from 1983 through 2012 on the relationship between high taxes and low economic performance. "All but three of those studies, and every study in the last fifteen years, find a negative effect of taxes on growth."⁶⁴

It would therefore be surprising for any conservative to assert that a bloated Pentagon budget, supported by

"The military is the greatest waster of money and manpower we have. They must be made to conduct their affairs in a businesslike manner."

—————
Senator Barry Goldwater (R-AZ)

Quoted in Pure Goldwater by John W. Dean and Barry Goldwater, Jr.

Published in 2008

heavy deficit spending, high taxes, or both, is a benefit to the economy.

Just as troubling should be the meritless claims of "job losses" that defense industry advocates and their political allies raised during the recent debate over sequestration. A large body of research from various philosophical viewpoints, including Veronique de Rugy of the Mercatus Center and Benjamin Zycher (a Pacific Research Institute Senior Fellow) show that the industry-sponsored studies of job losses are greatly exaggerated, fail to account for offsetting job gains from less government spending, and are not backed by sound methodologies.⁶⁵

Very recently, de Rugy joined with Harvard University Professor Robert Barro to exhaustively review existing research on the "multiplier effect" of defense spending. Their findings should put to rest claims that propping up the defense budget is vital for the long-term health of the economy. In fact, they concluded that *reducing* military expenditures can actually enhance that economic health:

The existing studies found that a dollar increase in federal defense spending results in a less-than-a-dollar increase in GDP when the spending increase is deficit financed. Combining this with a tax multiplier that is negative and greater than one, the authors estimate that over five years each \$1 in federal defense-spending cuts will *increase* private spending by roughly \$1.30.⁶⁶

Of course, government contracts provide jobs. The question is, for each dollar spent, can they provide jobs more efficiently and in greater abundance versus private individuals and companies transacting among themselves? That is, does their benefit to the economy outweigh the harmful effects caused by the deficit spending they require?

It *should* be counterintuitive to conservative experience that leaving more resources in the hands of government can somehow create plentiful job opportunities. Those who say military spending is different because it benefits private-sector employers rather than government agencies are less than persuasive. If this were the case, why not dramatically raise spending on Medicare, which relies primarily on third-party providers, or on mass transit, which requires private contractors to build the systems?

Raising taxes or burdening future generations with excessive debt is unsound policy, whether executed in the name of weapons systems or welfare payments.

3) Engage the Public Early and Often.

Some who read the tract above may be wondering, “economic evidence is all well and good, but what about those worried constituents who fear a plant closing in their hometown?” Here the military base closure process offers some comfort. Sources ranging from the Pentagon’s Office of Economic Adjustment to the citizen group Taxpayers for Common Sense (TCS) demonstrate that communities affected by a shrinking or disappearing military footprint can make a transition to a stable, diverse, civilian economy.⁶⁷ As TCS states:

Through this community-led process, former military installations have been transformed into successful civilian airports, hospitals and medical centers, universities and other schools, high tech computer facilities, manufacturing centers, and movie studios. Communities have also taken advantage of their new assets to build parks, public golf courses, retirement homes, and nature preserves. After desperately seeking to preserve

their local bases, local leaders – from mayors to chamber of commerce presidents – now view base closure as a catalyst for economic diversification and growth.⁶⁸

As the last major BRAC round was being processed, the Heritage Foundation conducted an analysis of every county in the U.S. that had experienced a base closure or realignment up to that point. Heritage concluded that “after a small decrease, nearly all communities continue to experience strong growth in per capita income.” The introduction to the study cogently summarizes an important point for conservatives:

One of the primary criticisms of the Base Realignment and Closure (BRAC) process is that it devastates communities economically. **Aside from the fact that the Department of Defense (DOD) is not a jobs program** [emphasis added], these criticisms are simply not true. Most affected communities have recovered nicely from past BRAC rounds, with approximately 90 percent of all jobs being replaced. Indeed, approximately 115,000 jobs have been created through past recovery efforts, and many communities have actually prospered.⁶⁹

Granted, retooling a private plant and retraining its workers after the decline of longstanding federal contracts has some differences with a military base closure, but certain steps are common to both:

- Taking quick action to make a transition rather than engaging in prolonged lobbying against the inevitable;
- Seeking private investment and reuse of existing facilities rather than more government dollars;
- Soliciting the community for ideas to help reshape the local economy.

