Budgeting for Austere Defense

Mackenzie Eaglen

From the moment the Budget Control Act (BCA) was signed into law three years ago, many—including the president—said its mechanism to force automatic spending cuts, known as sequestration, in the absence of a larger "grand bargain" would never happen. By design, sequestration was constructed as an outcome so unpalatable that it would prompt compromise over larger federal budget issues such as entitlements and taxes. As was argued at the time, sequestration spending cuts were too steep and too irresponsible to ever become law. According to then–secretary of defense Leon Panetta, the sequester was akin to "shooting ourselves in the head."[1]

The increasingly likely prospect of sequestration as the date drew near created a frenzy.[2] Politicians on both sides of the aisle denounced the action, the defense industry organized a well-funded and job-centric education and lobbying campaign to emphasize its economic consequences, and financial analysts scrambled to anticipate congressional action and how it would impact the bottom line for contractors.

But while the specter of sequestration loomed and all parties fretted, there was a growing readiness crisis at the Department of Defense (DoD). This challenge predates the debt limit deal of 2011 and would not be alleviated simply by rescinding the BCA—itself a daunting and unlikely proposition.

The problem is that it is impossible to identify which dollar broke the proverbial camel's back when it comes to military readiness. It cannot be clearly attributed to any one moment or any single decision. Rather, the US military appears to have crossed the "invisible redline" of precariously reduced readiness as former chief of staff of the Army, GEN George Casey, once warned against.[3] Because it is hard to pinpoint when the subjective threshold was crossed, policymakers have been lulled into favoring false solutions that do not fully match the scope of the problem with an adequate answer.

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Policymakers must attempt to trace the impact of the Budget Control Act—not just sequestration—upon the military both now and into the future. Only by chronicling how Congress and the president have enacted austere defense spending and adjusted defense cuts through today and understanding how those translate in real ways for the Pentagon can leaders draw lessons from the current impasse while proposing realistic and timely solutions.

The Flawed Budget Control Act

Despite all the warnings, doomsday predictions, and lobbying efforts to stop sequestration, these spending reductions went into effect in 2013—not with a bang, but with a whimper of resignation. Since then, despite short-term deals like one to avoid the so-called fiscal cliff and a recent budget deal by Rep. Paul Ryan (R–WI) and Senator Patty Murray (D–WA) that have provided the Defense Department with modest breathing room, near-sequestration-level budgets are now the norm.[4]

A year and a half into the sequester, the sky has yet to fall. While some systems—such as the Missile Defense Agency's precision tracking satellite system, the Air Force's expeditionary combat support system, the space-based surveillance system follow-on satellite, and the Army's ground combat vehicle—have experienced budget cuts due to the legislation, few high-profile modernization programs have fallen victim to sequestration. At the same time, end strength reductions may be less severe than originally believed, and some deferred maintenance and training is being gradually restored. These factors and others seem to suggest the Pentagon has been able to muddle along through sequestration's early squeeze. But the consequences of reduced budgets since 2010 are still real, tangible, and chipping away in slow motion at long-standing US military capabilities and capacity.

US defense leaders were not wrong when they forecasted the devastating implications sequestration—coming on top of previous reductions in spending—would have upon the national defense. Rather, these implications have been obscured, spread thin over many priorities, and in some cases forestalled through a series of budget deals, temporary measures, and special exemptions. These actions have created a sort of sequestration purgatory where clear consequences of funding shortfalls are becoming increasingly visible, but the full sequestration bill has yet to come due. In the absence of the intense pain of sequestration in one event or one fiscal year, lawmakers and even Pentagon officials have become sensitized to accept sequestration as the decade-long baseline for austere defense spending.

With so much attention focused on sequestration, one can easily forget that the US defense drawdown began three years ago. As former secretary of defense Robert Gates outlined in January 2011, the Pentagon was already on a path to cut or redirect about $478 billion in planned spending due to various weapons cancelations, staff reductions, and efficiency initiatives.[5] These changes, combined with the persistent pace of operations in Iraq and Afghanistan, were already straining the force—particularly during the summer of 2011 as the newly empowered Republican Congress and the White House became increasingly at odds over the looming debt ceiling.

