



**WORLD AFFAIRS COUNCIL**  
*Greater Hampton Roads*

*Great Decisions 2018*

**Paying for U.S. global engagement and the military**

*Aaron Karp, 13 January 2018*



# I. Funding America's four militaries

not as equal as they look



Times Square



# Strategy wears a dollar sign\*

\* Bernard Brodie 1958



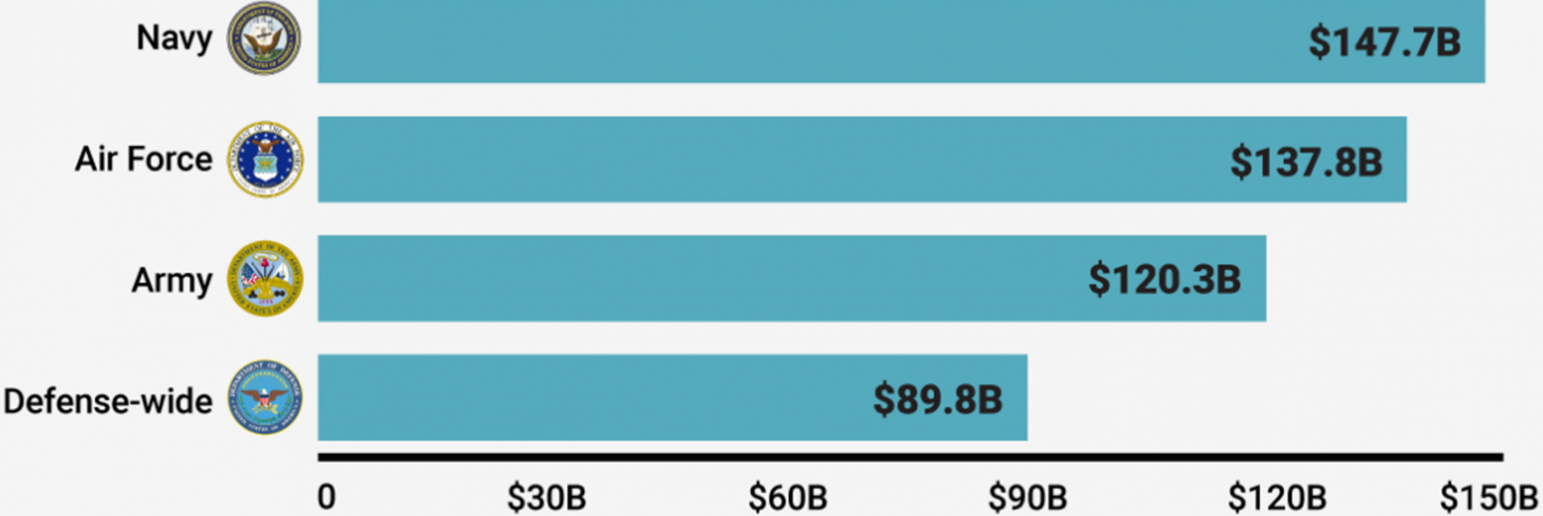
Not as equal as they look

Budgets make strategic choices:

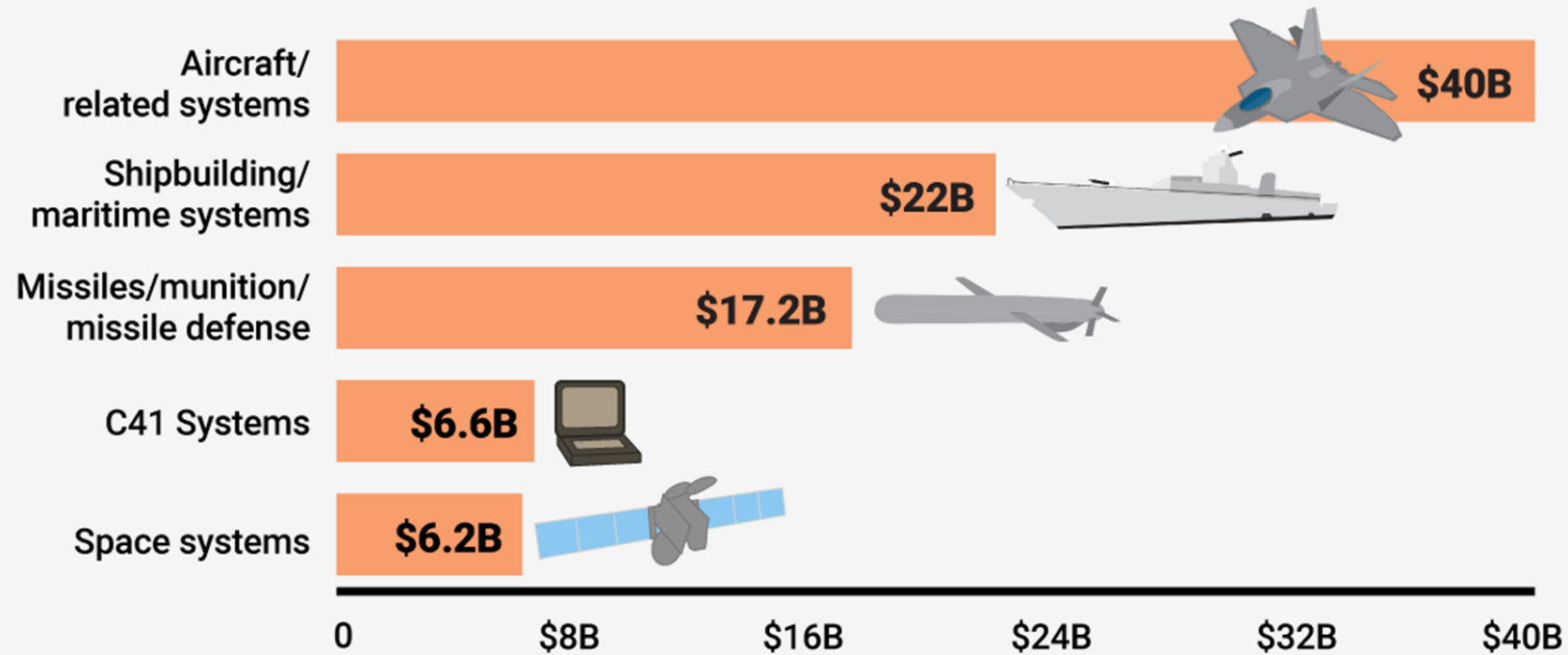
- *Unilateral preeminence*: Navy dominates,
- *Multilateral leadership*: Army dominates,
- *Unilateral restraint*: Air Force dominates,
- *Assertive nationalism*: Navy dominates.

