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The FY2021 U.S. Defense Budget Request: A Dysfunctional Set of Strategic Blunders

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The FY2021 Defense Budget Request: A Dysfunctional Set of Strategic Blunders

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The President's defense budget request for FY2021 does have some important virtues. It does contain a wide variety of important initiatives to improve the readiness and effectiveness of important elements pertaining to each military service, invest in force modernization, and support military personnel. At the same time, however, the *Defense Budget Overview* begins with the statement that the FY2021 request is a "Strategy Driven Budget" – but few things could be further from the truth.

The only "strategy" that is clearly reflected in the Department of Defense's (DoD) FY2021 request is an effort to provide a justification for the separate spending goals of each military service. The end result turns the budget request into little more than an "Oliver Twist Strategy," in which each military service asks for more money – a major component of the DoD's defense-wide efforts – without meaningfully addressing the major strategic problems and challenges that the United States will face over the coming decade.

The DoD's FY2021 budget request abandons virtually all of the past efforts to create an effective planning, programming, and budgeting system. It has devolved into a classic "input"-driven budget that focuses on meeting the spending goals of each military service without addressing the net assessments of threats, the role of strategic partners and allies, or the resulting levels of deterrence and war fighting capability.

To be specific, when it comes to strategy, it is a dysfunctional mess in each of the following nine critical areas. Worse, it does not address key interagency problems to develop an integrated civil-military approach to strategy, it has no meaningful future year plans and data, and it lacks any analysis on how defense spending relative to total federal spending compounds the broader problems in a total FY2021 budget request – components which make critical increases in the national deficit and the national debt.

1. It Does Not Address Its Strategic Impact on Joint Warfare or the Mission of Any of the U.S. Combatant Commands

Broad generalizations about global strategic priorities are no substitute for an actual grand strategy. The FY2021 defense budget request makes no effort to address a strategy for the United States Indo-Pacific Command (USINDOPACOM) to define goals for deterrence and warfighting in Asia, for the United States European Command (USEUCOM) to define such goals with NATO and Europe, and for the United State Central Command (USCENTCOM) to deal with extremist threats and Iran. The role of the United States Africa Command (USAFRICOM), the United States Northern Command (USNORTHCOM), and the United States Southern Command (USSOUTHCOM) is virtually ignored.

In an era where strategy should shape joint capabilities, execute an approach that enhances deterrence and warfighting capabilities with a joint command, and focus on each command's region or mission priorities, this budget's justification is virtually a shopping list of the individual services – in ways that do nothing to describe a strategy or outline how the requested funding would help implement that strategy. If anything, the FY2021 budget process almost seems designed to largely exclude the combatant commands from a major role in shaping the DoD's

planning, programming and budgeting (PPB) efforts, but rather it reserves a 19th century focus on input budgeting by military service.

The goals for the U.S. defense wide commands – the United States Cyber Command (USCYBERCOM), the United States Special Operations Command (USSOCOM), the United States Strategic Command (USSTRATCOM), and the United States Transportation Command (USTRANSCOM) – are limited goals that focus on broad improvements in technology and readiness with no clear focus on strategic priorities, threats, or improvements to enhance specific areas of defense or deterrence. The end result does little more than provide shopping lists for these commands.

2. It Has No Supporting Net Assessments of Threats for the United States and Competing National Security Efforts

No meaningful effort is made to incorporate both strategy and proposed levels of government spending to both a net assessment of current U.S. national security spending and U.S. forces relative to the capabilities of Allied and potential threat forces. This makes it difficult to understand the justification for U.S. national security efforts in terms of actual deterrence and warfighting capability. It makes it equally difficult to distinguish the capabilities of partners from what they spend and to understand the underlying U.S. assessment of threat forces, developments, and capabilities.

Even the simplest “net assessment” of comparative military spending illustrates the need for more serious corresponding activity. The *FY2021 Budget Overview* does provide an estimate of Chinese military spending of \$250 billion a year but does not explain its breakdown or why it is so much higher than the Chinese official figure of some \$177.6 billion. DIA reporting indicates, however, that this figure may be an estimate of what China is actually spending in terms of U.S. prices. In contrast, Russian official defense spending is sometimes put at roughly \$60 billion – although the real-world level in terms of comparable spending in U.S. prices may be closer to \$150-180 billion.

As a “worst case scenario,” this would put total Chinese and Russian spending at the equivalent of some \$400-\$450 billion – far below proposed U.S. spending of some \$705.4 billion for FY2021, and only a fraction of the total spending by both the United States and its key strategic partners. Moreover, other estimates put Iranian spending at well under \$30 billion, which is a small fraction of spending by the Arab Gulf states, and they put North Korean spending at only \$3.6-\$4.0 billion a year versus some \$40 billion by South Korea and \$47 billion by Japan

This failure to compare the relative nature and efficiency of national security spending and its impact on deterrence and defense is striking. It raises serious question about the comparative disparity in the efficiency of U.S. and Allied spending to generate real world military capabilities relative to key potential threats.

3. It Sets the Wrong Priorities for Dealing with China and Russia

The *Budget Overview* begins by stating that,¹

The 2018 *National Defense Strategy* (NDS) correctly identified a fundamental problem for the Department—the erosion of competitive military advantage with China and Russia in key regions. It is the Department’s responsibility, and the highest imperative of the Strategy, to reverse this erosion, while sustaining efforts to deter and counter threats from Iran and North Korea and defeating violent extremist threats to the United States. It is critical for DoD to reverse this erosion. Doing so will ensure DoD can continue deterring

aggression and coercion from those that would seek to supplant the United States and challenge the free and open international order that forms the foundation of our continued freedom and prosperity.