As Bob Woodward has chronicled, at the 11th hour, senior White House staffers proposed resurrecting a little-known budgetary device known as sequestration to act as a forcing mechanism to facilitate a broader compromise.[6] The idea was that sequestration would give both Democrats and Republicans a deadline and enough to dislike that they would find a middle ground on entitlements and taxes. The final agreement, coming in the form of the Budget Control Act, offset a debt limit increase with just over $2 trillion in deficit reduction phased in over two tranches.[7]

The first tranche set a path to reduce the deficit by $917 billion between fiscal years 2012 and 2021, mostly through caps on discretionary spending. The second tranche charged a joint select committee on deficit reduction (commonly known as the "Super Committee") with reaching a bipartisan agreement on a plan to reduce the deficit by at least $1.5 trillion. If the Super Committee could not produce a plan to reduce the deficit by at least $1.2 trillion, sequestration would cut spending by that amount beginning in January 2013.[8]

A guiding principle of the BCA was the rough reciprocity between defense and non-defense discretionary spending, dividing its cuts more or less evenly between the two. In its first round of spending reductions, the BCA established a "firewall" between security and non-security spending caps in 2012 and 2013. The legislation also provided a total discretionary spending limit from 2014 to 2021 without enumerating a specific division between security and non-security spending.[9] Pentagon spending comprises about 76 percent of the "security" spending category, which also includes funding for the Department of Homeland Security, the International Affairs budget category, and the Veterans Affairs Department.[10]

When the Super Committee failed to reach a compromise, the BCA not only reverted to the lower budget caps provided for under its sequestration provision, but the composition of its discretionary spending caps changed from the broader security category to the more narrow national defense (050) budget function. The Pentagon accounts for about 96 percent of the national defense budget category, so shifting the caps from security to defense had the effect of shifting more of the burden onto the military.[11]

This increased share of the load for defense was opposite of the original intention of the firewalls. When similar firewalls were in place during the 1990s, they served to protect defense spending.[12] If non-defense appropriations broke discretionary spending limits, only non-defense spending would suffer a corresponding reduction. Defense would be safely quarantined behind a firewall and unaffected.

Yet this principle was inverted by the debt ceiling deal. Instead of protecting defense spending, politicians handcuffed this constitutional requirement to non-defense programs. Henceforth, whenever Congress and the president revisited the spending caps, defense was held hostage to one-for-one increases in non-defense spending. This presented a major impediment that remains to this day for lawmakers skeptical of increasing domestic spending. The notion that defense spending has to be tied to non-defense spending if any discretionary federal priorities are to grow is one of the most underappreciated and harmful legacies of the BCA.

The inverted firewall principle was not the only legacy consequence of this legislation. On top of the BCA's first tranche, which cut defense budgets by $487 billion through caps on discretionary spending from 2012 to 2021, sequestration set defense on a path to further shrink by about $500 billion. In 2013, these reductions were applied in a punitive, across-the-board fashion, while cuts in later years would in theory be applied in a more targeted way through lowered discretionary caps.

Limited Relief as Drawdown Continues

Compared to the path set by then–secretary of defense Robert Gates in fiscal year 2012, the first round of the BCA reduced Pentagon discretionary budget authority by $487 billion over the next decade. This was carried out in a two-part process between the 2012 defense appropriations bill and the 2013 president's budget request.[13] This resulted in reductions of roughly $45 to 50 billion per year in planned spending relative to the Defense Department's five-year spending plan known as the Future Years Defense Program (FYDP) in 2012 (see fig. 1).

The second tranche of the debt ceiling deal is the sequestration mechanism triggered by the Super Committee's failure. Once complete, this will further decrease defense spending by about $500 billion through 2021, mostly through lowering defense caps. In the original BCA, defense spending in 2013 faced a cut of about $55 billion, but unlike the later years of sequestration, cuts would be applied across the board to most of the Pentagon budget.