Gordon Adams, 'U.S. global engagement and the military'  
*Great Decisions 2018*, pp. 69-78.

# 2015 US MILITARY BUDGET, BY DEPARTMENT



## 2015 US MILITARY BUDGET, BY INVESTMENTS



SOURCE: Comptroller.defense.gov; AmericanProgress.org

BUSINESS INSIDER

# American defense spending, 1978-2018



Base budget for US Department of Defense (DoD) only, and Overseas Contingency Operations spending since 2001.

Does not include Department of Energy, Department of Homeland Security and Veterans Administration.

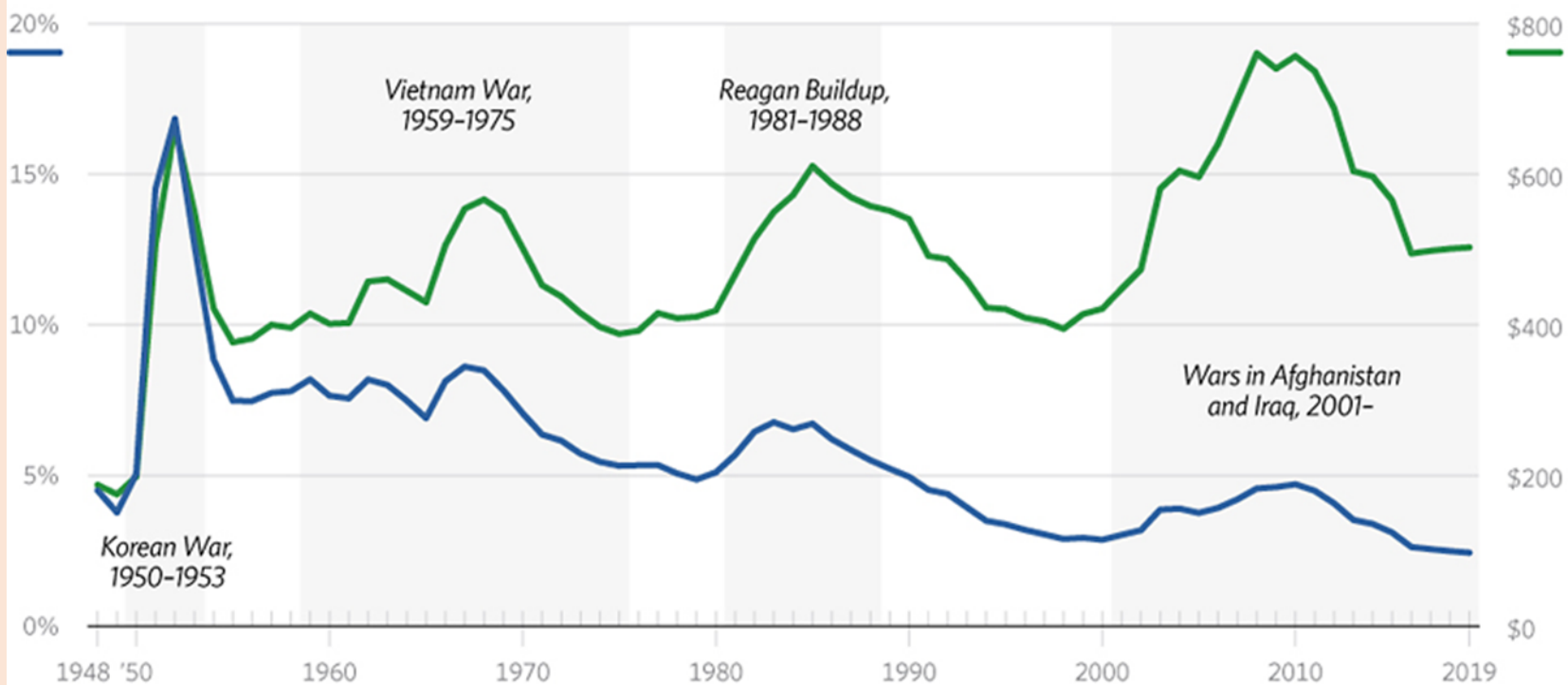
Joe Gould, '[Military brass defend State Department against White House budget ax](#)', *Defense News*, 15 May 2017.

