

The Economics of National Security

human capital **debt** **safety net** **reform** **trade-off**
deficit **GDP** **priorities** **spending** **Medicare**
mandatory **budget** **Social Security** **revenue** **health care**
governance **discretionary** **baby boomers** **economic growth**
infrastructure

ESSENTIAL DILEMMA

How do we know if we are getting good value out of the money we spend on defense?

INTRODUCTION

Every gun that is made, every warship launched, every rocket fired signifies, in the final sense, a theft from those who hunger and are not fed, those who are cold and are not clothed. 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 Eisenhower, “Cross of Iron” speech, April 16, 1953
 (Information Clearing House, n.d.)

The defense budget is not a pot of gold. We cannot fix the deficit or fund all of our domestic priorities simply with the response of, take it out of defense. Dismantling our military will not solve our domestic problem, but it will destroy our ability to protect our interest and to shape the direction of world events. To cut defense, we have to do it right, [like] a sweeping restructuring of our armed forces that will reduce defense spending while still preserving the military capabilities we need.

—Vice President Richard Cheney, speech at Lawrence Technical University,
 September 14, 1992 (OnTheIssues, 2011)

Deciding how much to spend on national defense is not easy. It is not, for example, like deciding how many cars to build if you are General Motors. Like national parks, clean air and water, and lighthouses, it is something the federal government provides. National defense is a public service—a public good. By its very definition, a public good or service must be available to all, even those who don’t directly benefit. The private sector does not offer public goods or services such as parks or clean water because these services

must be open to all—even those who don't or can't pay for them—so they are not a profitable investment. A government-provided public good or service cannot be evaluated based on its profitability, so the political process must determine how many parks to create and maintain, how clean the air should be, and how adequate the nation's security systems are. Many believe this process is less “rational” than decisions made by the free market because there are no independent data, such as sales figures, to confirm that they are a good value and a good use of the resources they require.

National defense requires a great deal of resources. Total spending on national defense was estimated at \$605 billion in 2016 (White House, 2016). Other estimates are higher because they incorporate indirect costs, such as interest on debt accumulated with prior national security spending and care for veterans. However it is measured, it is the single largest discretionary item in the federal budget. (Congress must approve discretionary spending each year; this is in contrast to mandatory spending, which encompasses programs with long-term cost obligations such as Social Security and Medicare.) As the largest discretionary item, national security spending makes a significant contribution to the deficit and debt and requires trade-offs in other areas to pay for it (i.e., less money to spend on other programs or higher taxes).

Is it a good value? Some argue that defense spending ought to be cut, particularly because the Cold War and our long and costly nuclear stand-off with the Soviet Union is over. Others argue that, in light of emerging threats and even emerging superpowers (such as China), spending on defense should be maintained at current levels or even increased. Yet a third group challenges the allocation of money for defense. They argue that, over the last decade, spending has been driven by entrenched constituencies such as defense contractors who are making a great deal of money, and members of Congress who “profit” by bringing job-creating contracts to their district. In his final speech as President, Dwight D. Eisenhower warned of this threat, referring to the alliance between defense and the private sector as the “military-industrial complex” (H-Net, n.d.).

The purpose of this lesson is not to determine which political position is correct regarding defense, but to enable students to ask the right questions about the true costs and benefits of national security spending by evaluating the economic effects of different proposals to change how defense money is spent.

KEY TERMS

The following terms and concepts are used in this lesson and appear in the online glossary:

Budget, Cost, Cost–benefit analysis, Debt, Deficit, Discretionary spending, Efficiency, National security, Opportunity cost

STUDENTS WILL UNDERSTAND

- Providing public goods and services at the most socially desirable level and in the most efficient way involves cost–benefit analysis, but it must also be informed by some consensus about what we value as a society.

STUDENTS WILL BE ABLE TO

- Examine sources for information and interpretations, and for cases where they corroborate, complement, or contradict each other.
- Analyze graphs, tables, and charts.
- Support positions with evidence.

RELATED CURRICULUM STANDARDS

Common Core State Standards (CCSS) Initiative¹

CCSS.ELA-Literacy.RI.9-10.6. Determine an author’s point of view or purpose in a text and analyze how an author uses rhetoric to advance that point of view or purpose.

CCSS.ELA-Literacy.RI.9-10.9. Analyze seminal U.S. documents of historical and literary significance (e.g., Washington’s Farewell Address, the Gettysburg Address, Roosevelt’s Four Freedoms speech, King’s “Letter from Birmingham Jail”), including how they address related themes and concepts.

CCSS.ELA-Literacy.RH.9-10.6. Compare the point of view of two or more authors for how they treat the same or similar topics, including which details they include and emphasize in their respective accounts.

CCSS.ELA-Literacy.RH.11-12.7. Integrate and evaluate multiple sources of information presented in diverse formats and media (e.g., visually, quantitatively, as well as in words) in order to address a question or solve a problem.

