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DEFENSE SPENDING

Many hidden costs line national security path

By Cindy Williams
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CAMBRIDGE, Mass. | The \$625 billion Defense Department budget President Bush sent Congress this month for fiscal year 2008 (which begins this October) is significantly larger after adjusting for inflation than any U.S. military budget since World War II.

Even more staggering is the Pentagon's plan to spend \$2.8 trillion during the five years from 2008 to 2012. Unfortunately, the most striking thing about this enormous budget is that it falls far short of the true costs of the current national security path.

Covering all the likely costs would require another \$700 billion over the five-year period. Yet admitting today to the full costs of the present path would force the nation into a conversation the administration wishes to avoid.

Under pressure from Congress, the White House has finally included a full-year estimate for the 2008 costs of its global war on terrorism, including the wars in Iraq and Afghanistan. That estimate understates by more than \$10 billion the likely cost of the president's planned surge to 21,500 troops in Iraq, however.

Moreover, the forecast leaves out all costs for Iraq, Afghanistan and the global war on terrorism for 2010 and beyond. Yet Bush says the war on terrorism is here to stay, and nothing in the administration's policies points toward troop withdrawal any time soon. If the wars continue, their costs will add \$550 billion more.

The five-year budget also underestimates the cost of future weapon systems like the F-35 Joint Fighter and the Army's Future Combat System. If history is a guide, such costs will add \$100 billion.

The administration assumes that the Pentagon will realize substantial savings by asking men and women who have retired from military service to assume a greater share of

the costs of their health care.

Changing the cost-sharing arrangements is a great idea, but Congress is unlikely to agree in wartime, and the five-year budget will rise \$12 billion more.

Add in \$10 billion in likely add-ons for military housing, and the total the administration has omitted from its budgets comes to some \$700 billion, about nine-tenths of 1 percent of anticipated U.S. gross domestic product during the five-year period.

In other decades, pouring that extra money into the military might have been affordable. At 4.5 percent of GDP, even a realistic five-year figure is still well below the Cold War average of 7 percent.

Since the height of the Cold War, however, we have shifted 4 percent of GDP — once devoted to defense — to other priorities, particularly Social Security and Medicare. With large numbers of baby boomers expected to retire in the five-year period, the economic share going to those entitlements will rise further. Moreover, since 2001, we have shifted 0.3 percent of GDP into homeland security.

The federal government could borrow the extra \$700 billion, but adding to the national debt would further complicate the fiscal problems that already loom because of the baby boomers.

Alternatively, the nation could reduce Social Security or Medicare benefits, or raise taxes. Yet early reactions to the administration's plan for reining in Medicare costs show how difficult it will be to reduce entitlements, and few political leaders seem ready for tax increases.

Before taking a step further on the present national security path, it's time we undertake a serious national discussion of its true financial costs and how to pay them.

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