The FY2021 budget request does not further define how the United States views the threat from either Russia or China in any detail rather it clearly implies that these threats must be met by focusing on deterring or fighting major conventional or nuclear wars – without any supporting description of how these costly wars would occur or even be fought. It also focuses heavily on modernizing nuclear offensive forces, missile defense, cyberwarfare, and space competition without describing clear plans and strategies to shape any of these efforts.

There is no description of other U.S. efforts to deter Russia in Europe or China in Asia. Instead, the focus on nuclear and missile forces seems to imply that an open-end arms race is needed to preserve mutually assured destruction.

No strategy is proposed to link U.S. military efforts to arms control. No effort is made to show that the United States will be able to provide gradual levels of deterrence to deal with escalating levels of conflict. The focus on nuclear forces does not examine the ability to deter, fight in theater, counter adversarial forces, offset nuclear warfare, or cope with a tri-party nuclear competition. It does not deal with proliferation or the fact that precision-guided conventional strike systems are – to some extent – supplementing weapons of mass destruction as weapons of mass effectiveness that can destroy critical civil and military targets without the use of nuclear weapons.

There is no supporting data indicating that the budget request is supported by any net assessment of the range of other threats from Russia or China. It does not show that the DoD has a strategy for dealing with the lower levels of hybrid warfare or gray area competition – that already shape the operational threat from Russia and China in places like Syria and the South China Sea.

In short, the Department does not seem to have any clear strategy to deal with the full range of today and tomorrow's strategic threats from Russia and China. It instead seems to be proposing a budget that is regressing to concepts of conventional and nuclear warfighting where although the technology and weapons may be changing, the key challenge for strategic planning is largely the same kind of threat posed by the Cold War.

Once again, it is particularly striking that no attention seems to be paid on the near collapse of nuclear arms control efforts. At the same time, there is an equal failure to address the fact that Russian and Chinese operations are now both civil and military. Russia and China now focus heavily on indirect action and the use of foreign state/non-state actors, arms sales, advisory efforts, or economic persuasions like Russian energy sales or the Chinese Belt and Road Initiative.

4. It Focuses on Transactional Strategic Bullying instead of Preserving and Strengthening Strategic Partnerships and Alliances

Aside from some brief comments on pages 1-9 to 1-10 of the *FY2021 Defense Budget Overview*, the proposed budget fails to set strategic goals for creating more effective strategic partnerships in order to define the U.S. force postures involved, to provide a picture of how improved U.S. power projection capabilities will impact specific combatant commands, or to give any other specifics for improving combined U.S. and allied capabilities to deal with Russia, China, North Korea, or Iran.

There is no discussion of the problems NATO faces in creating effective deterrence and defensive capabilities in the regional areas surrounding Russia, developing effective partnership with the deeply divided Arab states in the Gulf, or addressing the issues shaping U.S. strategic partnerships in Asia. There also is no discussion about the tensions that the United States has created by

focusing on burden sharing exercises in NATO and the Gulf – not to mention the message it sends from the indecisive cycles of talking about force cuts but then deploying more forces to meet given contingency needs.

For example, the Budget Overview touches upon efforts to increase NATO forces that can deploy within 390 days. However, the overview does not put this deployment into any context but rather describes Allies by stating,²