The College, Career, and Civic Life (C3) Framework for Social Studies State Standards²

D2.Eco.2.9-12. Use marginal benefits and marginal costs to construct an argument for or against an approach or solution to an economic issue.

D2.Eco.6.9-12. Generate possible explanations for a government role in markets when market inefficiencies exist.

Council for Economic Education’s Voluntary National Content Standards in Economics³

Content Standard 2: Decision Making. Effective decision making requires comparing the additional costs of alternatives with the additional benefits. Many choices involve doing a little more or a little less of something: few choices are “all or nothing” decisions.

1. National Governors Association Center for Best Practices, Council of Chief State School Officers. *Common Core State Standards*. Washington, DC. Copyright 2010.

2. National Council for the Social Studies (NCSS). *The College, Career, and Civic Life (C3) Framework for Social Studies State Standards: Guidance for Enhancing the Rigor of K-12 Civics, Economics, Geography, and History*. Silver Spring, MD. Copyright 2013.

3. Council for Economic Education. *Voluntary National Content Standards in Economics*. New York, NY. Copyright 2010.

Content Standard 3: Allocation. Different methods can be used to allocate goods and services. People acting individually or collectively must choose which methods to use to allocate different kinds of goods and services.

Content Standard 16: Role of Government and Market Failure. There is an economic role for government in a market economy whenever the benefits of a government policy outweigh its costs. Governments often provide for national defense, address environmental concerns, define and protect property rights, and attempt to make markets more competitive. Most government policies also have direct or indirect effects on people's incomes.

LIST OF LESSON RESOURCES

The following resources are used in this lesson and can be downloaded online:

1. Opening Scenario
2. Data Center Fact Sheets
3. Commentary on National Security Spending
4. Proposals for Altering National Security Spending
5. James Madison on War

DAY 1 of 2

ENTRY

Distribute **Resource 1**, Opening Scenario. How should we pay for services we share? Students should read the scenario and respond to the dilemma it poses: “Your shop currently makes about \$3,000 a month in profits that you take home as your salary. How much of this would you be willing to pay for private security services?”

Tally how much different individuals are willing to pay and make note of the lowest, middle, and highest amounts. (Take particular note of students who are not willing to pay anything at all. They may have very different rationales.) Make a chart of students’ reasons to pay and not to pay for additional security. Reasons that are offered will likely be variations of the following:

- **I won’t pay:** If other people pay, I will be safer too, so why should I pay?
- **I will pay:** We would be better off cooperating with the other people in the neighborhood to pool our resources and keep each other safe; if only a few people are safe, we are all in danger, and nobody is going to want to put up the resources to protect everybody else.
- **I won’t pay for private security:** If we are thinking of paying for private security, it would be better to vote to increase taxes to pay for additional police officers. That way, everybody would be forced to pay and people could not take advantage of increased security without paying.

Explain to students that the last reason is a failure to reach private consensus about how to share the cost of security. This is an example of *market failure*—a time when the free market does not allocate resources to produce goods and services in a socially efficient way. Many economists believe that, in instances of market failure, the government should step in and provide those goods and services. But how do we know which goods and services the government should provide? And how do we know the “best” way to provide these goods and services?

Students will recognize the following examples of services the government supplies or supplements because of market failure: (1) public parks (everyone benefits from more outdoor space, but a handful of motivated park-goers would not be willing to pay enough to maintain a space they couldn’t restrict to their own use); (2) public transportation (even though people who never use public transportation might benefit from those who do because trains and buses mean less pollution, less traffic, and greater economic development/jobs, the nonriders would not be willing to voluntarily subsidize bus or train tickets to keep them affordable).

LESSON STRATEGIES AND ACTIVITIES

Tell students that today they will ask themselves: “What are we willing to give up, collectively, in order to be safer as a nation?” To answer this question, they will look at how current spending on defense compares with defense spending in other time periods, spending on defense by other countries, and other spending to which the government commits.

Data Dive

Set up five stations at tables or around the perimeter of the room, depending on available space and layout. Using **Resource 2**, Data Center Fact Sheets, place three or four copies of data set 1 at station 1, and do the same for the remaining four data sets and stations.

Students should make a chart in their notebooks with four columns: “It Says,” “I Say,” “So . . .,” and “Questions.” Students will spend 2–3 minutes at each station filling in one row of the chart based on information from the data sheets. In the first column, they should copy the *most important* pieces of data at that station. The second column is for the students’ interpretations (Why is this data important? What does it mean?). The third is for implications and analysis, and the fourth is for questions.



See Resource 2 online

Model this procedure for the class with the first data set, particularly if students will be unfamiliar with the drill.

Students should keep their charts for use in the next stage of the lesson to inform their analysis of the costs of defense. Either collect and return the charts or do a quick check of notebooks while students are working, to hold students accountable for completing the assignment as well as to assess their understanding of the data. Give them the feedback they need to be successful in the next steps.

Review key learning objectives from Day 1 (perhaps use an exit slip or other informal assessment):

- ▶ What is the economic challenge presented by public goods, such as national defense?