Public opinion will fluctuate over time. Nonetheless, there does not appear to be a monolithic consensus among conservatives at the grassroots in favor of maintaining the status quo at the Pentagon or boosting its budget. Conservative leaders willing to reach out to their base on the issue should receive more support than opposition.

4) Enlist Allies, both Likely and Unlikely.

Conservative public officials can count on many national-level groups from the right and left to voice support for prudent Pentagon spending policies. Yet even if some are uncomfortable tactically aligning themselves with organizations that might also support higher domestic expenditures and tax rates, they need not sit out the debate.

In addition to the February 27 “transpartisan” letter mentioned earlier, coalitions comprising only right-of-center groups have formed around the national security budget issue as well as the topic of sequestration. On November 8, 2012, an open letter to Congress organized by NTU and signed by the R Street Institute urged lawmakers to respect sequester-level expenditure restraint, which was under threat of reversal from both parties. In expressing concern over any effort to undermine needed budget restraint, the letter was unequivocal:

With the federal government facing yet another year of projected deficit spending exceeding \$1 trillion, Congress must keep in place the \$109 billion in sequestration spending restraint scheduled for 2013. Delaying this action will only make it harder to get our fiscal house in order, in the process weakening our economy, saddling future generations with debt, and further undermining Congress’s credibility to lead.⁷⁰

While acknowledging the Defense Department’s large share of the sequester’s budget reductions, and noting that “it may be prudent to revise the actual composition of the cuts,” the coalition did emphasize some of its members have worked to identify defense and homeland security programs that can and should be trimmed.

Joining NTU and R Street on the letter were Americans for Prosperity, Americans for Tax Reform, American Commitment, Americans for Limited Government, Center for Freedom and Prosperity, Club for Growth, Coalition to Reduce Spending, Commonwealth Foundation, the Conservative Caucus, Cost of Government Center, Competitive Enterprise

“I would say the only thing that’s worse than cutting national defense is not having any scheduled cuts at all take place.”

Representative Jim Jordan (R-OH)

Speaking on C-SPAN

October 13, 2012

Institute, Council for Citizens Against Government Waste, Downsize DC, Hispanic Leadership Fund, FreedomWorks, National Center for Public Policy Research, Rio Grande Foundation, Taxpayers Protection Alliance, Tea Party WDC, and Young Americans for Liberty.

On February 6, 2013, a separate coalition made explicitly clear fiscal conservatives’ goal for Pentagon spending restraint. In a joint statement, eight organizations – Americans for Tax Reform, Cost of Government Center, Downsize DC, National Taxpayers Union, R Street Institute, Republican Liberty Caucus, Taxpayers for Common Sense, and Taxpayers Protection Alliance – called on lawmakers to “help protect our nation’s economic security by pursuing a minimum of \$50 to \$100 billion in annual Pentagon budget savings over the next decade.”

The coalition pointed out that Pentagon expenditures have more than doubled since the beginning of operations in Afghanistan and Iraq, while the pullbacks mandated under sequestration will still “result in a smaller post-war drawdown in constant dollars than those following the Vietnam War, Korean War, or Cold War.” The letter also specifically countered claims that sequestration would harm national security, contending that:

Consensus exists among civilian and military experts that DOD can absorb at least sequestration levels of spending cuts while retaining a robust force to meet the nation’s security needs. ... Reforms such as eliminating outdated, Cold War-era weapons, cutting pro-

ing military health care programs, and closing unneeded bases will not only save taxpayers billions, they will also make our nation stronger by helping safeguard our financial security.⁷¹

Between the three coalition efforts recounted above, the majority of organizations comprising the conservative movement have actively mobilized on behalf of sequestration-level (or better) military expenditure drawdowns. Collectively, their memberships include millions of Americans. Lawmakers in Congress should not hesitate to enlist the support of these organizations for legislation, amendments, hearings, and other actions that could benefit from grassroots mobilization.