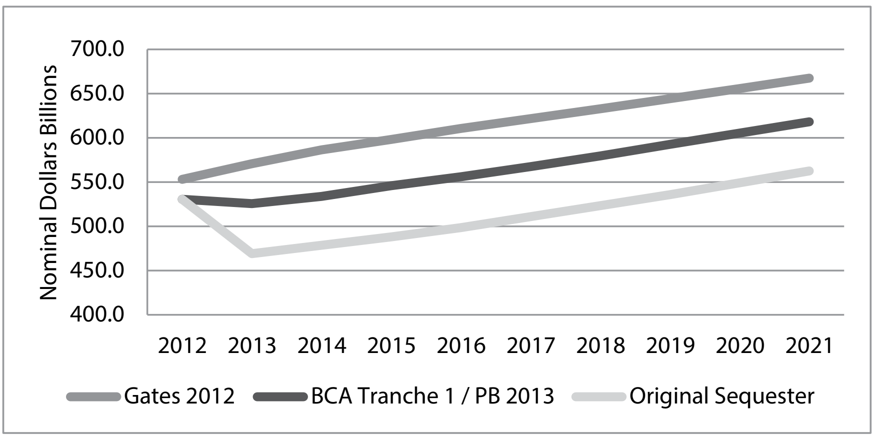

Figure 1. Pentagon discretionary budget authority under original BCA

These plans were altered—but only slightly—by the American Taxpayer Relief Act of 2012, also known as the "fiscal cliff" deal. This agreement delayed sequestration by two months, from January to March 2013. The agreement also reduced the total sequestration bill by the corresponding amount that would have been cut over January and February if sequestration had been in effect—$12 billion for defense spending and $12 billion for non-defense spending.[14] The deal also impacted defense in 2013 and 2014 by lowering national security spending caps by $2 billion and $4 billion respectively, while reverting the 2013 cap to the broader security category from the narrower defense budget function—giving the Pentagon a bit of relief from the lower 2013 cap. Overall, the deal was helpful to the DoD in 2013 but did come at the cost of lower caps later. Congressional efforts to "help" the Pentagon manage the drawdown have really served to elongate its duration rather than ameliorate how much is ultimately owed in the end.

When sequestration went into effect on 1 March, the federal government was operating under a continuing resolution (CR). This essentially froze spending based on the prior year levels. Across-the-board cuts were consequently calculated against the CR's baseline spending levels. At the time, some observers expressed concern because the 2013 president's budget marked a shift in defense priorities. Coming in concert with a new strategy that moved away from the kind of nation-building campaigns the United States undertook in Iraq and Afghanistan, the 2013 budget request tended to emphasize air and naval assets at the expense of ground forces. This meant that not only would sequestration cut substantially from the newer and lower baseline, but the reference point itself would fail to reflect new priorities emphasized in the recent strategic guidance. As a result, some assets would be overfunded while others were underfunded relative to the president's budget request.

Despite these fears, the CR was not all bad news for the Pentagon. When Congress enacted a full-year 2013 defense appropriations bill in late March, it superseded the CR—meaning reductions would be applied against the new appropriations levels instead of funding under the CR. In some cases, the 2013 appropriations bill cut program funding below what would have been required if sequestration had been applied against the CR. Thanks to an obscure provision of the original 1985 legislation which established sequestration, the difference could serve as a credit against the total amount the Pentagon owed to certain priorities under sequestration.[15]

For instance, Army "other procurement" was funded at about $9.5 billion under the continuing resolution and was due for roughly a $1 billion total sequestration cut.[16] But in the 2013 appropriations bill, Army other procurement only received roughly $7 billion in funding—a cut of about $2.5 billion compared to the CR. This meant not only that Army other procurement was exempt from sequestration, but that the Pentagon was able to "credit" the $1.5 billion cut below the original target to lower its total sequester bill.[17] Consequently, on first glance, it appeared this Army account was a winner in the relative budget dance when in fact it lost much more significantly than if automatic spending cuts had taken place blindly.

Pentagon leaders used this crediting mechanism so extensively that they were able to redistribute $3.7 billion to other priorities.[18] Crediting, combined with less harsh reductions after the fiscal cliff deal, softened the ultimate amount owed by the DoD to debt reduction in 2013 from about $52 billion to $37.2 billion.[19] Of that amount, about $6 billion came from unobligated funding (money appropriated in prior years that had yet to be spent), while according to a recent Pentagon report, about $32 billion came from money appropriated in 2013.[20] The final $20 billion cut to 2013 spending represented a 38 percent reduction from the original Pentagon sequestration bill.

This principle of limited sequestration relief—but only at the last minute—was repeated in 2014 with the Bipartisan Budget Act (BBA) brokered by House Budget Committee chair Paul Ryan and Senate Budget Committee chair Patty Murray. As a result of the BBA, the Pentagon's sequestration bill was again lessened by about $18 billion in 2014 and roughly $8 billion in 2015 relative to the original sequester plans (see fig. 2).