CHART 2

## Historical Defense Spending

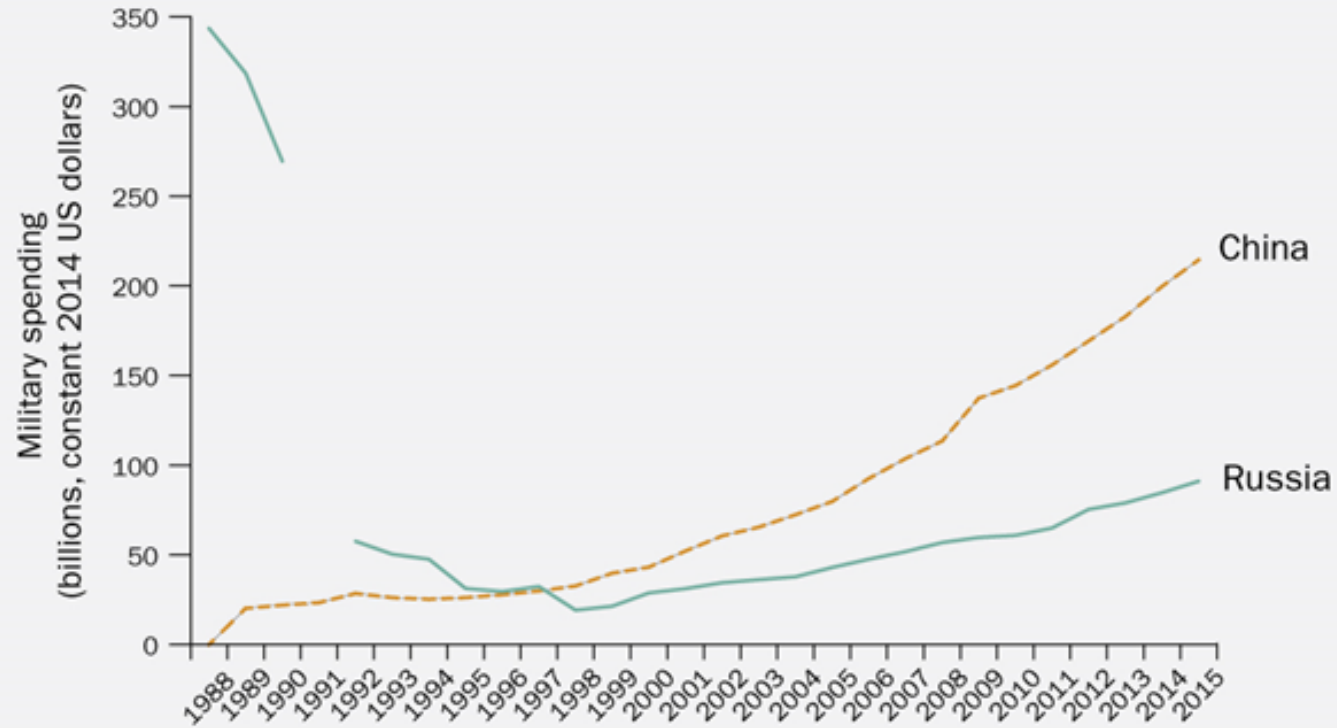
AS A PERCENTAGE OF GDP

DEFENSE BUDGET IN  
CONSTANT FY 2015 DOLLARS



Sources: U.S. Department of Defense, *National Defense Budget Estimates for FY 2015*, April 2014, [http://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2015/FY15\\_Green\\_Book.pdf](http://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2015/FY15_Green_Book.pdf) (accessed January 16, 2015), and Heritage Foundation calculations.

## Russian and Chinese military spending, 1988–2015



Data: SIPRI Military Expenditure Database (received 2017)

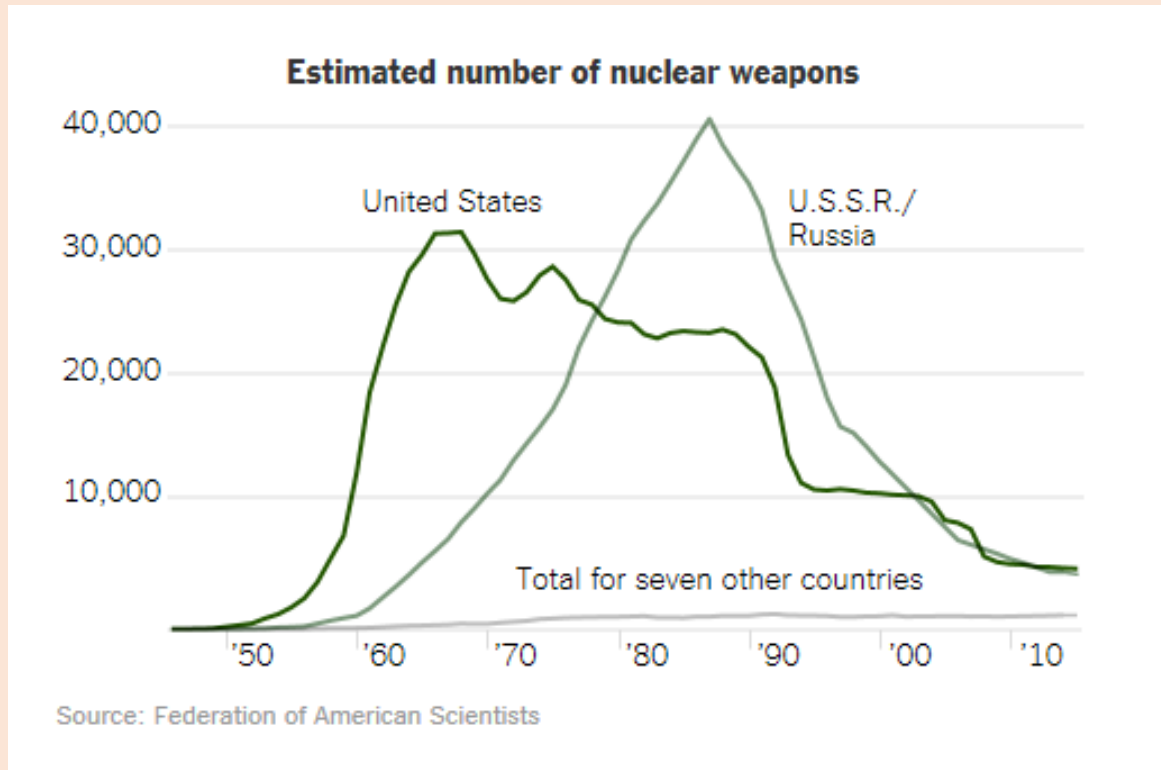
[www.sipri.org](http://www.sipri.org)