State and local taxpayer groups can also be of help, particularly in cases where other elements are pressing hard to maintain deficit spending that might prop up a certain company or facility. As natural allies of conservative public officials, these organizations can be called upon to advocate for smart solutions that convert infrastructure for truly private business – in turn, generating more money for the local tax base. In many cases such revenues, occurring as a natural result of economic activity, can obviate the need for property tax rate increases.

5) Small Starts Can Translate to Big Gains.

Military budgets, like other government budgets, have powerful, staunch interests to back them. In some cases, reformers have overcome resistance to meaningful change through a series of small incremental steps, each of which affects just a handful of stakeholders at a time. In other cases, a more complete overhaul is achieved by investing political capital in a large package that impacts many stakeholders, but none in a dramatic way. Pentagon spending reform might best be achieved by blending both approaches in the following manners.

Policymakers could call attention, through Congressional hearings, to the “low-hanging fruit” that could easily be pared from the military budget

(largely related to management processes resulting in wasteful outcomes). Any of a number of matters, such as spare parts inventories or fuel purchases, could be scrutinized. For example, DoD Inspector General findings released last year determined that the Army stockpiled \$900 million of parts for the Stryker combat vehicle, many of which became obsolete before they could be used or installed. These included \$57 million of infrared equipment that the Army had not put into Strykers for five years. The service also continued purchasing and storing replacement gears long after the problem they were designed to fix had been resolved. Apparently the Army and the contractor, General Dynamics, did not communicate each other’s inventory management responsibilities and the parts’ existence was unknown to responsible parties.⁷²

After such hearings, process-reform legislation such as Senator Coburn’s (R-OK) Audit the Pentagon Act would provide reassurance to the public and lawmakers that the basics of good accounting are being addressed first.

As this foundation of public trust is more firmly established, other Legislative and Executive Branch activities must begin to set priorities tied to security policy goals. One such activity, the upcoming Quadrennial Defense Review (QDR), has been criticized from various ideological viewpoints for a number of sometimes clashing reasons, such as producing unrealistic wish lists and being propelled by budget rather than strategic considerations.⁷³ However, there is concern across the political spectrum that the QDR is insufficiently transparent and too skewed to DoD’s orthodoxies instead of allowing voices from Congress and other parts of government to more fully participate. Along these lines, conservatives should insist on additional reforms to the way QDR works. A more open QDR procedure will encourage a public debate over national security priorities that can, properly conducted, establish goal-driven prioritization to more quickly and effectively end unneeded projects before they receive massive infusions of tax dollars.

At the same time, conservatives must communicate this new commitment to Pentagon budget reform as part of an overall vision for limited government. This allows the components to reinforce each other. If the

public perceives that while Congress is rightsizing entitlement programs, it is also addressing waste and excess in other budget areas such as defense, the fairness factor will help to isolate special interests. Conversely, if the conservative base is satisfied that leaders are pursuing expenditure restraint holistically, rather than “picking on defense,” they will be more motivated to engage on specific program reductions.

6) Enter the Policy Debate on the Ground Floor.

It is no secret that the memberships of appropriating and authorizing committees in Congress are often predisposed to approve projects and funding levels that exceed conservatives’ preferences.