[Responses may include difficulty in deciding what is the “best” level of spending, lack of competition, the need for close monitoring to achieve efficiency and ensure that best results are being achieved at the lowest possible cost, and resistance to change because of entrenched political interests.]

- ▶ What do we know about the current costs, including opportunity costs, of defense spending?

[Responses will vary, but may include a summary of direct and indirect costs, a discussion of the largest programs in the military budget, a comparison with prior years, and a comparison with other countries.]

DAY 2 of 2

In Day 2, students dig more deeply into figuring out what the “ideal” level of defense spending might be and how to achieve the greatest benefit at the lowest possible cost. They examine the costs of national security spending, including indirect costs, and analyze the benefits. Students explore more of the costs and benefits of national security spending through quotes from policymakers; they then critically examine these quotes by generating questions they have and evidence they would seek to evaluate their credibility. Finally, students use all of this information to generate criteria, questions, and necessary evidence to evaluate proposals for reforming national security spending.

In preparation for the day’s activities:

- Remind students that economists define the word “cost” as what one has to give up to get something. This includes direct (monetary) costs—the market prices of the resources used—as well as indirect costs that are not directly observable. (Students might know direct and indirect costs can also be considered “opportunity costs,” or the loss of the next best alternative.)
- If this is new material to students, ask them about the direct and indirect costs of a decision they have made recently. Review the meanings of “cost” and “opportunity cost” using examples from students’ lives. Discuss the many dimensions of cost, including both private and social cost, in addition to direct and indirect cost.
- Review key points from the previous day’s lesson, in particular that national security is a public good; to decide how much of a public good to produce and how best to produce it, we must engage in cost–benefit analysis; and that now we know quite a bit about the direct costs of national security and how they compare to other countries and other time periods.
- Discuss with students what they have learned from their data dive about the costs and benefits of national security. After a brief discussion, ask them to summarize their understandings so far on a three-column chart. The column titles should be “Costs,” “Benefits,” and “Further Questions.” Ask them to make their charts independently, based on their notes from Day 1, and then to share their charts in groups of four to fill in any details they may have missed or forgotten.

Analysis of Commentary on National Security

Distribute **Resource 3**, Commentary on National Security Spending, ideally as a set of quotes that have been cut apart. As students read these comments, they should choose one of the following labels for each selection:

- *Direct*: A quote about direct costs
- *Indirect*: A quote about indirect costs
- *Benefits*: A quote about the benefits of national security spending
- *Efficiency*: A quote about how the goals of national security spending might be achieved more efficiently by other means (new technologies, more competition, etc.)

Students should then select the most relevant quotes from each pile to add to their charts of costs and benefits.

Ask students to take a second pass through the quotes, this time through a more skeptical and analytical lens. Tell students that they will not have enough time or information to actually determine the truthfulness of these quotes, but that they should weigh them against what they already know about national security to determine what questions they would ask and what additional evidence they would seek if they were reporters covering the political debate on this issue. Remind students that they should first do this task on their own and then compare their analyses with a partner. As they compare notes, they should clear up areas of confusion. They need not agree on whether changes to national security spending are necessary, but they should be clear on why they disagree.

Applying Costs and Benefits: Developing Criteria to Evaluate Proposals

Distribute **Resource 4**, Proposals for Altering National Security Spending. In small groups, students should choose their two or three favorite proposals and analyze the costs and benefits of each, referring to arguments made in the quotations whenever appropriate. Using this information, as well as their own values and priorities, ask students to envision themselves as economics experts who write editorials and appear on television news broadcasts offering commentary and analysis on the news of the day. To do their job, they will need to be equipped to judge any proposed changes to national security spending using a consistent set of criteria, rooted in economic theory. Students should use the graphic organizer in Resource 4 to create a set of four or five criteria around economic concepts, such as efficiency, costs, benefits, and trade-offs. (They do not need to use these particular criteria; they can create their own, combine these concepts into larger criteria, or create new names and headings.) Tell students to create a set of questions for each criterion and to decide what evidence they would need to determine whether the proposal meets the criteria. Use the content in Resource 4 to develop these criteria, questions, and evidence.

CLOSURE

Distribute **Resource 5**, James Madison on War. (Consider reading it aloud first.)

Remind students that James Madison was the fourth U.S. President (1809–1817), one of the framers of the Constitution (known as the “father” of the Constitution, signed in 1789), and a moving force behind the Bill of Rights (1791). Tell students to take note of the date of the quote, and ask students what they make of Madison’s statement.

After they have worked with its meaning, provide students with as much paraphrasing as they need. Propose that Madison is saying excessive militarism and a continual state of war is dangerous for a host of reasons, but chief among them is the threat it presents to democratic self-rule because of the financial power it gives the government to raise taxes on its citizens in order to pay for the excessive debt the country will inevitably take on to pay for continual warfare. If the situation persists beyond what is absolutely necessary for national security and safety, Madison believes the military itself, as well as its revenue needs, can be used as tools of oppression by those in power.