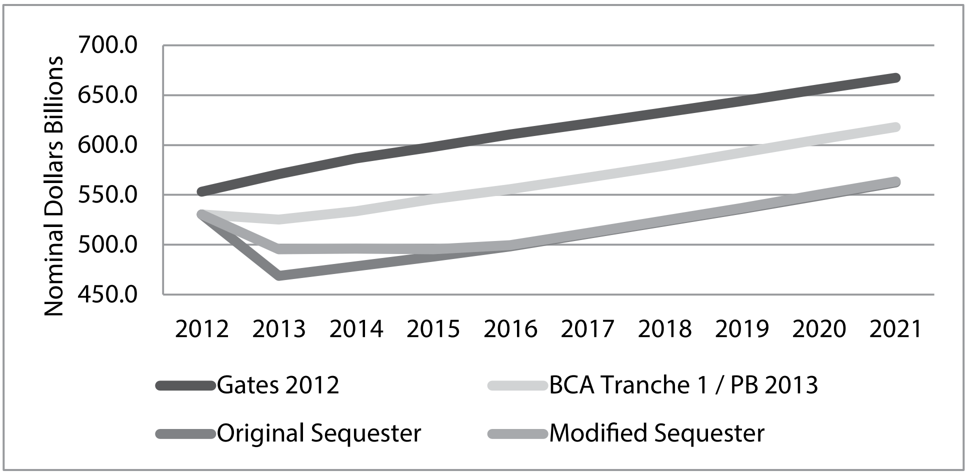

Figure 2. Impact of sequester modifications on Pentagon discretionary budget authority

While every dollar helps, the amount of relief provided under the compromise is probably overstated. The Pentagon is still on the hook for about $38 billion in cuts in 2014 and about $50 billion in 2015 relative to the baseline established by the 2013 budget plans—and more than double these amounts compared to Gates' 2012 FYDP. The good news is Pentagon leaders and Congress have shown they will employ tools at their disposal to maximize flexibility in living with fewer resources and seek every available relief valve to slow and lengthen the extent of the austere defense downturn.

2015: More Cuts, Confusion, and Uncertainty

Three budgetary cycles into "sequestration-lite," policymakers are just beginning to grasp what sequestration means in practical terms. Between CRs, appropriations, and sequesters, there was a jarring lack of clarity over the past year about sequestration's impact—even once it had arrived. Like the "Phony War" period of World War II after the United Kingdom and France declared war on Germany but before they fought any major battles, much of 2013 could be thought of as the "Phony Sequester." Sequestration, under much fanfare, was here—but just what it meant was an open question.

In June 2013, the public finally received more information about sequestration in practice from a Pentagon report that detailed cuts to each nonexempt program, project, and activity. In the longer term, Secretary of Defense Chuck Hagel's Strategic Choices and Management Review (SCMR) provided the most complete vision yet of what sequestration would mean for the US military in concrete terms. In his speech detailing the findings, Secretary Hagel outlined a host of coming and potential consequences, including shrinking the active duty Army to as low as 380,000 soldiers and the Marine Corps to 150,000 on one hand, and a "decade-long modernization holiday" on the other.[21]

But these consequences, as alarming as they were, were still years away from becoming reality. Because the 2013 and 2014 presidential budget requests largely ignored sequestration in the overly optimistic hope that a political deal could be worked out no matter how elusive, Congress still did not have a roadmap of how short-term impacts like the line-by-line rescissions in 2013 would translate into the big picture consequences outlined in the SCMR.

Without a medium-term plan to bridge the immediate and the distant, it was very difficult for the public to understand how all the pieces of the sequestration puzzle fit together. As it turned out, because the

BBA provided near-term budgetary stability—even as it left the majority of cuts in place—the Pentagon was able to come up with just such a plan in its 2015 budget cycle.

As soon as Secretary Hagel previewed President Obama's latest budget in advance of its release, it was clear the request would be the most consequential of this administration. After three years of warnings and worry about sequestration, the 2015 budget presented a roadmap for the US military's drawdown. Released in tandem with the 2014 *Quadrennial Defense Review* (*QDR*), the 2015 budget request painted a picture of what short-term defense budgets, medium-term defense planning, long-term defense strategy, and the world as a whole might look like under prolonged sequestration. The austere defense picture was not pretty. And it should be wholly unacceptable to politicians of all stripes.

Unfortunately, while the 2015 request provided comparatively more information about near-sequestration-level budgets than anything else up to that point, it was still far from clear. In fact, it was constructed and presented in one of the most confusing formats in recent memory.[22] The immediate picture shows the administration abiding by the Ryan-Murray agreement with the Pentagon topline complying with the newly adjusted spending cap. During the rest of the FYDP, the administration added about $115 billion over the sequestration caps from 2016 through 2019, meaning that budget cuts, while severe, were still not quite as bad as they would be under full sequestration.