Regardless of their committee assignments, however, conservatives can have an influence through the committee amendment process as well as the committee oversight function. The House Oversight and Government Reform Committee’s National Security, Homeland Defense, and Foreign Operations Subcommittee is chaired by stalwart fiscal conservative Jason Chaffetz (R-UT), and has a membership of other strong supporters of limited government, including Representatives Cynthia Lummis (R-WY), Justin Amash (R-MI), Trey Gowdy (R-SC), and John Duncan (R-TN), to name a few. The oversight Subcommittees of the House Armed Services, Energy & Commerce, Homeland Security, and Veterans’ Affairs Committees can perform a valuable service on behalf of fiscal discipline in national security-type programs as well. Similar structures exist in the Senate.

Fiscal conservatives can and should aggressively employ the resources of these bodies to increase taxpayer awareness of specific deficiencies in the military budget through hearings, investigations, and inquiries of the Executive Branch. This process will build a more solid public record on behalf of reform.

In addition, as the Mulvaney-Frank Amendment from 2012 demonstrated, conservatives can employ floor amendments on authorization or appropriation bills to make inroads on behalf of more reasonable expenditures. But what if the rules process does not

afford such opportunities? For this reason, it is vital for conservatives to make a strong statement in other parts of the spending process. This year’s Budget Resolution crafted by the House Budget Committee earned some praise for embracing the 2011 Budget Control Act’s caps on military spending growth, but would still boost spending higher than what sequestration allows.⁷⁴ The conservative House Republican Study Committee’s alternative “Back to Basics” Resolution takes the same approach.⁷⁵ Although these proposals are non-binding, taking a stronger stance on Pentagon spending in the FY 2015 Budget Resolution (or even the FY 2014 conference) could set an important tone for conservative policy goals.

Stand-alone legislation obviously has a place in the legislative arena as well. Representative Mike Coffman (R-CO) has made an important contribution in this regard with his “Smarter Than Sequester Defense Spending Reduction Act” (H.R. 804). Though not unlike the forthright method that his Colorado predecessor Dan Schaefer employed in the Fiscal Responsibility Act of 1995, the substance of Coffman’s bill is focused solely on defense with the aim of substituting thoughtful policies for the less discriminate sequestration mechanism. Many of the elements in H.R. 804 have been adapted for purposes of this study.

In all these cases, organizations outside of Congress such as R Street and NTU stand ready to assist lawmakers.

7) Institutionalize the Conservative Reform Process.

The influence of the Congressional Military Reform Caucus faded away quite some time ago, unable to make an impact during the post-9/11 ramp-up in Pentagon and homeland security budgets.

The time has come for conservatives to reestablish an ongoing conversation outside of the committee structure not only on the *efficiency and effectiveness of military expenditures* (the original mission of the Military Reform Caucus), but the *necessity of certain programs* as well as the *viability of certain strategies*. This discussion could be fostered through the formation of new

caucuses in the House and in the Senate devoted to exploring the fiscal aspects of military strategy from a conservative perspective.

National-level organizations can and should undertake a similar project, in order to elevate the issue of Pentagon spending to the same level as entitlement and domestic program reform in the conservative movement. It would also serve as a rallying point for right-of-center activists, and as a showcase for the respective organizations' work that could attract media attention.

Conclusion: Avoidance Is Not an Option

Combined with the specific recommendations for spending reductions, these are but a few practical steps toward ensuring that Pentagon spending occupies the proper place in the conservative policy sphere. Some are very modest in nature, but they remain essential for amplifying a voice that has always been present in the debate.

Conservatives understand that our country is at a fiscal crossroads, and the direction policymakers choose in the next few years will determine whether America ultimately pursues a course leading to prosperity or ruin. Reforming every function of government – with the aims of affordability, sustainability, and opportunity – is a vision conservatives can and should strive to achieve. Leaving the Pentagon out of this vision is not an option for conservatives who seek to protect America and protect taxpayers.