Before assigning students a written response to this statement by Madison, ask them why they think they are being asked to work this hard—why they are being asked to read something written almost 220 years ago in its original language.

[Student answers will vary, but if it doesn't come up, tell them that, in contemporary debate about public policy and the proper role of government, much is made of understanding and (for many) being faithful to the original intent of the framers of the Constitution.]

For homework, ask students to first respond to the essential dilemma of the lesson as they believe Madison would have responded; then, compare Madison's response to one of the comments from Resource 3, choosing the comment with ideas that are closest to their own. What can we infer about Madison's values, priorities, and assumptions? How are they similar to and different from what you and the author you have chosen think? How do those values, priorities, and assumptions affect the way you and Madison interpret economic data about national security spending?

Ask students to conclude their homework by listing what questions they still have about national security spending and what further information they would need to adequately answer these questions.

FURTHER ENGAGEMENT

Invite students to further explore this issue with independent research through the lens of one or more of the following questions that they can answer in essay form:

- ▶ How much deterrent effect does a strong military have, even if it is not actively engaged in war? Does the doctrine of “peace through strength” make sense?
- ▶ Is national security spending buying peace or is it buying war?
- ▶ What are some reasons why national security spending is at its current level? Who pays for that? Who benefits?

Encourage students to think critically about their ability to fully answer these questions. After a first pass, they may be encouraged to brainstorm ways it may have been difficult to answer the questions, gaps in their information and understanding, and further questions they have about this topic, in order to fully and substantively answer these questions.

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Resource 1**Opening Scenario**

How Much Would You Be Willing to Pay?

You are the owner of a coffee shop in a dangerous part of town. The police force in your town has recently had to reduce the number of officers available for patrol due to budget cuts. Since then your shop has been vandalized three times, and you are worried it may be robbed one day soon. A few shopkeepers in the neighborhood recently got together to discuss the situation and decided they needed to take action; they requested voluntary contributions from all the shopkeepers in the area to pay for private security guards to supplement the patrols provided by the police. Your shop currently makes about \$3,000 a month in profits that you take home as your salary. How much of this would you be willing to pay for private security services?

Resource 2 (1 of 5)**Data Center Fact Sheets**

Data Center #1**Overview Fact Sheet**

1. The government appropriated (designated) \$605 billion for national security in 2016, according to the Office of Management and Budget (White House, 2016).
2. The total could be larger, depending on how one considers the following:
 - Interest on previous debt
 - Benefits for veterans and families of deceased military personnel
 - Research and clean-up of nuclear weapons administered by the Department of Energy
 - Defense-related foreign aid paid by the State Department to other countries
3. Since 2011, the defense budget has been cut by 25% in inflation-adjusted dollars.

Source: Johnson, J. T. (2016). We must get the defense budget right. Retrieved from <http://www.heritage.org/research/commentary/2016/4/we-must-get-the-defense-budget-right>

Resource 2 (2 of 5)**Data Center Fact Sheets**

Data Center #2**How the Money Is Spent**

- Spending at the Department of Defense, Classified by Category

Components	2015 Funding	Change, 2011–2015
Operations and Maintenance (resources dedicated to readiness, or enabling forces to be prepared to execute combat missions)	\$247.2 billion	–15.1%
Military Personnel (pay, benefits, and training costs for officers and enlisted members of the armed services)	\$145.2 billion	–10.1%
Procurement (purchasing equipment, supplies, and weapons)	\$101.3 billion	–20.9%
Research and Development (development of new technologies, weapons systems, etc.)	\$64.1 billion	–14.4%
Military Construction	\$8.1 billion	–14.4%
Family Housing	\$1.2 billion	–64.7%
Total	\$567.1 billion	–16.4%

Source: Office of Management and Budget. (2016b). Historical tables, Table 3.2—Outlays by function and subfunction, 1962–2021. Retrieved from <http://www.whitehouse.gov/omb/budget/Historicals/>