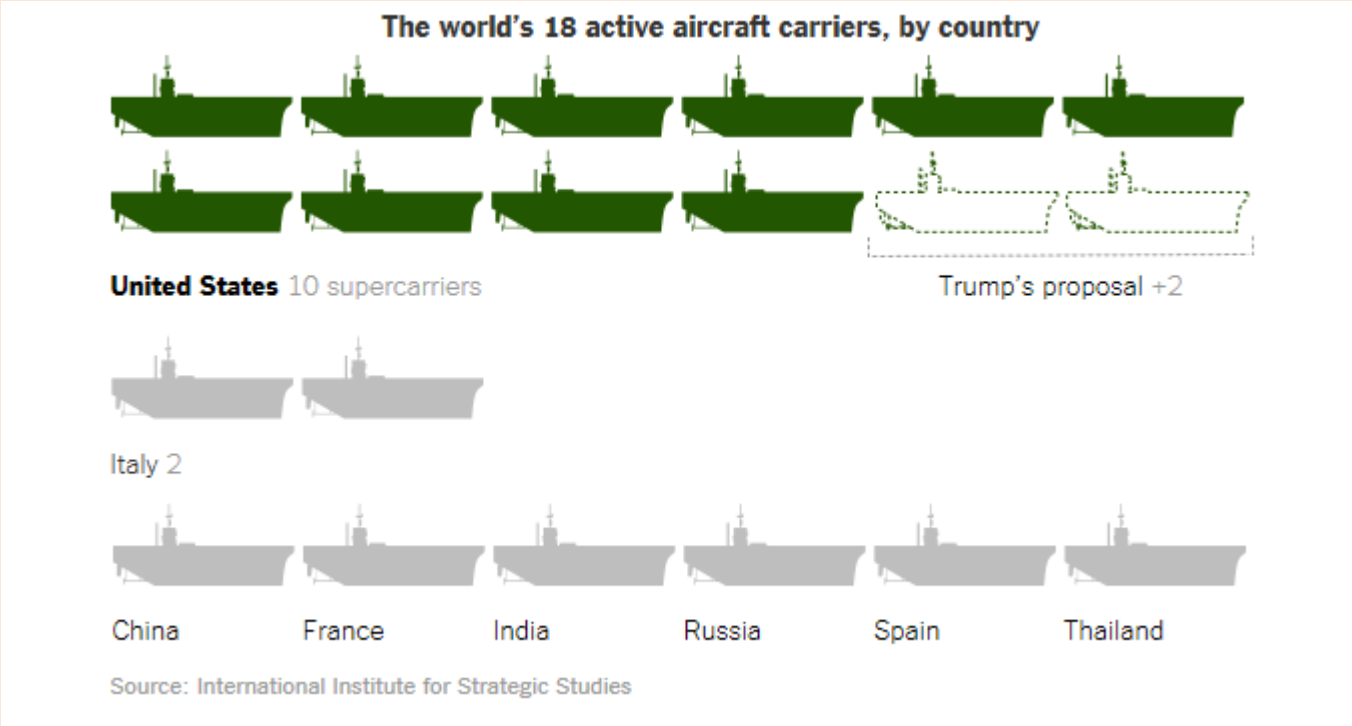
Russian and Chinese military spending 1988–2015. Data and graphic: SIPRI