Endnotes

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APPENDIX 1 – WEAPONS SYSTEM REFORMS, \$385.8 BILLION

Savings Recommendation	10-year savings in millions (unless otherwise noted)	Source
End orders for obsolete spare parts and supplies for Defense Logistics Agency, Army, Navy, Air Force	\$7,090	Government Accountability Office High Risk report
End Ground-Based Midcourse Defense Missile program	\$4,679	DoD FY2014 budget justification
Reduce minimum airlift inventory from 316 aircraft to 301	\$1,230 (5-year savings)	NTU Foundation BillTally cost estimate, S. 1704, 112th Congress
Replace Army's Ground Combat Vehicle purchase with German Puma	\$8,412	Authors' calculations based on Congressional Budget Office data
Cancel C-130 avionics modernization	\$208 (1-year savings)	Obama FY2014 budget
Cancel cruiser modernization program	\$562 (1-year savings)	Obama FY2014 budget
End Global Hawk Drone production	\$324 (1-year savings)	Obama FY2014 budget
Delay procurement on Joint Air to Ground Missile after completing development	\$214 (1-year savings)	Obama FY2014 budget
Limit procurement of Joint High Speed Vessel to 10 instead of 18	\$369 (1-year savings)	Obama FY2014 budget
Cancel Light Attack and Armed Reconnaissance Aircraft	\$115 (1-year savings)	Obama FY2014 budget
Put Sea-Based X-Band Radar into limited test support status	\$132 (1-year savings)	Obama FY2014 budget
Limit purchase of T-AGOS ships to five instead of six	\$10 (1-year savings)	Obama FY2014 budget
Replace B and C models of F-35 with F/A-18 E/F	\$61,700	Taxpayers for Common Sense/Project on Government Oversight
Reduce number of aircraft carriers, Navy Air Wings	\$18,400	Taxpayers for Common Sense/Project on Government Oversight
Delay Ground Combat Vehicle	\$7,000	Coburn "Back in Black" report
Reduce nuclear weapons force structure	\$79,000	Coburn "Back in Black" report
Replace V-22 Osprey with MH-60 and CH-53 helicopters	\$17,100	Taxpayers for Common Sense/Project on Government Oversight
Additional weapon, IT, other options	\$35,500	Coburn "Back in Black" report
Defer next-gen bomber	\$6,300	Taxpayers for Common Sense/Project on Government Oversight
Cancel future satellites of Space-Based Infrared System	\$6,000	Taxpayers for Common Sense/Project on Government Oversight
Reduce or eliminate ground-based missile defense systems	\$6,000	Taxpayers for Common Sense/Project on Government Oversight