- Base Funding, Classified by Branch of the Armed Forces

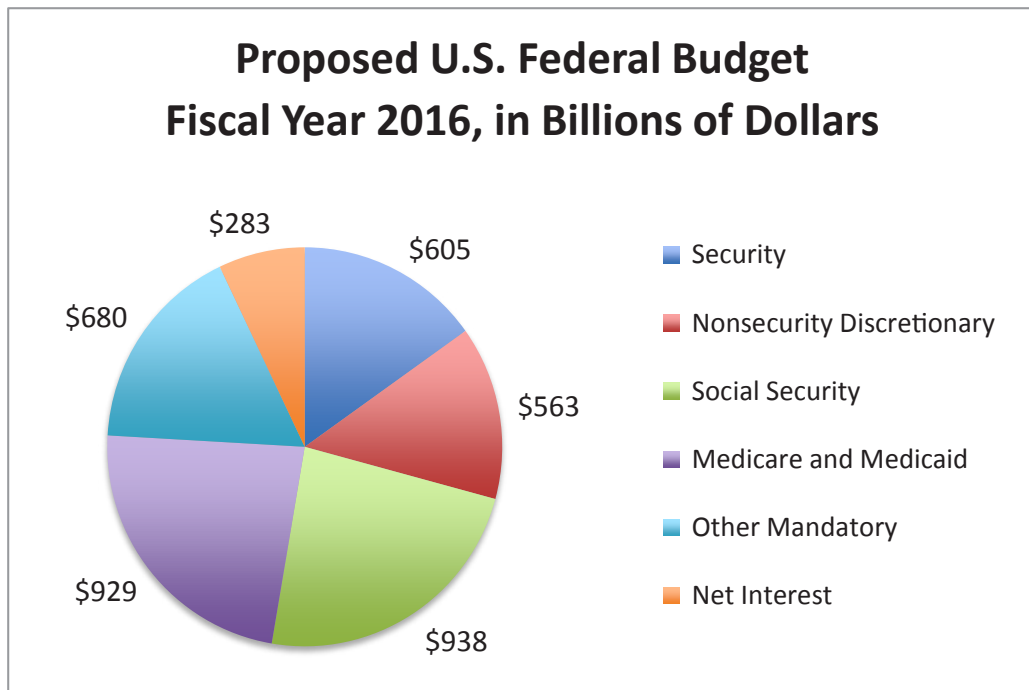
Service	2017 Budget Request	Percentage of Total
Army	\$65.9 billion	26.7%
Navy and Marine Corps	\$54.1 billion	21.9%
Air Force	\$55.4 billion	22.4%
Defense-Wide (Inter-branch)	\$71.6 billion	29.0%

Source: U.S. Department of Defense. (2016). Operation and Maintenance Programs (O-1) Revolving and Management Funds (RF-1). Retrieved from http://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2017/fy2017_o1.pdf

Resource 2 (3 of 5)**Data Center Fact Sheets**

Data Center #3**Comparison to Other Budget Items**

- In 2016, national security spending accounted for about 15.5% of total spending (\$605 billion out of \$3.9 trillion).
- National security spending accounts for about 51% of all “discretionary” spending—that is, spending that Congress and the president control each year, through the budget process, as opposed to spending that is mandated through contracts or other laws, such as interest on debt, Social Security payments to retirees, welfare benefits, and the like.
- In 2016, national security spending accounted for approximately 3.3% of the gross domestic product (GDP), one measurement of the overall economy.



Source: White House. (2016). Summary tables, Tables S-4 and S-5. Retrieved from <http://www.whitehouse.gov/sites/default/files/omb/budget/fy2016/assets/tables.pdf>

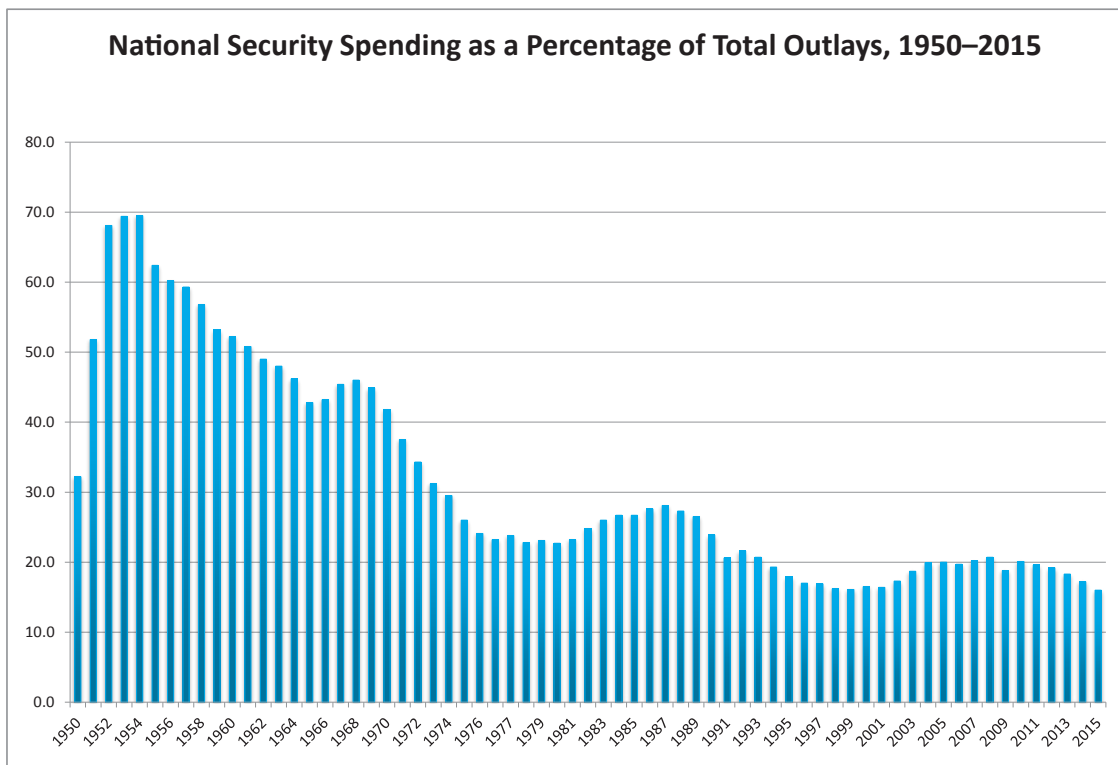
Resource 2 (4 of 5)