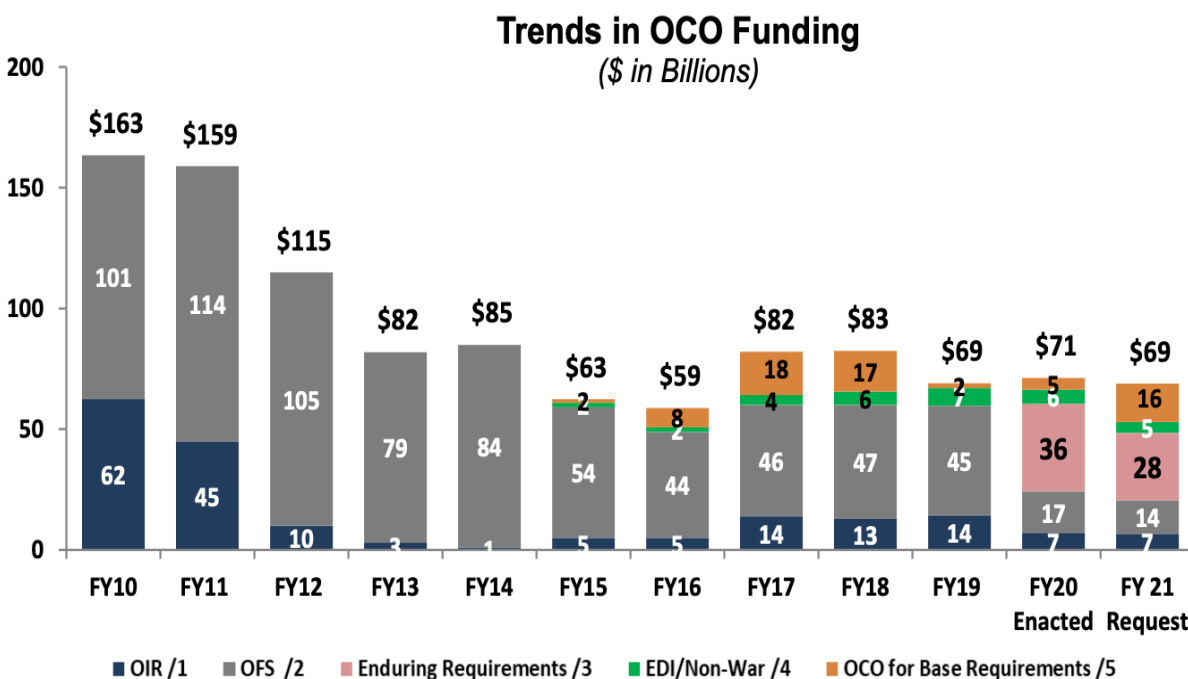
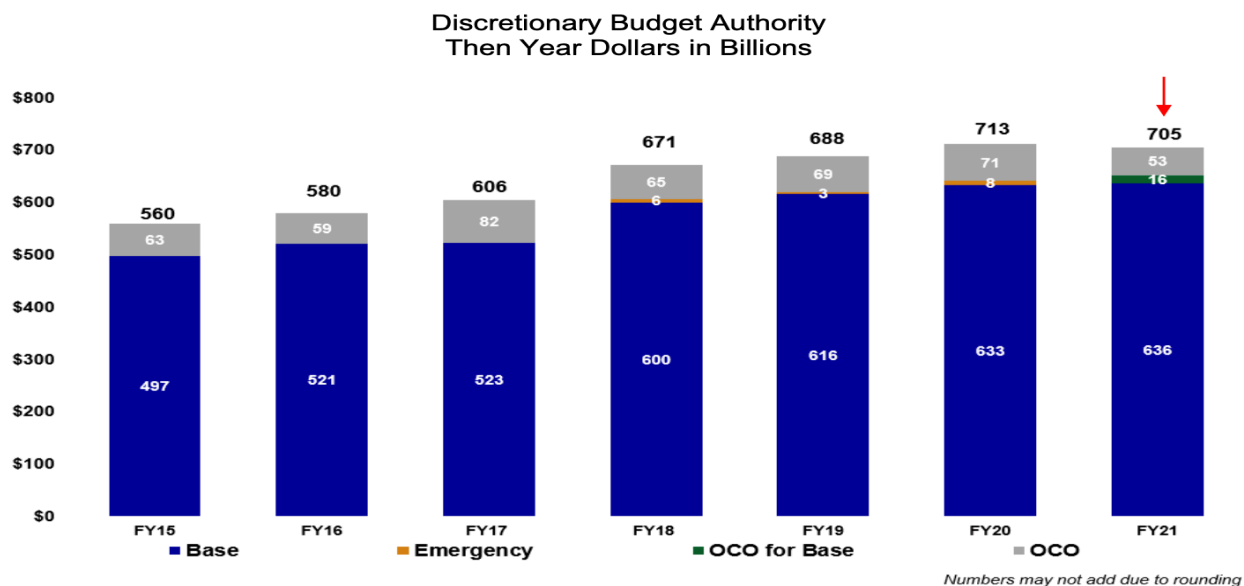
The North Atlantic Treaty Organization (NATO) announced that 2019 defense spending across European Allies and Canada increased in real terms by 4.6 percent, the fifth consecutive year of growth. By the end of 2020, these Allies will have increased investment in FY 2020 by \$130 billion cumulatively from FY 2016, and this accumulated increase in defense spending is projected by the NATO Secretary General to rise to \$400 billion by 2024.

There is no assessment to show whether such spending will actually improve U.S. and Allied capabilities by buying the right military means at the right rate, or what strategy this spending is intended to support.

5. It Has No Strategy for Ongoing Wars or for Overseas Contingency Operations

The budget documentation does contain three reports that define aid to Afghan forces for anti-ISIS efforts and security cooperation – although these plans seem extremely unstable given the President's desire to end the conflicts involved.³

The actual budget focuses almost exclusively on trying to get higher Allied spending to offset levels of U.S. spending. The *Budget Overview* does, however, provide the chart in **Figure One** that provides a variety of new approaches to fund ongoing U.S. military operations.

Figure One: The Projected Cost of OCO and America's Wars**Trends in Force Levels**

	FY 2019 Actual	FY 2020 PB Request	FY 2021 PB Request ¹
Total Force Levels	99,178	87,822	91,233

1/ FY 2021 includes Temporary Enabling Force (TEF) support for Afghanistan/Iraq/Syria

Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer, "Defense Budget Overview," *United States Department of Defense*, 1-3, 6-2 2020.

It is interesting to note that the *Budget Overview* reports that the annual cost of the Afghan conflict has dropped from \$114 billion in FY2011 to \$14 billion in the proposed figure for FY2021 – a cut of nearly 88%. Similarly, the cost of fighting terrorism in Iraq dropped from \$62 billion in FY2010 to \$7 billion in the proposed figure for FY2021 – again a cut of nearly 88%. This is a massive cut in the annual cost of America’s long wars, although it is impossible to determine the full cost of each ongoing war because a major amount of their real-world cost is not included in the Overseas Contingency Operations (OCO) figure report for each war because they involve force and defense activities outside the country directly involved.