APPENDIX 1 – WEAPONS SYSTEM REFORMS, \$385.8 BILLION

Savings Recommendation	10-year savings in millions (unless otherwise noted)	Source
Require NATO to share in costs for B61 nuclear bombs in Europe	\$2,100	Taxpayers for Common Sense/Project on Government Oversight
Eliminate excess M1A2 Abrams tanks	\$230	Taxpayers for Common Sense/Project on Government Oversight
End procurement of Littoral Combat Ship	\$2,000	Project on Defense Alternatives/Cato Institute
Cut four submarines from next-gen fleet	\$18,000	Taxpayers for Common Sense/Project on Government Oversight
Cancel CMRR-Nuclear Facility Los Alamos	\$3,700	Taxpayers for Common Sense/Project on Government Oversight
Downblend and sell excess uranium	\$23,000	Taxpayers for Common Sense/Project on Government Oversight
Delay refurbishment of Abrams tank	\$3,000	H.R. 804, 113th Congress
Terminate Precision Tracking Space System	\$1,700 (1-year savings)	DoD FY2014 budget request
Restructure next generation Aegis missile	\$2,100 (1-year savings)	DoD FY2014 budget request
Delay new E model of Army Apache helicopter	\$1,300 (1-year savings)	DoD FY2014 budget request
Reduce procurement of Army Light Utility helicopter	\$400 (1-year savings)	DoD FY2014 budget request
Reduce requirements for Army mid-tier networking vehicular radio	\$200 (1-year savings)	DoD FY2014 budget request
Revise acquisition strategy for Army unmanned aerial systems	\$400(1-year savings)	DoD FY2014 budget request
Terminate development for redundant rotary-wing unmanned vertical take off and landing aircraft	\$300 (1-year savings)	DoD FY2014 budget request
Reduce procurement of Navy SM-6 missile	\$700 (1-year savings)	DoD FY2014 budget request
Reduce cost growth for F-35 support	\$700 (1-year savings)	DoD FY2014 budget request
Reduce requirements for Marine Corps ammunition	\$600 (1-year savings)	DoD FY2014 budget request
Reduce requirements for Navy F/A-18 Hornet upgrades	\$600 (1-year savings)	DoD FY2014 budget request
Terminate space-based surveillance follow-on satellite	\$500 (1-year savings)	DoD FY2014 budget request
Reduce excess Air Force C-17 cargo aircraft investment funds	\$200 (1-year savings)	DoD FY2014 budget request
Reduce procurement of Special Operations Forces ground mobility vehicle	\$200 (1-year savings)	DoD FY2014 budget request
Restructure Special Operations Forces manned surveillance aircraft	\$200 (1-year savings)	DoD FY2014 budget request
Other weapon terminations/reductions	\$3,600 (1-year savings)	DoD FY2014 budget request
Freeze Trident D5 missile program	\$1,500	Project on Defense Alternatives/Cato Institute
Slow procurement of SSN-774 Virginia-class submarine	\$2,000	Project on Defense Alternatives/Cato Institute
Fund only one DDG-51 Aegis Destroyer	\$1,500	Project on Defense Alternatives/Cato Institute
Buy only seven P-8A Poseidon maritime patrol aircraft	\$1,500	Project on Defense Alternatives/Cato Institute
Reduce spending for "other procurement"	\$52,000	Bowles-Simpson Fiscal Commission report
Use less expensive boosters for Air Force Evolved Expendable Launch Vehicle	\$1,100 (1-year savings)	DoD FY2014 budget request

APPENDIX 2 – PERSONNEL, COMPENSATION, AND BENEFIT REFORMS, \$618.6 BILLION

Savings Recommendation	10-year savings in millions (unless otherwise noted)	Source
Cut morale, recreation, and welfare activities 10 percent	\$850	Citizens Against Government Waste "Prime Cuts" report
Prevent pay increases for civilian DoD employees performing unsatisfactorily	\$21 (1-year savings)	NTU Foundation BillTally cost estimate, H.R. 1248, 112th Congress
Reduce number of civilian DoD employees through attrition	\$3,157 (5-year savings)	Authors' calculations using federal employment statistics and assuming 50 percent level of DoD exemption discretion
Adjust military pension benefit multiplier from 2.5 percent of base pay to 2.0 percent	\$24,950	Defense Business Board, 2011
Adjust military pension calculation from average of highest three annual salaries to average of highest five annual salaries	\$5,450	Defense Business Board, 2011
Raise retirement age to 67	\$96,650	Defense Business Board, 2011
Eliminate DoD Tuition Assistance Program	\$4,900	Coburn "Back in Black" report
Reform TRICARE by increasing cost-sharing	\$205,360	CBO Budget Options 2011
Cap increases in military basic pay	\$17,320	CBO Budget Options 2011
Reduce overseas military personnel	\$69,500	Coburn "Back in Black" report
Standardize per troop spending, reduce maintenance costs	\$34,000	Coburn "Back in Black" report
Cap troop presence in Europe	\$32,000	Taxpayers for Common Sense/Project on Government Oversight
Shift Army and Marine Corps troops to reserves, return active-duty force to pre-9/11 levels	\$52,500	H.R. 804, 113th Congress
Cut DoD civilian positions by attrition	\$36,700	H.R. 804, 113th Congress
Cut number of consultants and contractors at headquarters	\$15,000	H.R. 804, 113th Congress
Reduce spending on military bands	\$1,800	H.R. 804, 113th Congress
Reduce number of generals and admirals	\$800	H.R. 804, 113th Congress
Reduce active-duty military personnel	\$8,140	Project on Defense Alternatives/Cato Institute
Reduce planned DoD civilian personnel	\$7,300	Project on Defense Alternatives/Cato Institute
Reduce FY2014 civilian pay raise to 1 percent	\$2,200 (1-year savings)	DoD FY2014 budget request