Without that $115 billion over the FYDP, the administration would have to resort to even steeper cuts, including reducing one squadron of F-35 aircraft, eliminating the entire fleet of KC-10 tankers, cutting seven operational surface combatants, cutting the planned procurement of eight ships, divesting the entire Global Hawk Block 40 fleet, divesting the Predator remotely piloted vehicle (RPV) fleet, eliminating planned purchases of Reaper aircraft in 2018 and 2019, and cutting service readiness even further over the FYDP.[23]

As confusing as it was, the $115 billion was not the only additional funding the administration requested above the sequestration caps. As an optional add-on to its request in 2015 only, the administration proposed a $26 billion opportunity, growth, and security initiative (OGSI) that supported priorities such as the purchase of 26 AH-64 Apache helicopters and 28 UH-60 Blackhawk helicopters, eight additional P-8A Poseidon aircraft, 10 additional C-130J series aircraft, two additional F-35s for the Air Force, as well as roughly $10.6 billion in additional funding for operation and maintenance (O&M) accounts, largely for service readiness.[24] Separate from, but occasionally overlapping with, the OGSI was a resurrected $36 billion service unfunded priority list, which again included the two additional F-35As, the 10 additional C-130J series aircraft, the eight P-8s, as well as new requests for six F-35As, one F-35B, five F-35Cs, 10 additional C-130Js for the Air National Guard, and 22 EA-18G Growlers.

Despite these proposed spending increases—a clear signal from the administration that sequestration levels of spending do not adequately support the national defense—the Pentagon scaled back its plan from 2014 by about $183 billion and the plan from 2013 by a little over $300 billion. These reductions have translated into real pain for the military services. Implications include the proposed retirement of the entire A-10 fleet, retiring the U-2 fleet, shrinking the littoral combat ship program from 52 ships to 32, and a major realignment of Army aviation that would transfer all Apache attack helicopters in the National Guard to the active duty while moving some Blackhawks from active duty to the Guard.[25]

Many of these looming cuts will be especially painful because they come on top of years when the military has not made out as well as it should have. The Air Force has been especially hard hit by this trend. For instance, since defense budgets peaked in 2010, and including the 2015 request, the Navy is on a path to have bought nearly 40 percent more total aircraft than the Air Force. In fact, after factoring out RPVs, the Navy will have bought more than two and a half times as many aircraft as the Air Force. When it comes to combat aircraft, the Navy will have bought 264 to the Air Force's 117. Moreover, excluding RPVs, the Air Force has proposed retiring more aircraft than it will have built during this period.

According to *Defense News*, the decision to add the $115 billion during the FYDP came from the White House very late in the Pentagon budget and planning cycle.[26] It came so late that Pentagon leaders were not able to budget for everything within their five-year plan that they were advertising was in the budget. For instance, when he previewed the request, Secretary Hagel made clear that the 2015 spending plan would allow for the Navy to maintain 11 aircraft carriers and keep Army active duty end strength between 440,000 and 450,000.[27] Yet once the budget came out, it gradually became clear these high-profile benchmarks were not funded, even by the extra $115 billion. Instead, the FYDP projected the loss of one aircraft carrier and a smaller Army of 420,000 active duty Soldiers—both of which had been billed publically as consequences of sequestration that the budget proposal and its extra $115 billion would avoid.

Defense officials have tried to massage this inconsistency by stating recently that if Congress acts to fund the military at the higher level preferred by the president during the next five years, they will adjust plans to include the 11th carrier and the higher Army end strength. But this invariably means other items currently funded would be removed as an offset. What these would include is only a parlor guessing game at this point.

The matter of what is in and out of the budget is crucial because it confuses lawmakers trying to understand the impact of smaller budgets. When there is confusion and misleading answers, Congress will default to the assumption that budgets are tight but workable and the pain must not be that bad, at least at the moment. The 2015 budget provides the best glimpse into what sequestration and near-sequestration budgets would look like. But to the extent there is uncertainty about what increased funding would buy, it is that much more difficult for skeptical lawmakers to support any defense growth. This locks in sequestration-lite-level budgets as the new norm for Pentagon baseline spending, making it even more difficult to add money in the future for a variety of reasons spelled out earlier, including the politics of the federal budget and inverted firewalls.

Pentagon leaders are to be commended for connecting budgets to medium- and longer-term implications. This sequestration roadmap, after all, is what makes the 2015 request and its accompanying literature so valuable. Yet the Pentagon has thus far been much less effective in articulating where additional new money would be spent. This confusion over spending plans and additional factors, like the OGSI and the unfunded requirements lists, only serve to create a sense that the Pentagon is unable to prioritize where extra money should go.[28] And in the halls of Congress, if you cannot defend with ready, smart, and digestible answers about where the funds would go should they be provided, you are very unlikely to get them.