Data Center Fact Sheets

Data Center #4

Comparison to Prior Years

- As a percentage of total budget spending, national security spending has fluctuated, but is substantially lower now than it was at the peak of the Cold War. It declined dramatically through the 1990s, increased between 2001 and 2010, and has been decreasing since 2010.
- As a percentage of GDP, national security spending has generally been in decline since World War II. As the economy has grown, national security spending has not grown as quickly.

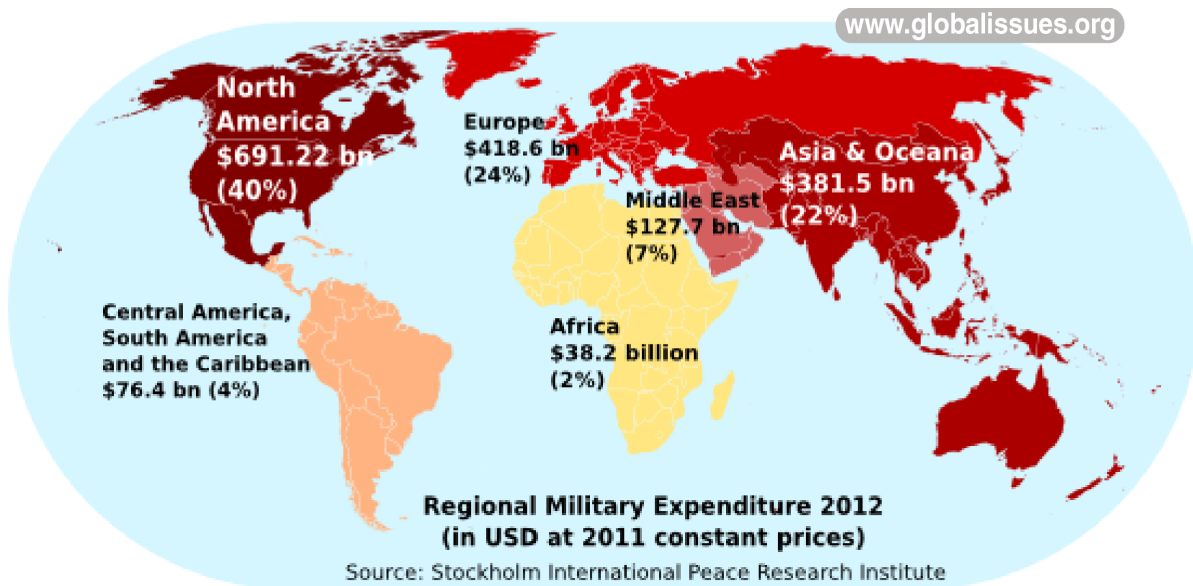


Source: Office of Management and Budget. (2016). Historical tables, Table 3.1—Outlays by superfunction and function: 1940–2021. Retrieved from <http://www.whitehouse.gov/omb/budget/Historicals>

Resource 2 (5 of 5)**Data Center Fact Sheets****Data Center #5****Comparison to Other Countries**

- The United States spends more on national security than any other country in the world does—about 34.8% of the world’s total in 2015, and more than three times more than China, the second-largest spender, at an estimated \$171 billion in 2015. (It is difficult to make a clear comparison with China because of disputes about the exchange rate and concerns about the reliability of figures. Furthermore, the United States is not first in the world in terms of national security spending as a percentage of GDP—remember that the United States also has the largest economy in the world, and the world’s third largest population. These numbers need to be interpreted with that context in mind.)
- In terms of national security spending as a percentage of GDP, the countries that exceed the United States are generally in very dangerous and conflict-prone regions of the world. Those countries include Algeria and South Sudan in Africa, and a large number of countries in the Middle East: Iraq, Oman, Saudi Arabia, Israel, and Jordan.

Source: Central Intelligence Agency. (2016). The world factbook: Country comparison: Military expenditures. Retrieved from <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2034rank.html>; Stockholm International Peace Research Institute. (2016). SIPRI military expenditure database. Retrieved from http://www.sipri.org/research/armaments/milex/milex_database/milex_database



Source: Shah, A. (2013). World military spending. Retrieved from <http://www.globalissues.org/article/75/world-military-spending>

Resource 3 (1 of 4)**Commentary on National Security Spending**

Military Cutbacks Make Sense

New York Times Editorial Board, July 24, 2015

The Army's plan to cut 40,000 troops, as well as 17,000 civilian employees, over the next two years is unsettling many American communities. . . . But the cutbacks are a sensible and necessary move, and they should not come as a surprise since it was Congress that approved big cuts in federal defense spending.