## Another measure: American and Russian nuclear warheads

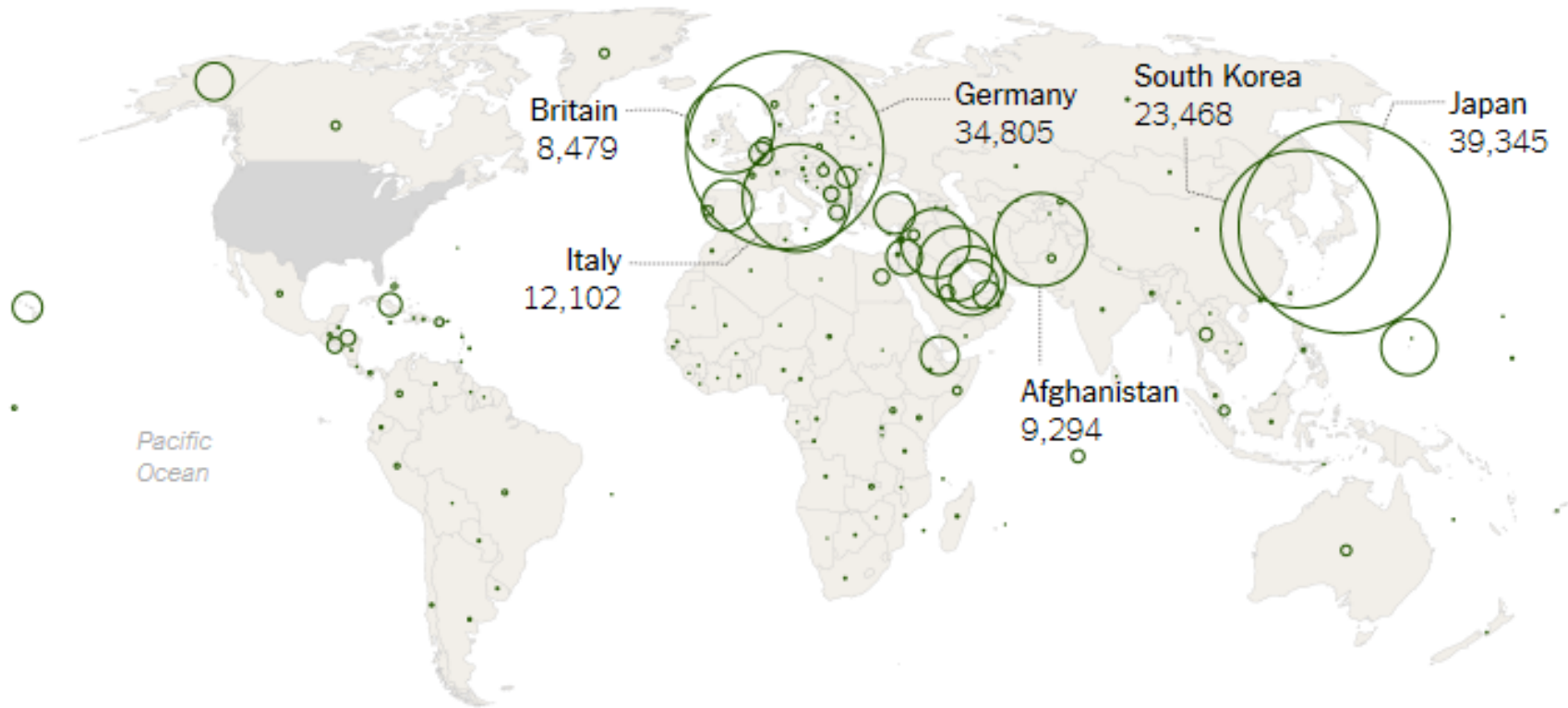


And another measure:  
American and world aircraft  
carriers



## Yet another measure: American military personnel abroad

**Active American forces deployed outside the contiguous U.S.**



Includes Army, Navy, Marine Corps, Air Force and Coast Guard. | Source: Defense Manpower Data Center

Or is it really about specific issues?

- Confronting China in the South China Sea?
- Commitment to defend Eastern Europe against Russia?
- North Korean long-range nuclear capabilities?
- The 2015 nuclear agreement with Iran?
- Free trade agreements like the Trans-Pacific Trade Partnership?
- College tuition?





## II. The Budget Control Act of 2011

- Ended the Debt Ceiling Crisis of 2011. In exchange for raising the federal debt ceiling (allowing the government to function)...
- *Budget Control Act* (BCA) establishes mandatory budget caps for each department for the years, 2013-21.
- Automatic budget *sequestration* (the caps).
- The law introduces several complex mechanisms:
- Lifting caps requires 60 votes in the Senate, unlikely.



Signing the BCA. This baby is an orphan. No crowd of smiling congressional authors.

## Total US Federal Government budget FY 2018

- The U.S. federal budget deficit for fiscal year 2018 is USD *440 billion*
- The deficit occurs because the U.S. federal spending will be USD *4.1 trillion*
- Federal revenue will be USD *3.65 trillion*

Source: '2018 Budget. Table 2,' *Office of Management and Budget*, 16 March 2017

# Tax Cuts and Jobs Act of 2017



- Net revenue cuts of approximately USD 1.65 trillion, 2018-27 \*
- Expected to increase the US federal deficit by approximately USD 1.48 trillion, 2018-27.
- Those estimates do not include budget increases.
- Increasing the defense budget will force additional deficit spending.

Much more popular

\* Source: Congressional Budget Office, *Cost Estimate for the Conference Agreement on H.R. 1*, 15 December 2017