APPENDIX 3 – PROCESS, PROGRAM, AND OTHER MISCELLANEOUS REFORMS, \$878.5 BILLION

Savings Recommendation	10-year savings in millions (unless otherwise noted)	Source
Eliminate Army Corps of Engineers beach replenishment funds	\$950 (5-year savings)	Citizens Against Government Waste "Prime Cuts" report
Terminate DoD Innovative Readiness Program	\$100 (5-year savings)	Citizens Against Government Waste "Prime Cuts" report
Reform Defense Exchange Stores system	\$200 (5-year savings)	NTU Foundation BillTally cost estimate, H.R. 649, 112th Congress
Reduce DoD printing/reproduction costs	\$250 (1-year savings)	NTU Foundation BillTally cost estimate, S. 1021, 112th Congress
Consolidate data centers and embrace cloud computing	\$30,000 (5-year savings)	Defense Business Board, 2012, based on authors' calculations using conservative estimates of IT infrastructure costs and minimum savings percentages
Hold defense discretionary spending to 70% of sequester in 2013 plus inflation in out-years	\$220,000	Moment of Truth Project
Close or consolidate approximately 100 DoD data centers	\$575 (1-year savings)	Obama FY2014 budget
Eliminate Hollywood liaison offices	\$110	Coburn "Back in Black" report
Eliminate noncompetitive and cost-plus contracts	\$2,000	Coburn "Back in Black" report
Reduce DoD advertising budget by 50%	\$2,725	Coburn "Back in Black" report
Consolidate DoD grocery/retail stores	\$9,100	Coburn "Back in Black" report
Close DoD elementary schools	\$10,000	Coburn "Back in Black" report
Close DoD STEM programs	\$1,700	Coburn "Back in Black" report
Reduce DoD travel budget	\$10,000	Coburn "Back in Black" report
Consolidate military health care services	\$2,800	Coburn "Back in Black" report
Perform a full audit of Pentagon finances	\$25,000	Coburn "Back in Black" report
Reduce reliance on contractors	\$372,000	Taxpayers for Common Sense/Project on Government Oversight
Adopt "sea swap" policies for cruisers, destroyers, amphibious ships	\$100,000	H.R. 804, 113th Congress
Use civilian contractors to perform commercial activities on bases	\$53,000	H.R. 804, 113th Congress
Cap experimental fuel procurement	\$9,000	H.R. 804, 113th Congress
Consolidate management of retail stores on bases	\$7,100	H.R. 804, 113th Congress
Unify military medical system	\$4,600	H.R. 804, 113th Congress
Consolidate camouflage uniform designs	\$88	Government Accountability Office Duplication report
Consolidate foreign language contracts	\$1,000	Government Accountability Office Duplication report
Combine support services at joint bases	\$1,150	Government Accountability Office Duplication report

APPENDIX 3 – PROCESS, PROGRAM, AND OTHER MISCELLANEOUS REFORMS, \$878.5 BILLION

Savings Recommendation	10-year savings in millions (unless otherwise noted)	Source
Eliminate duplicative IT investments	\$1,200	Government Accountability Office High Risk report
Improve supply chain management	\$9,723	Government Accountability Office High Risk report
Reduce requirements for Navy construction projects	\$1,500 (1-year savings)	DoD FY2014 budget request
Reduce construction projects throughout Air Force	\$2,200 (1-year savings)	DoD FY2014 budget request
Reduce Army military construction projects	\$400 (1-year savings)	DoD FY2014 budget request

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