It is equally interesting to note that the Office of Management and Budget (OMB) budget overview issued by the White House does list major future reductions in both the OCO spending and the spending to support the National Strategy through FY2030. As **Figure Two** shows, it provides a projection entitled “Effect of Budget Proposals on Projected Deficits.” There is no mention at all of the fact that the budget projection involved massive post-FY2021 OCO spending in the DoD budget submission.⁴

Figure Two: The Massive Cuts in OCO Spending and Funding for the National Strategy Shown Through FY2030 in the White House Summary of the OMB FY2021 Budget Submission

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Totals		
													2021–2025	2021–2030	
Provide defense funding to support the National Defense Strategy ¹				3	31	36	40	43	35	21	5	-14	-34	153	166
Reflect phase down of Overseas Contingency Operations funding ³				-2	-31	-47	-59	-65	-69	-71	-73	-75	-76	-204	-567

Office of Management and Budget, “A Budget for America’s Future,” 110, https://www.whitehouse.gov/wp-content/uploads/2020/02/budget_fy21.pdf

Moreover, none of this documentation addresses the strategy for each war, the search for peace settlements, the projected costs of each war, or the impact from the series of recent “booms and busts” in the size of U.S. efforts –motivated by the desire to end the U.S. involvement in “long wars” – which has come into conflict with the need to meet immediate contingency needs. No summary net assessment provides the current state of the conflict. No strategy is set forth by using the budget request to support efforts that will shape the security forces of host countries so they become steadily more self-sufficient over time, will encourage conflict termination, or will create a stable post conflict state.

It is far from clear that any of the budget request breaks will survive engagement with reality for even the coming fiscal year, but the present figures in the FY2021 request clearly does not reflect either a coherent strategy for the present or *any* strategy for the future.

6. It Does Not Have a “Whole of Government Approach” to Strategy – Defense Spending is Presented out of Context from the Civil Efforts of State, USAID, and other Government Agencies.

The defense budget submission reflects a “hole in government” rather than a “whole of government” approach. The Department of Defense does not address the civil aspects of national security, and OMB does not attempt to put proposed defense spending into the context of a “whole of government” approach. This is a critical problem for U.S. national strategy since the President’s FY2021 request would cut the already low levels of foreign aid spending by 21% – or more than \$4 billion – resulting in a total of \$44.1 billion compared to the \$55.7 billion in FY2020.

Moreover, U.S. international economic policy has recently focused on transactional trade deals to the virtual exclusion of debates surrounding the need to deal with Chinese and Russian combined civil and military activity as an integrated approach to a national security strategy. At the same time, the United States now has a massive homeland defense budget spread out through a wide range of agencies and is taking funds out of the DoD to deal with immigration issues such as the wall along the U.S.-Mexican border.

This lack of any integrated civil and national security planning is a key gap in U.S. national security planning and strategy – one that has had a devastating impact on the success of U.S. efforts in Afghanistan and Iraq, and one that ignores a critical aspect of the state-driven economics of China and Russia. The DoD cannot be blamed for the end result. It can be blamed for not addressing the real-world issues – but so can the National Security Council, Department of State, and USAID.

7. It Puts No Real Effort to Go Beyond Input Budgeting for FY2021 in order to Present a Meaningful Future Year Defense Program (FYDP)

The FY2021 budget documents make no attempt to present an outyear program, plan, or budget. There is no future year defense program. The only data that goes beyond FY2021 are some largely unexplained force level goals for the Army alongside personnel goals for each military service for FY2021-FY2025.

OMB does provide an unexplained projection of annual defense spending in the *Budget Authority* through FY2030 shown in **Figure Three**. This projection reflects a slow 9% rise from the \$741 billion in FY2021 to \$808 billion in FY2030, although there is no explanation of the causes or an attempt at tying such future spending levels to any form of strategy.⁵

Figure Three: The OMB Data on Proposed Discretionary Funding Levels in 2021 Budget

(Net budget authority in billions of dollars)												
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Totals, 2021-2030
Defense:												
Current Law Funding Levels ¹	667	672	688	705	722	740	758	776	796	815	836	7,506
Proposed Base Changes ² .....	.....	.....	+51	+50	+59	+58	+40	+22	+2	-17	-38	+228
Defense Cap Adjustments: ³												
Emergency Requirements	8	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Overseas Contingency Operations	72	69	20	20	10	10	10	10	10	10	10	179
Total, Defense	746	741	759	775	791	808	808	808	808	808	808	7,914
Non-Defense:												
Current Law Funding Levels ¹	622	627	642	657	674	690	707	724	742	761	780	7,003
Proposed Base Changes ² .....	.....	-37	-64	-90	-119	-146	-174	-201	-230	-259	-288	-1,607
Proposed Base Funding	622	590	578	567	555	544	533	523	512	502	492	5,396
Federal Employee Retirement Cost Share												
Reduction Proposal: ⁴ .....	.....	.....	-6	-7	-9	-10	-10	-10	-10	-10	-10	-82
Non-Defense Cap Adjustments:												
Overseas Contingency Operations ⁵	8	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Emergency Requirements	1	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Program Integrity	2	2	3	4	4	5	5	5	5	5	5	44
Disaster Relief	18	5	5	5	5	5	5	5	5	5	5	51
Wildfire Suppression	2	2	2	2	2	2	2	2	2	2	2	24
2020 Census	3	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total, Non-Defense Cap Adjustments	33	10	10	11	12	12	12	13	13	13	13	118
Total, Non-Defense with all Adjustments	655	600	582	571	558	547	535	525	514	505	495	5,432
Total, Discretionary Budget Authority	1,401	1,340	1,341	1,346	1,349	1,355	1,343	1,333	1,322	1,313	1,303	13,346
Memorandum - Appropriations Counted Outside of Discretionary Caps:												
21st Century Cures Appropriations ⁶	1	*	1	1	*	*	*	.....	.....	.....	.....	3
Non-BBEDCA Emergency Funding ⁷	-*	-5	.....	.....	.....	.....	.....	.....	.....	.....	.....	-5