. . . If the budget restrictions are not lifted, the Army will be reduced further to 420,000 troops by the end of the 2019 fiscal year, and Army officials say that further cuts would leave them unable to meet their obligations. But many experts believe the Army can do its job even if it declines to 420,000 troops, and Congress can save billions if it approves a new round of base closings for a military that maintains at least 20 percent more real estate than it needs.

Source: *New York Times* Editorial Board. (2015, July 24). Military cutbacks make sense. Retrieved from <http://www.nytimes.com/2015/07/25/opinion/military-cutbacks-make-sense.html>

Bob Burnett: Why We Should Reduce the Defense Budget

Huffington Post, April 19, 2013

Another reason for the contentious nature of defense budget discussions is that 63 years of ever-increasing defense budgets has fomented a military-industrial complex that constantly lobbies for billion-dollar defense projects. This has led to a bloated budget and an overabundance of generals. When senior officers do retire, they quite often join the staff of a military contractor and become lobbyists. Meanwhile, senators and representatives fight for military projects for their constituents believing that it will help employment and increase their prospects for reelection.

Whenever defense budget reductions are proposed, generals and congressmen warn us, "The world continues to be a dangerous place." They point out threats such as Iran and North Korea to justify the proposed budget. But what's not discussed is why the United States has to continue to be the world's police force. The NIC report indicates that we're rapidly moving towards a quadripartite world governed by the U.S., China, India, and the European Community. In such a world, it makes no sense for America to shoulder most of the responsibility for policing the world and absorbing 42 percent of military spending.

Now is the time for Democrats to drastically reduce America's defense budget.

Source: Burnett, B. (2013). Why we should reduce the defense budget. Huffington Post. Retrieved from http://www.huffingtonpost.com/bob-burnett/why-we-should-reduce-the-_b_3115515.html

Resource 3 (2 of 4)**Commentary on National Security Spending**

Public Uncertain, Divided Over America's Place in the World

Pew Research Center, May 5, 2016

Growing share says defense spending should increase

For the first time in more than a decade a greater share of Americans say spending on national defense should be increased (35%) than say it should be cut back (24%). A plurality (40%) say that spending should be kept roughly the same.

In November 2013, the last time this question was asked, more Americans said we should reduce our spending than increase it (28% cut back vs. 23% increase).

. . . There are wide partisan and ideological differences when it comes to national defense spending. Though most conservative Republicans (67%) think defense spending should be increased, moderate and liberal Republicans are more divided: 45% say the national defense budget should increase, 39% say it should stay the same, and 14% think it should be reduced.

Only 20% of Democrats say there should be more spending on defense; 30% say the defense budget should be cut back, while roughly half (49%) say it should remain near current levels.

Conservative and moderate Democrats are about equally likely to say defense spending should go up (26%) as to say it should be cut back (22%), though roughly half (51%) say it should remain about the same. Liberal Democrats, in contrast, are about three times as likely to say defense spending should be cut as to say it should be increased (39% vs. 12%); 48% say it should be kept the same.

Source: Pew Research Center. (2016, May 5). Public uncertain, divided over America's place in the world. Retrieved from <http://www.people-press.org/2016/05/05/3-international-threats-defense-spending/>

Analyst William Kristol: Don't Cut Military Spending

Response to an interview question, January 6, 2012

[Cuts proposed by the Obama administration to the defense budget] would decimate our military. It would weaken the United States of America. Let's not kid ourselves. There is no magic. You have don't cut the ground forces he [President Barack Obama] wants to cut, cut our capacities around the world . . .

It's unbelievably irresponsible. The savings are tiny when it comes to the actual budget deficit. The highest number is \$40 billion a year when he is running \$1.5 trillion deficit when he wasted \$800 billion on the stimulus, none of which went to the military. Doesn't that tell you everything.

Source: Armbruster, B. (2012). Kristol: Budget cuts 'would decimate our military,' but 'the savings are tiny.' Retrieved from <http://thinkprogress.org/security/2012/01/06/399207/kristol-military-cuts-decimate-savings-tiny>

Resource 3 (3 of 4)**Commentary on National Security Spending**

Senators Marco Rubio and Tom Cotton: Why the Defense Budget Must Grow

CNN, March 26, 2015

Regrettably, military strength is seen in many quarters as the cause of military adventurism. A strong, robust defense is seen not to deter aggression, but to provoke it. For years, we have systematically underfunded our military, marrying a philosophy of retreat with a misplaced understanding of our larger budgetary burdens and the real drivers of the debt: our entitlement programs.

. . . Political leaders in Washington need to be reminded that our defense is the single most important responsibility of the federal government. Instead of starting the process by setting arbitrary defense spending levels and then forcing our military to cut vital programs in order to meet these levels, the budgeting process should start by taking into account all the threats against us, listing the programs and capabilities we'll need to protect our people and interests around the world, and then funding those efforts.