Moreover, there is an elephant in the middle of the Pentagon's 2015 FYDP which is likely to further complicate the entire debate. Baked into the plan are five-year efficiencies targets of roughly $94 billion.[29] Among these baked-in savings are a 20 percent cut in headquarters operating budgets, increased acquisition efficiency, auditable financial statements, civilian manpower reductions, and most problematic, assuming redirected money from terminating and deferring weapons systems, health care changes, and dollars resulting from a new base closure round. According to a Pentagon report, the FYDP includes $31.2 billion in compensation reform alone from initiatives like slowed pay raises and an ambitious TRICARE consolidation effort.[30]

Given recent congressional unwillingness to retire older weapons systems, conduct a base closure round, or substantially adjust military compensation, these savings are unlikely to materialize anywhere near the degree assumed.[31] As a result, even if Congress gives the Pentagon the $115 billion it is requesting above sequestration caps—itself a dubious proposition—the Defense Department will be faced with still more budgetary pressure because its plan assumes savings that will not materialize en masse. In the absence of this money freeing up for other priorities, officials will be forced to make corresponding and additional reductions elsewhere in the plans. The most likely casualty will be combat power and research and development.

A good example of this is the proposal to retire the A-10 Warthog fleet. Air Force leaders decided retiring the entire fleet was the only way to reap substantial savings totaling more than $4 billion. The House has rejected the A-10 retirement in its version of the 2015 National Defense Authorization Act, and it seems likely the final bill will overturn all or part of this decision—leading to a significant negative impact on other aircraft fleets. Air Force chief of staff Gen Mark Welsh has said that to find equivalent savings if he is prohibited from cutting the A-10, he would have to cut 363 F-16 Falcons or the entire B-1 fleet out of the service's inventory.[32] None of this is to say the A-10 is not an incredibly valued asset. But rather this case study highlights the paradox of politicians: they consistently raid the military's budget as a piggy bank for savings by cutting the topline but then try to stop any actual consequences resulting from those cuts—the same cuts they approved and directed.[33] This "cut without cutting" exercise year after year is a shell game that is robbing those in uniform of readiness, modern equipment, and innovation for the future.

The big-picture result will be that the tightrope the DoD is walking will eventually snap in half. When he first briefed his management review, Secretary Hagel framed the future of the military under continued sequestration as a choice between a large but older force (capacity) or a smaller but modern force (capability).[34] In the 2014 *QDR* and accompanying 2015 budget, the Pentagon has all but declared it is choosing capability over the depth of the force. Yet, because this vision of a smaller-but-modern force relies on the "but modern" qualifier, the DoD will be sorely disappointed. As budget plans come undone due to congressional opposition to proposed reforms and money requested above the budget caps does not materialize, military leaders will be forced to further cannibalize from existing investments. The DoD will end up not with a small but modern force, but a smaller, older, *and* less-ready military.

This is a result that was predicted by a recent joint exercise undertaken by the American Enterprise Institute (AEI), the Center for Strategic and Budgetary Assessments (CSBA), the Center for a New American Security (CNAS), and the Center for Strategic and International Studies (CSIS).[35] Using a strategic choices methodology developed by the CSBA, the teams were tasked with rebalancing Pentagon spending to meet sequestration and partial sequestration scenarios. Despite different political backgrounds and defense philosophies, the teams made broadly similar choices in the face of the budget caps, including steep reductions to Army end strength, cutting two or more carriers, divesting large amounts of nonstealthy fighters, and shrinking the Navy's surface combatant fleet.

Don't Bet on Things Getting Better

As the Pentagon has reacted to ongoing near-sequestration-level budgets, it has slowly but surely adjusted its requests downward. The defense budget projections are now resigned to nearly full sequestration. On top of the $487 billion in spending reductions contained in the 2013 budget request relative to the 2012 plan, the 2014 budget cut roughly an additional $120 billion from the Pentagon's 2013 plan. The 2015 request followed this by adding an additional $183 billion in cuts compared to the lowered 2014 baseline, as shown in figure 3.