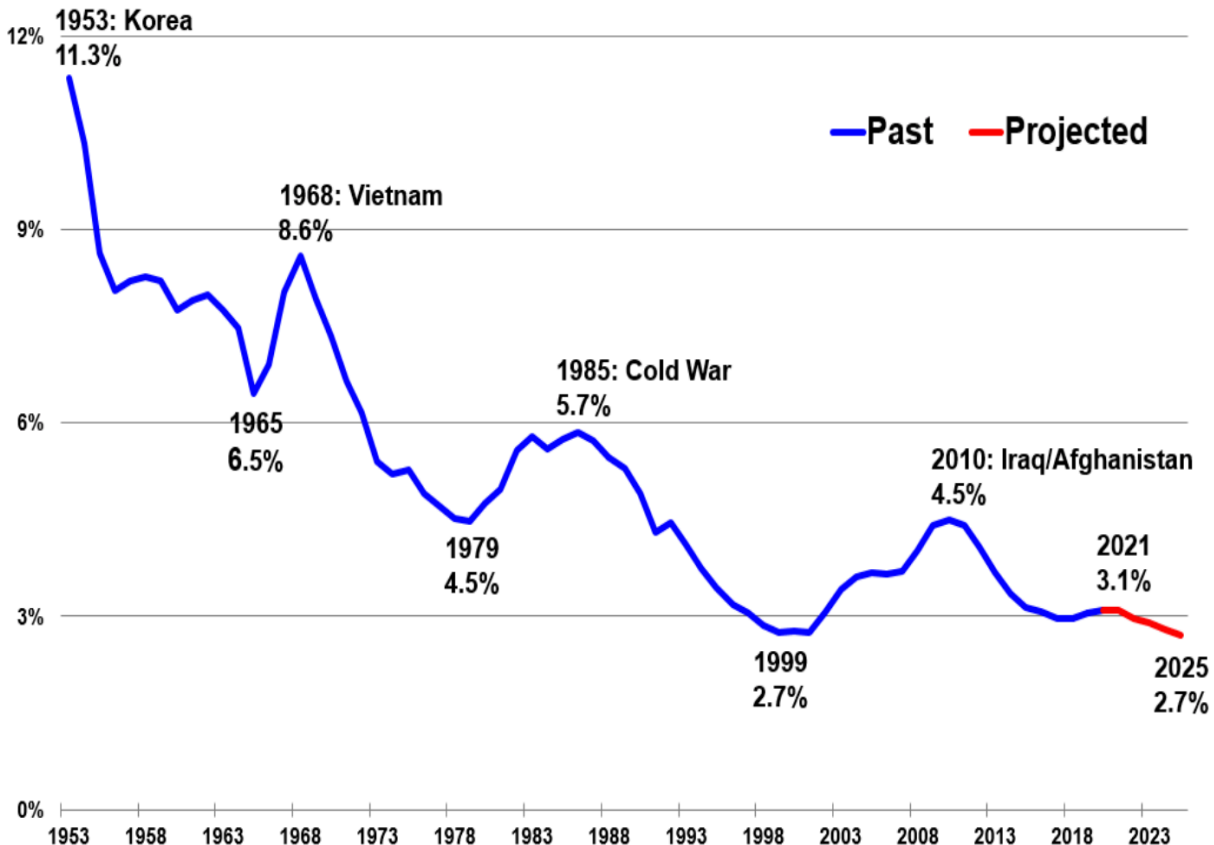
* \$500 million or less.

¹ The current law funding levels presented here are equal to the caps for 2020 and 2021 in the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA) for "defense" (or Function 050) and "non-defense" (NDD) programs. For 2022 through 2030, programs are assumed to grow at current services growth rates.

² The 2021 Budget proposes to fund base defense programs for 2021 at the existing BBEDCA cap and fund base NDD programs at a level that is five percent below the 2020 NDD cap. After 2021, when the current caps expire, the Administration proposes to extend the BBEDCA caps through 2025 at the levels included in the 2021 Budget. This would provide an increase in defense funding of about two percent each year, and decrease funding for NDD programs by two percent (or "2-penny") each year. After 2025, the 2021 Budget sets placeholder levels that project current policies with defense programs frozen at the 2025 level while NDD programs continue the 2-penny reduction through the budget window.

However, there are no post-FY2021 Future Year Defense Program (FYDP) data in the DoD budget submission. The only outyear data are those shown in **Figure Four**.⁶ They show a major drop in U.S. defense spending as a percent of GDP – from 5.7% at the peak of the Cold War, to 4.5% at the peak of the wars in Afghanistan and Iraq, to 3.1% in 2021, and to 2.7% in 2025. This clearly assumes that the United States will face no serious overseas mission needs through FY2025 and may well seriously understate the impact of defense spending.

Figure Four: The Proposed Level of Defense Spending and Its Impact on Defense as a Percent of GDP



Source: DoD spending as a percent of GDP compares DoD outlays, both discretionary and mandatory, from the National Defense Budget Estimates for FY 2020 (Table 7-7) and projected GDP from OMB's Economic Assumptions for the FY 2021 Budget.

Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer, "Defense Budget Overview," *United States Department of Defense*, 1-13, 2020.

At the same time, there is no effort to present the total cost of defense which includes the rise in the cost of activities like the Veteran's Administration (VA) – which is not tied to U.S. strategy or defense needs but is rather driven by domestic American politics. The cost of the VA has become a steadily rising financial burden and is now the second highest category for discretionary spending in the federal budget. The VA's FY2021 budget request calls for the VA's funding to increase by 10.2% in FY2021 and for the total to reach \$243.3 billion.⁷ If this figure is added to the \$705.4 billion in the total Base + OCO + Emergency defense budget request, it raises the real cost of defense to \$948.7 billion – as the VA becomes 34% of total defense spending.