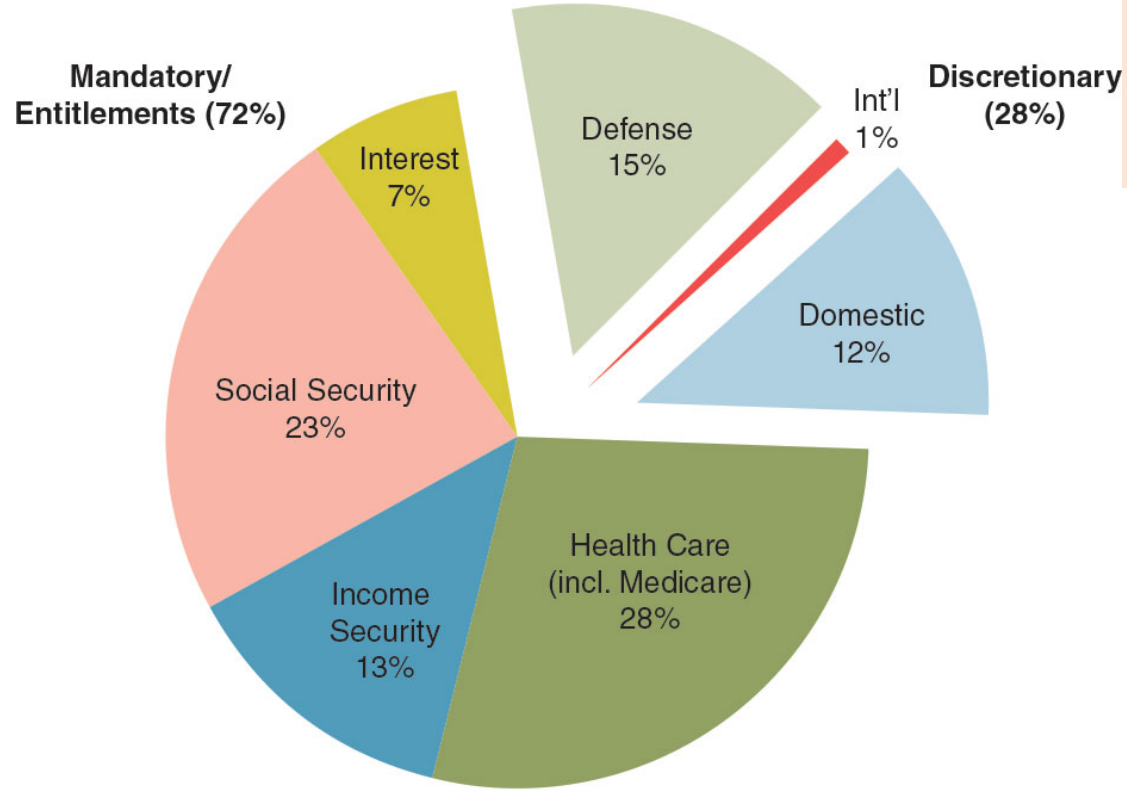
## How to raise the defense budget after the tax cut?

- Increase federal borrowing, bonds.
- Shift money from other federal agencies.
- Shift from the largest programs, Medicare, Medicaid and the Social Security Trust Fund.
- Reject further budget increases.
- Change the bill. It passed the US House 227-205, Senate 51-49





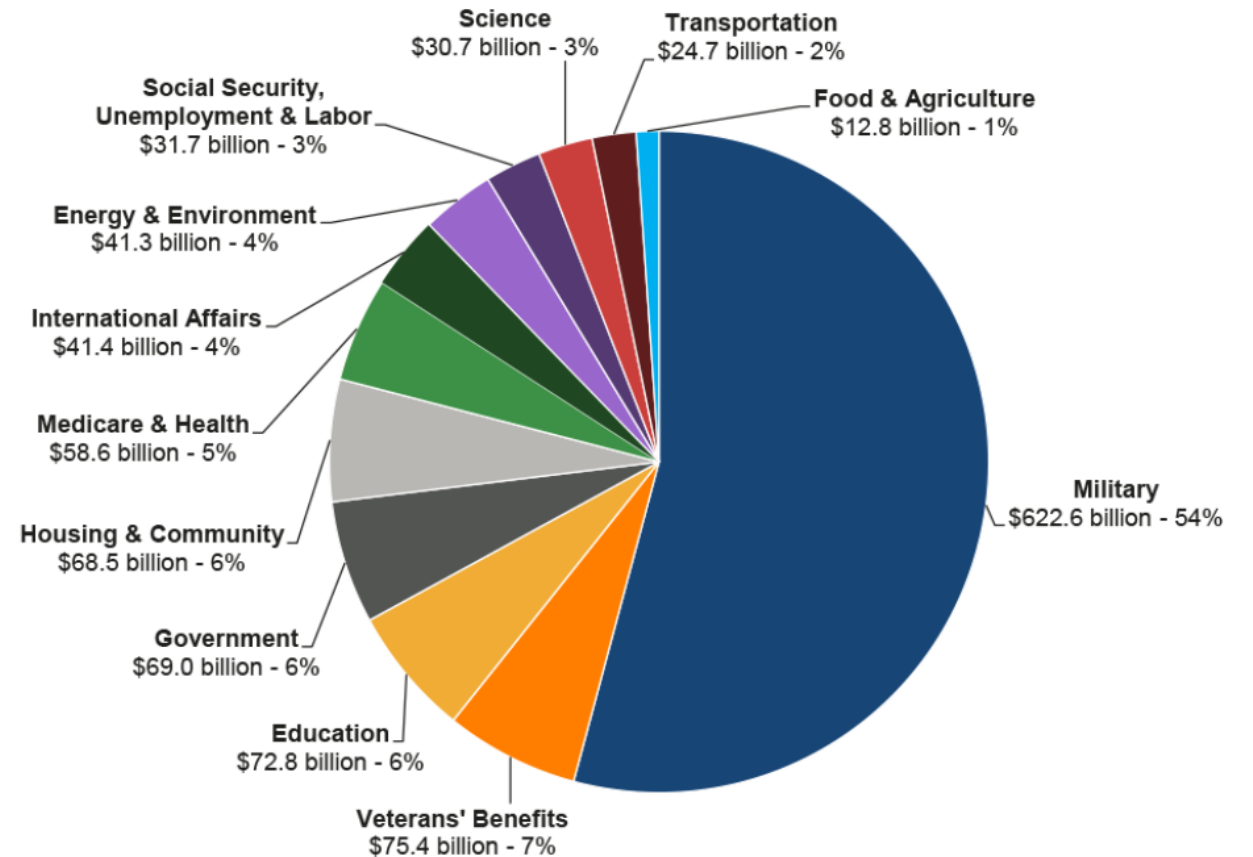
**Figure 2. Fiscal Year 2017 Federal Spending  
(% by Type of Spending)**