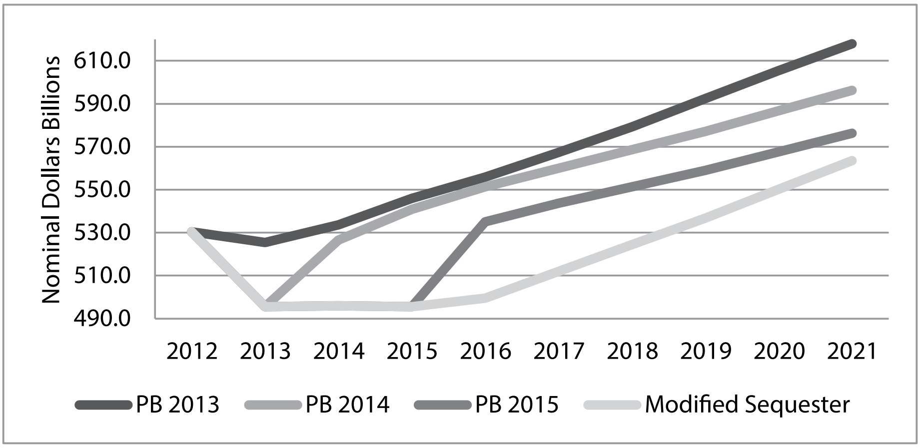

Figure 3. DoD discretionary budget authority gradually approaches sequestration

This growing acceptance of lower budgets is not unique to the administration. The House Republican budget proposed by Chairman Ryan in recent years has also featured a shrinking DoD topline (see fig. 4). In 2012, Mr. Ryan's Pentagon topline roughly followed that of former secretary Gates. In 2013, it added about $223 billion over the Pentagon's 2013 plan for pre-sequestration spending. In 2014, the Ryan budget largely mirrored the pre-sequestration BCA caps, and Mr. Ryan's 2015 budget cuts about $150 billion from the pre-sequestration caps. While the GOP budget has been slower to fall than the Pentagon's, the downward trend is unmistakable.

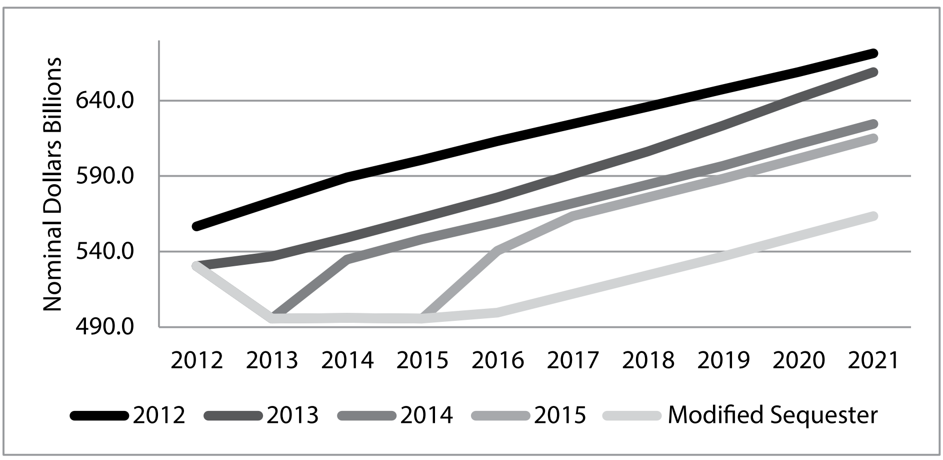

Figure 4. Representative Ryan's Pentagon budgets have slowly trended downward.

Baselines matter. Unfortunately, sequestration has become the baseline against which to measure defense requirements. In practice, what this means is that future budgets seeking to restore defense spending will be viewed as politically difficult increases. Already, this has played out when the Obama administration met with criticism for raising planned defense spending above caps in its 2015 budget.

But the sequestration baseline, arbitrary as it is, is no way to budget for national security. As former secretary of defense Leon Panetta put it, "We have made no plans for a sequester because it's a nutty formula, and it's goofy to begin with, and it's not something, frankly, that anybody responsible ought to put into effect."[36] Military requirements must be informed by strategy and not the other way around. In his assessment of the *QDR 2014*, chairman of the Joint Chiefs of Staff GEN Martin Dempsey argued that "If our elected leaders reverse the Budget Control Act caps soon—and if we can execute the promises of the QDR—then I believe we can deliver security to the nation at moderate risk."[37] Other Pentagon officials have described the risk level inherent in the *QDR* as "manageable," which implies an even higher threshold than "moderate." Missing is an explanation for why Americans should feel comfortable leaving their military with so little room for error.