More directly, the total cost of defense includes the nuclear weapons efforts of the Department of Energy (DOE). This cost is clearly related to both U.S. defense and to U.S. strategy. The DOE *Congressional Budget Justification* does not attempt to provide a clear strategic rationale for this spending but states that its national security activities for FY2021 would add another \$26.9 billion to U.S. defense spending – bringing the total to \$977.6 billion. More broadly, the Congressional Budget Office (CBO) estimated in 2019 that the cost of modernizing both the weapons and delivery systems for U.S. nuclear forces would reach \$1.9 trillion over the coming 30 years.

The OMB no longer provides an annual estimate of the total Homeland security spending, but the FY2021 request for the Department of Homeland Security (DHS) alone is \$50.5 billion, and the total cost of activities from other agencies would probably be over \$60.0 billion. The cost of non-military U.S. intelligence activity is uncertain, but the proposed FY2021 spending would probably add up to \$60 billion more. This would raise the total cost of U.S. defense in FY2021 to \$1,097.6 billion – even assuming no new OCO costs arise and the Department’s requests did not seriously underestimate the real cost of executing its budget.

It is not clear that U.S. strategy should change to reflect the massive additional costs. But it is clear that U.S. defense strategy should be based on the affordability of the \$1,097.6 billion figure which is 56% higher than the DoD budget request alone.

8. It Fails to Tie Defense Spending to the Deficit and the National Debt

This raises the issue of whether the defense budget request should explicitly address the impact of defense or the need for a national budget strategy to also be a national security strategy. The answer may very well be yes. This would push the DoD and other parts of the federal national security effort to focus more on cost relative to spending.

The rising need for such an effort is also clear. It takes time for the CBO to estimate the impact of any part of a budget proposal on the deficit and national debt, and yet it has made no estimates for the FY2021 budget request at this writing. The CBO did report in January, however, that the United States already faces a situation where there is “a cumulative 10-year deficit that is slightly larger, and a cumulative 30-year deficit that is notably larger than those in CBO’s previous projections.” The CBO calculated that the tax cuts and other policies of the last few years had already pushed the United States towards record deficit and debt levels,⁸

- In CBO’s projections, the federal budget deficit is \$1.0 trillion in 2020 and averages \$1.3 trillion between 2021 and 2030. Projected deficits rise from 4.6 percent of gross domestic product (GDP) in 2020 to 5.4 percent in 2030. Other than a six-year period during and immediately after World War II, the deficit over the past century has not exceeded 4.0 percent for more than five consecutive years. And during the past 50 years, deficits have averaged 1.5 percent of GDP when the economy was relatively strong (as it is now). *Because of the large deficits, federal debt held by the public is projected to grow, from 81 percent of GDP in 2020 to 98 percent in 2030 (its highest percentage since 1946). By 2050, debt would be 180 percent of GDP—far higher than it has ever been.*
- In 2020, inflation-adjusted GDP is projected to grow by 2.2 percent, largely because of continued strength in consumer spending and a rebound in business fixed investment. Output is projected to be higher than the economy’s maximum sustainable output this year to a greater degree than it has been in recent years, leading to higher inflation and interest rates after a period in which both were low, on average. Continued strength in the demand for labor keeps the unemployment rate low and drives employment and wages higher. After 2020, economic growth is projected to slow. From 2021 to 2030, output is projected to grow at an average annual rate of 1.7 percent, roughly the same rate as potential growth. That average growth rate of output is less than its long-term historical average, primarily because the labor force is expected to grow more slowly

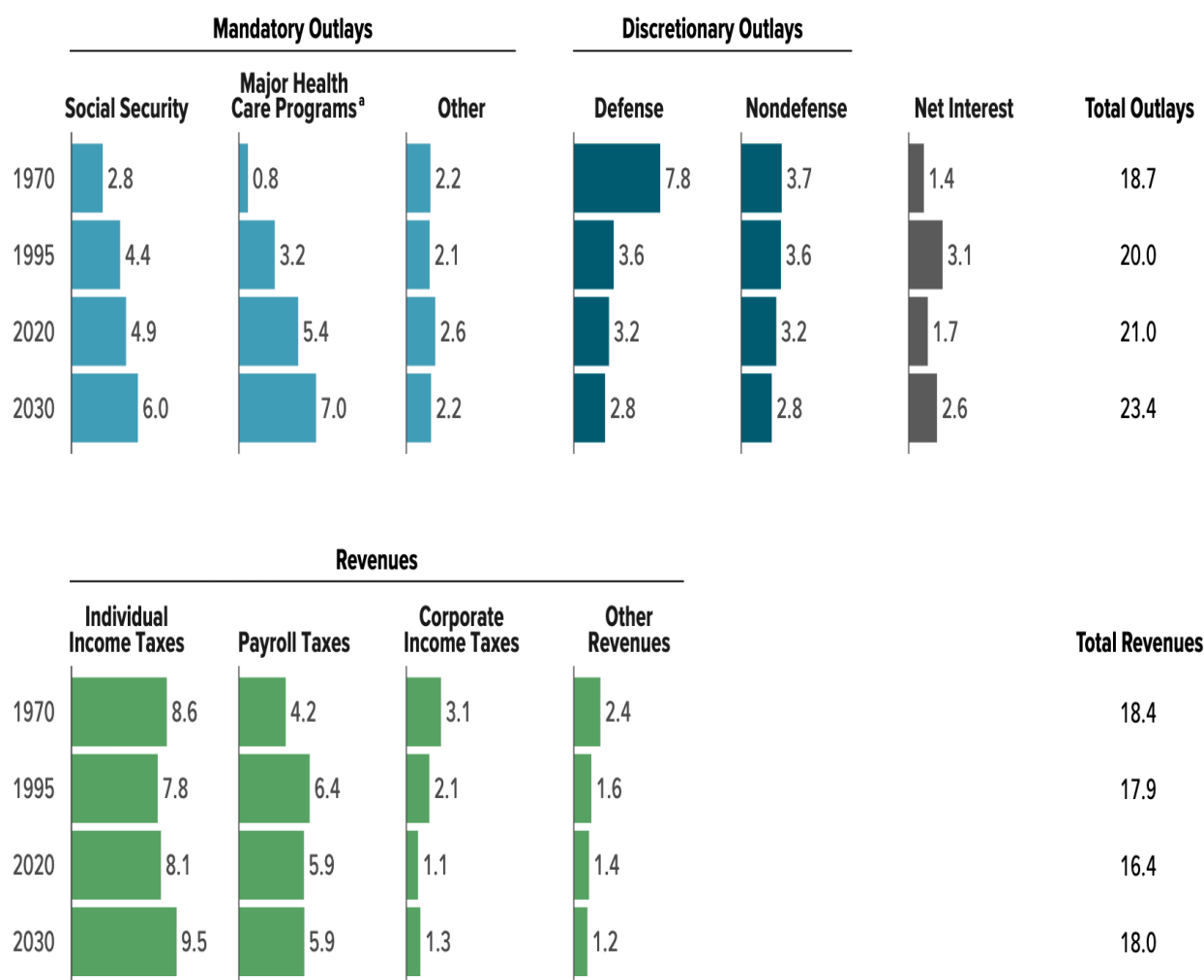
than it has in the past. Over that same period, the interest rate on 10-year Treasury notes is projected to rise gradually, reaching 3.1 percent in 2030.