. . . The results of these cuts have been disastrous for our military and for our ability to project power and deter our enemies. . . . At the end of this process, our military will be significantly smaller, dramatically less capable and dangerously unready to deploy if these budget cuts remain in place. The Army is on the path to be reduced to pre-World War II levels. The Navy is at pre-WWI levels. And our Air Force has the smallest and oldest combat force in its history.

Our force reductions have been felt throughout the world—by our friends and our enemies. They have presented not just a crisis of readiness for America, but also a perilous strategic weakness. Our adversaries have been emboldened by what they perceive as our diminished military presence.

History has shown that every time we have unreasonably cut resources from our military in anticipation of a peace dividend, it has only cost us more to make up for the deficit we create in military readiness and capability, and the expected era of perpetual peace fails to materialize.

We think we are saving money, but in the long run, we end up paying more and creating more risk and uncertainty.

Source: Rubio, M., & Cotton, T. (2015). Rubio, Cotton: Why defense budget must grow. CNN. Retrieved from <http://www.cnn.com/2015/03/26/opinions/rubio-cotton-defense-cuts/>

Resource 3 (4 of 4)**Commentary on National Security Spending**

Former President Dwight Eisenhower’s “Cross of Iron” Speech on the Real Cost of Military Spending

Excerpt from a speech before the American Society of Newspaper Editors, April 16, 1953

The cost of one modern heavy bomber is this: a modern brick school in more than 30 cities.

It is two electric power plants, each serving a town of 60,000 population.

It is two fine, fully equipped hospitals.

It is some 50 miles of concrete highway.

We pay for a single fighter with a half million bushels of wheat.

We pay for a single destroyer with new homes that could have housed more than 8,000 people.

This, I repeat, is the best way of life to be found on the road the world has been taking.

This is not a way of life at all, in any true sense. Under the cloud of threatening war, it is humanity hanging from a cross of iron.

Source: Information Clearing House. (n.d.). Cross of iron speech. Retrieved from <http://www.informationclearinghouse.info/article9743.htm>

Resource 4 (1 of 2)**Proposals for Altering National Security Spending**

1. Reduce defense spending by a predetermined percentage each year, until defense spending as a percentage of GDP matches the global average. Groups should decide what else the money should be spent on (including cutting taxes and/or reducing the deficit and paying down the debt) and what specific areas of the defense budget should be cut.
2. Keep the defense budget the same, allocated in the same way.
3. Change the priorities of the defense budget from preparing for armed conflict and deterrence to displays of strength toward building peace. This could mean moving money from weapons systems to poverty alleviation, nation-building (this entails providing support for weak emerging governments and civil institutions in the developing world, such as the operation in Afghanistan), additional funding for international organizations to support international education, tolerance-building, conflict mediation, or some other proposal. Keep in mind, however, that peace investments will not necessarily be cheaper than investments in weapons.
4. Increase defense spending. Students choosing this proposal should describe which specific areas should be increased, the reasons why, and where the money should come from (what other programs should be cut, which taxes should be increased, or how to obtain money through increased borrowing).
5. Keep defense spending at current levels for now, but implement reforms to create incentives to spend it more efficiently, possibly saving money in the future. Reforms proposed by the Congressional Task Force on defense spending include: eliminating “cost-plus” contracts, which guarantee profits to contractors and transfer risks to the government; requiring more competition for funding among the different branches of the Armed Services to reward and encourage efficiency; and creating an independent commission to evaluate weapons systems and find ways to move money from priorities of the past to potential needs of the future.
6. Find a way to address the international “free rider” problem, in which countries around the world benefit greatly from U.S. spending on defense. This could include increased investment in international organizations, or it could mean the opposite—cutting strategic alliances such as NATO that commit U.S. defense resources overseas.

Source: Adapted from Sustainable Defense Task Force. (2010). Debt, deficits, & defense: A way forward. Retrieved from <http://www.comw.org/pda/fulltext/1006SDTFreport.pdf>

Resource 4 (2 of 2)

Proposals for Altering National Security Spending

Criteria, Questions, and Evidence

- ▶ Thinking about the economic concepts of benefits, costs, and efficiency, what are the criteria by which you would evaluate a proposal to reform national security policy in the United States?
- ▶ Rank the criteria you listed in order of importance. How much weight would you give each one? Why?
- ▶ For each criterion, what questions would you ask and what evidence would you seek to determine whether the reform meets the criteria?

Criteria	Questions	Evidence

Resource 5**James Madison on War**

Of all the enemies to public liberty [i.e., freedom from governmental tyranny] war is, perhaps, the most to be dreaded because it comprises and develops the germ of every other. War is the parent of armies; from these proceed debts and taxes . . . known instruments for bringing the many under the domination of the few. . . . No nation could preserve its freedom in the midst of continual warfare.

—James Madison, *Political Observations*, 1795

Source: Madison, J. (1795, April 20). Political observations. Founders Online. Retrieved from <http://founders.archives.gov/documents/Madison/01-15-02-0423>