Source: *Economic Report of the President*  
(Washington, DC: Council of Economic Advisors, 2016)

What we are working with

**President's Proposed \$1.15 Trillion  
Discretionary Spending (FY 2017)**





## Rearranging: Trump administration budget proposal

- 23 May 2017 proposal, *likely to change in February 2018*
- USD 639 bn for Defense
- (574.5 bn base budget and USD 64.6 bn for Overseas Contingency Operations)
- USD 52 billion above the 2016-17 defense budget

# Procurement goals



## New Programs

- Increase Navy major combat ships from 278 to 355.
- Expand the Marine Corps by 10,000 personnel.
- Expand the Army by 44,000 personnel.
- Air Force is to complete non-nuclear modernization, especially the F-35.
- Air Force and Navy develop and deploy a new generation of nuclear forces.
- Deploy ground based missile defense on the East Coast.

## Still not funded...

- Proposed budget funds about half the level required for planned conventional force expansion.
- It does not fund nuclear weapons procurement.
- It does not include modernization of the Army.

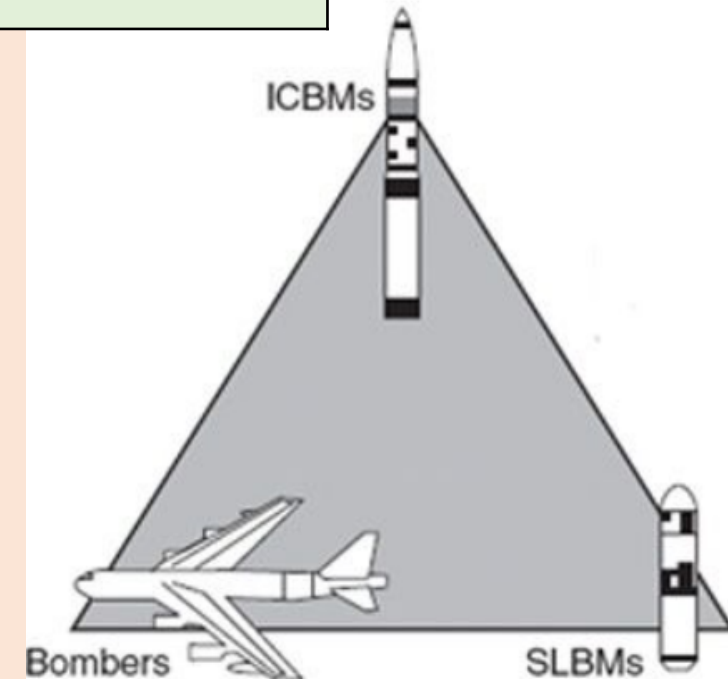
## Example: Nuclear weapons plans

### New nuclear programs

- A new ballistic missile submarine, the *Columbia* class
- A new intercontinental ballistic missile, silos and infrastructure
- A new long-range bomber, the B-21
- A new air-launched nuclear cruise missile, the Long-Range Standoff (LRSO);
- Modernization of nuclear warheads

### New costs

- Planned modernization would increase total annual costs of nuclear forces,
- From USD 29 bn in 2017 to about USD 50 bn annually by the late-2020s.
- Total additional cost of fully establishing proposed nuclear weapons programs = USD 1.24 trillion, 2017-46.