- *CBO's estimate of the deficit for 2020 is now \$8 billion more—and its projection of the cumulative deficit over the 2020–2029 period, \$160 billion more—than the agency projected in August 2019.* That 10-year increase is the net result of changes that go in opposite directions. Lower projected interest rates and higher estimates of wages, salaries, and proprietors' income reduced projected deficits, but a combination of recent legislation and other changes increased them (see Appendix A). Relative to the projections in CBO's long-term budget outlook, last published in June 2019, debt held by the public as a percentage of GDP in 2049 is now projected to be 30 percentage points higher. That increase is largely the result of legislation enacted since June—which decreased revenues and increased discretionary outlays—and of lower projected GDP

Figure Five shows that these estimates of the rising burden of Federal spending on the economy were driven by rising costs in the pre-FY2021 Budget estimates – and they are driven almost entirely by the total cost of entitlement programs rather than defense. Even so, the rising cost of the VA's program means that the real-world burden of actual national security spending is certain to be substantially higher than the cost of defense alone. Furthermore, the CBO – like DoD – made no effort to consider the fact that OCOs may again rise sharply in the future.

Figure Five: The Rising Burden of Federal Spending of the Economy as Estimated by the CBO Before the FY2021 Budget Request

Percentage of GDP



Source: Congressional Budget Office.

When October 1 (the first day of the fiscal year) falls on a weekend, certain payments that would have ordinarily been made on that day are instead made at the end of September and thus are shifted into the previous fiscal year. That happened in 1994 and 1995, so values for 1995 have been adjusted to exclude the effects of those timing shifts.

GDP = gross domestic product.

a. Consists of outlays for Medicare (net of premiums and other offsetting receipts), Medicaid, the Children's Health Insurance Program, premium tax credits, and related spending.

9. It Fails to Tie U.S. Defense Spending to the Efforts of China, Russia, and Our Strategic Partners

This makes it particularly important to analyze how the overall patterns of U.S. national security spending compare with those of China and Russia. Once again, the DoD FY2021 budget submission estimated current Chinese spending to be \$250 billion. The DoD did not provide any estimate for Russian spending while DIA's last public projection of Russia's defense expenditure came in *Russia Military Power*, which was issued in January 2017. It noted that, like the Chinese budget, the public figure was probably lower than the real figure, but still estimated that,⁹

The 2016 budget, which was initially to decrease defense spending, was amended late in the year to increase defense spending to \$61 billion, a 4.5% defense burden on GDP...The 2016 budget, which was initially to decrease defense spending, was amended late in the year to increase defense spending to \$61 billion, a 4.5% defense burden on GDP.... By contrast, in 2006 defense spending was \$27 billion, and the defense burden was 2.4%. Moscow's ambitious rearmament program has driven the increase in defense spending. The Strategic Armament Program (SAP) called for spending 19.4 trillion rubles (equivalent to \$285 billion) to rearm Ministry of Defense forces from 2011 through 2020. Each year the SAP is implemented through the State Defense Order (SDO), Moscow's purchase of new weaponry, investment in weapons-related research and design, and expenditure on modernization and repair of existing weaponry. Funding for the 10 year program was heavily back-loaded such that just 31% was to be spent in the first 5 years (2011–2015) and nearly 70% was to be spent from 2016 to 2020. In order for Moscow to meet its original target for SAP spending and maintain its operational spending at current levels, defense spending from 2016 through 2020 will have to increase substantially over 2011–2015 levels. Russian defense spending, however, is poised to decrease in 2017. The 2017 budget calls for 2.8 trillion rubles to be spent on national defense, equivalent to \$42 billion. This constitutes a 30% real cut in defense spending

The IISS *Military Balance* for 2020 generally tracks well with both the U.S. and British intelligence estimates. It provides the data to compare U.S., Chinese, and Russian military spending shown in **Figure Six**.