After all, in his assessment, the CJCS highlights three areas of higher operational risk confronting the military, including (1) more difficult conventional fights with a smaller and a less ready force, (2) reliance on allies and partners whose military power is "mostly in decline," and (3) "extraordinary" and increasingly difficult military objectives associated with meeting long-standing US policy commitments. These factors strain any reasonable definition of what constitutes a "moderate" risk.

Of course, fitting the square peg of budget cuts because of a political deal about debt reduction or reducing funding because "this is what America always does after the war" into the round hole of strategy is no easy task for the Pentagon. It is not the DoD's fault that the president and Congress handed it irresponsible budget caps and expect the military to make do. Yet defense officials should be making the case daily to the American public of the implications of a smaller and less capable military. The only way things will get better is through public pressure on elected officials. Unfortunately, policymakers feel absolutely no urgency in this regard today. But it should not come to a modern-day version of Task Force Smith to get their attention.

Will World Events Force Washington's Hand?

From air traffic controllers to meat inspectors, veterans' benefits, military paychecks, and tuition assistance, the groups that have been spared the ax of sequestration have impacted the public and its sympathies in a real way. The irony is that exempting military pay has not spared those in uniform or their families from feeling the impact of the budget squeeze all around them. US fighting forces are not fooled by these gestures. Quality of life is important but so too is quality of service. Yet, this defense drawdown and sequestration have meant that maintenance has been dramatically reduced, flying hours have fallen, base upkeep has taken a backseat, and training has been scaled back. And this is just the beginning given that the defense budget will become more austere before bottoming out.

Since defense cuts have been slow-rolled through last-minute deals and budgetary loopholes, the sequester no longer functions as the forcing mechanism it was designed to be. Instead, it is undermining the national defense slowly and in pieces, bit by bit, while the baseline creeps ever downward. This slow bleed has caused a growing if begrudging acceptance of sequestration's baseline as the acceptable levels of defense spending by Washington's elite.

In the absence of sharp budgetary pain, this process is likely to continue. The harmful result is that the military will muddle along through sequestration, taking the annual last-minute deals that halt the worst consequences of sequestration with relief but knowing that these leave the majority of it intact. The deals designed to help the military will actually seal its fate by relieving just enough pressure to forestall the kind of discomfort that would have caused a public outcry or political pain enough to reverse the sequester.

As this process continues, Chairman Dempsey has already forecast what might happen next. All should be worried. Writing again in his risk assessment of the *QDR*, General Dempsey warned that the military's "loss of depth" could "reduce our ability to intimidate opponents from escalating conflict." Furthermore, the smaller and less capable military outlined in the *QDR 2014* could also cause other nations and non-state actors to "act differently, often in harmful ways."[38] It is quite possible that the world Dempsey fears is already becoming manifest, with increased Russian and Chinese aggression taking advantage of the US military's declining size and strength. Given recent Chinese and Russian actions, it is not hard to imagine global crises escalating as the US military's reduced capacity and capability accordingly lessens the nation's ability to influence world events. If the US military's shrinking footprint leads to further instability and conflict, Congress may soon find that larger defense budgets are the logical first step toward trying to reign in international chaos.

Of course, Congress need not wait until a crisis has passed the point of no return to choose to reinvest in US military superiority. A more logical, responsible, and acceptable path is to reverse course now, before it is too late. A good point of departure would be to return Pentagon spending to the path set by Secretary Gates in FY 2012—about $100 billion dollars per year above where we currently stand for 2015. Preserving the depth of the US military, reinvesting in modernization for next-generation programs, and restoring lost readiness will not be an easy task, nor will it be accomplished overnight. Given the alternatives, however, there is not much of a decision to make. Military power is a cost-effective use of national power that complements and enhances diplomatic and economic efforts. It is the sine qua non of foreign policy. The choice for the United States in the coming years is not between endless war on one hand and smart diplomatic power on the other but, rather, a retreat from global leadership and all that entails and the reconstruction of its military power as a way to leverage and enhance other aspects of national power to promote a just, prosperous, and peaceful world. SSQ

Notes

1. House Armed Services Committee, "Shooting Ourselves in the Head: What They're Saying on Sequestration," 1, http://armedservices.house.gov/index.cfm/files/serve?File_id=6B2EB53E-4B68-4948-A23D-8881953354E3.

2. For practical purposes, this analysis uses "sequestration" interchangeably with "the sequester" to signify the imposition of defense budget cuts at or near the amount of the Budget Control Act's first tranche of $487 billion plus its sequestration mechanism—a total of a little under $1 trillion ($937 billion to be exact) as currently modified.

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