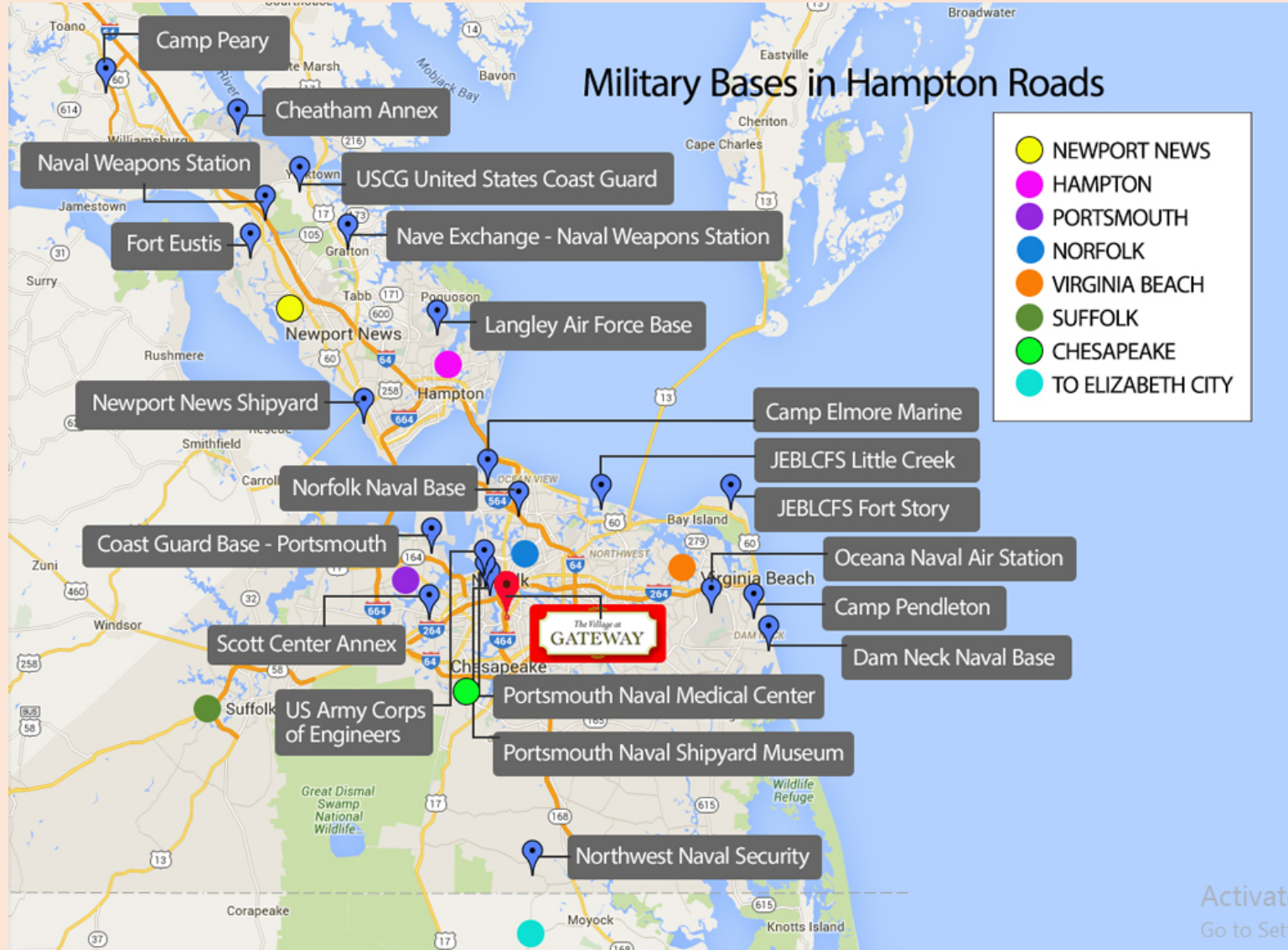
## Projected Costs of U.S. Nuclear Forces, by Function, 2017 to 2046

Billions of 2017 Dollars

	<b>30-Year Costs</b>
Strategic Nuclear Delivery Systems and Weapons	
Ballistic missile submarines	313
Intercontinental ballistic missiles	149
Bombers <sup>a</sup>	266
Other nuclear activities <sup>b</sup>	44
Subtotal	<u>772</u>
Tactical Nuclear Delivery Systems and Weapons	25
Nuclear Weapons Laboratories and Supporting Activities	261
Command, Control, Communications, and Early-Warning Systems <sup>c</sup>	<u>184</u>
<b>Total Estimated Costs of Nuclear Forces</b>	<b>1,242</b>

Source: Approaches for Managing the Costs of U.S. Nuclear Forces, 2017 to 2046, *Congressional Budget Office*, October 2017

### III. Conclusion: Local impact, Hampton Roads



Courtesy of some real estate thingy

## Local impact: Hampton Roads bases

- **Naval Station Norfolk**, largest naval base in the world, home port of four Navy carrier strike groups.
- **Naval Weapons Station Yorktown** stores the munitions for half the U.S. Navy fleet.
- **Naval Air Station Oceana**, one of two Navy “Master Jet Bases,” overseeing pilot training and aircraft maintenance.
- **Norfolk Naval Shipyard** repairs nuclear-powered aircraft carriers, ballistic missile submarines, and attack submarines.
- **Fort Eustis**, Army’s training and doctrine command, responsible for doctrine on future land warfare.
- **Langley Air Force Base** headquarters of Air Force’s fighter, attack, and other support aircraft. The Air Force is establishing a new Cyber Operations Squadron there.
- **Dam Neck Annex** trains Navy special operations.

*Also:* Little Creek Navy Base, Portsmouth Navy Shipyard, contractors like Newport News Shipbuilding, etc.

# How many warships in Hampton Roads?

- Hampton Roads is home to 4 of 10 carrier strike groups, 3 of 9 amphibious groups, and over one third of US attack submarines, destroyers and cruisers.
- 75 major combat ships at Naval Station Norfolk.
- US Navy plans to increase from 278 to 355 major combat ships.
- Must overcome the 2011 Budget Control Act first.



David B. Larter, [‘Neither Congress nor the Pentagon have a path to a 355-ship Navy’](#), *Defense News*, 23 October 2017



# Local economic impact

- 82,000 military and 43,600 civilian DoD personnel based in Hampton Roads.
- A lot of civilian contract employees for USD 8 bn in DoD contracts.
- 12 % of Virginia's GDP is reliant on military spending, highest percentage in the nation.
- 39 % of the Hampton Roads economy and 36 % of employment comes from DoD.
- Note the impact of closing Joint Forces Command in 2011.

*Source: 'Our vital military partnership, Daily Press, 26 March 2016*

- Budget sequestration is not abstract here.
- Consequent pressure on Virginia delegation.
- Strategic impact for US national security policy?
- Yes, Navy emphasis has strategic consequences.
- Local budgetary politics favor *Unilateral preeminence*.





## Conclusion: Strategy wears a dollar sign



Not as equal as they look

Budgets make strategic choices:

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