Figure Six: IISS Estimate of U.S., Chinese, and Russian Military Spending: 2017-2019

Country	Current Defense Spending (Current \$US Billions)			Defense Spending as a % of GDP		
	2017	2018	2019	2017	2018	2019
United States	617,349	650,286	703,291	3.07%	3.07%	3.19%
China	154,353	170,504	181,135	1.28%	1.28%	1.28%
Russia	45,715	45,151	48,206	2.89%	2.72%	2.94%

IISS, *Military Balance*, 530-532. 2020, <https://www.iiss.org/publications/the-military-balance>.

These numbers would probably be significantly different if they reflected an unclassified estimate of directly comparable spending and national effort, but the supposedly “strategy driven” budget makes no effort to provide any kind of net assessment or to tie spending to any major element of a strategy for deterrence or warfighting. It makes no attempt to compare U.S. military efforts to those of China, Russia, or lesser threats – like North Korea, Iran, and violent extremism. It instead is little more than a detailed explanation of the shopping lists of each military service and the defense agencies, and it does not justify or even touch upon the massive additional costs of

spending on areas outside the DoD budget. Furthermore, it would still divert \$3.8 billion in defense procurement spending to pay for the construction of a wall at the southwestern border¹⁰

It fails to track with – or explain – the future year defense spending estimates and cuts presented in the OMB budget submission. It has a major impact on the total federal budget and U.S. economy without explaining how China and Russia can pose such serious threats while spending so little in official terms.

It focuses on transactional bullying in an effort to pressure U.S. allies and strategic partners to spend more, and it does so without any evident effort to define a strategy that will lead them to spend in ways that will produce the highest levels of deterrence and defense for their money. Here, it seems worth pointing out that not only is the United States alone spending vastly more than China and Russia, NATO reports that the NATO European countries spent \$284,043 million on defense in 2019 – roughly six times the IISS estimate of total Russian spending.

In the case of Asia, there is no reliable estimate of North Korean military spending, but it seems clear that South Korea's spending of \$39,764 million in 2019 was much higher than the spending levels of North Korea. If one considers China's military budget – and compares it with South Korea or America's other strategic partners – the IISS estimates that in 2019 Japan spent \$48,590 million, Australia spent \$25,466 million, Singapore spent \$11,268 million, and Thailand spent \$7,103 billion. Even if one ignores the fact that India spent \$60,543 billion – or the additional spending by countries like Vietnam, Malaysia, and Indonesia – the total for key U.S. strategic partners is \$132,181 million versus an IISS estimate of \$181 billion versus a DoD estimate of \$250 billion.

As for Iran, the IISS estimates that it spent \$17,428 billion, although some U.S. experts feel it spent at least \$25 billion. In contrast, if one examines just the Arab Gulf states that the United States has pressured as much as its NATO allies, Saudi Arabia alone spent \$78,400 – or 4.5 times more than Iran and an estimated 10.1% of its GDP, which is 5 times higher than the 2% that the United States is seeking for NATO countries and 3.2 times more of its GDP than the United States, Qatar, and the UAE are now spending. Bahrain spent \$1,501 million in 2019 – 3.93% of its GDP. Kuwait spent \$6,398 million in 2019 – 4.65% of its GDP. And, Oman spent \$8,973 million in 2019 – 11.71% of its GDP.

Once again, spending more wisely seems far more important than spending more – regardless of whether it is the United States or its strategic partners. There is a clear need to include net assessments and real strategic justification for both U.S. defense spending and any effort to pressure allies and partners to spend more. A budget submission that looks only one year into the future and is little more than a set of shopping lists is not much more than a series of blunders that cannot be called a strategy-driven budget by any stretch of the imagination.

NOTE: THE STRUCTURAL FAILURES IN THE U.S. PLANNING AND BUDGETING PROGRESS ARE EXPLORED IN DEPTH IN *SHAPING U.S. STRATEGY TO MEET AMERICA'S REAL-WORLD NEEDS*, <https://www.csis.org/analysis/shaping-us-strategy-meet-americas-real-world-needs>.

¹ Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer, “Defense Budget Overview,” *United States Department of Defense*, 1-1, 2020.

² Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer, “Defense Budget Overview,” *United States Department of Defense*, 1-9, 2020.

³ Under Secretary of Defense (Comptroller), “Defense Budget Materials – FY2021,” <https://comptroller.defense.gov/Budget-Materials/>

⁴ Office of Management and Budget, “A Budget for America’s Future,” 110, https://www.whitehouse.gov/wp-content/uploads/2020/02/budget_fy21.pdf

⁵ Office of Management and Budget, “A Budget for America’s Future,” 121-122, https://www.whitehouse.gov/wp-content/uploads/2020/02/budget_fy21.pdf

⁶ Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer, “Defense Budget Overview,” *United States Department of Defense*, 1-13, 2020.

⁷ U.S. Department of Veterans Affairs, “President’s Budget Request – Fiscal Year 2021,” <https://www.va.gov/budget/products.asp>

⁸ Congressional Budget Office, *The Budget and Economic Outlook: 2020 to 2030*, January 2020, <https://www.cbo.gov/system/files/2020-01/56020-CBO-Outlook.pdf>

⁹ DIA, *Russia Military Power*, January 2017, <https://fas.org/irp/world/russia/rmp-2017.pdf>, p. 19.

¹⁰ Emily Cochrane, “Administration to Divert Billions from Pentagon to Fund Border Wall,” *New York Times*, February 13, 2020. <https://www.nytimes.com/2020/02/13/us/politics/border-wall-funds-pentagon.html>.