

Bush's New Defense Budget

by [Robert Higgs](#)

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When the Bush administration released its [budget for fiscal year 2006](#) recently, the news media, as usual, had a tough time in making sense of the government's proposals for defense spending. To some extent, we can't blame them for their confusion, because even people who follow this subject closely have trouble sorting out the government's various ways of stating the defense budget. Figures that appear at one place in the budget documents are often difficult or impossible to reconcile with figures that appear at other places in the documents. Conspiracy theorists might easily conclude that the government deliberately tries to make a clear understanding impossible. More charitably, we might conclude that the government simply does not know how to keep a clean set of books.

The budget separates proposed spending into various categories, which outsiders have trouble keeping straight: "outlays" are amounts of money to be spent during the fiscal year in question; "budget authority" includes newly appropriated amounts of money to be spent during the fiscal year in question and perhaps during several later fiscal years as well. "Mandatory spending" comprises dollars that must be spent (barring a change in statutory requirements), whereas "discretionary spending" includes dollars that may be spent (and normally will be).

In a section of the budget called "Protecting America" appears the claim: "Under this Administration, the Department of Defense (DOD) has received the largest increases in funding since the Reagan Administration. . . . The 2006 request represents a 41-percent increase over 2001." In the document's historical tables, however, both Table 3.2 and Table 4.1 show that the military part of the Department of Defense's proposed outlays for fiscal year 2006 exceed the 2001 figure by nearly

47 percent. Is the Bush administration being unnecessarily modest about its accomplishment in pumping up military spending or it is simply unaware of what its own data show?

Perhaps the 41-percent claim pertains to budget authority rather than to outlays? Evidently not. When we check the data for budget authority in Tables 5.1 and 5.2 of the historical documents, we discover, first of all, that the figures in those two tables disagree by \$9.5 billion with regard to the Department of Defense's military budget authority in fiscal year 2001. Depending on which table's figure we use for 2001, the increase by 2006 comes to either 32 percent or 36 percent – still not very close to the 41 percent claimed in the text and, of course, much father still from the 47-percent change in outlays.

In any event, the amount of money provided to the Department of Defense falls far short of constituting the total amount appropriated for military purposes. Indeed, in a [study](#) I reported more than a year ago (based on fiscal year 2002 data, the most recent ones available in complete form at the time I made my calculations), I concluded that in order to estimate the amount of all military-related outlays in the federal budget, a good rule of thumb is to double the amount of the Pentagon's outlays.

The Pentagon's own budget – for fiscal year 2006, the widely reported amount of \$419 billion in discretionary budget authority – does not include the costs of nuclear warheads, which the Department of Energy produces; the defense-related activities of the Department of State, including “foreign military financing”; the past military services being compensated currently by benefits provided through the Department of Veterans Affairs; the defense-related activities of the Homeland Security Department, such as the Coast Guard's defense activities; various defense-related activities of several other federal departments; or the current interest costs of previous, debt-financed military activities. Applying my rule of thumb, I estimate that the government's total military-related outlays in fiscal year 2006 will be in the neighborhood of \$840 billion – or, approximately a third of the total budget, as opposed to the 16 percent that one calculates by comparing the Pentagon's \$419 billion request to the administration's total request, \$2.57 trillion.

Among the prominent items left out of the regular Pentagon budget are the amounts to be expended in prosecuting the seemingly perpetual wars

in Afghanistan and Iraq, which currently eat up approximately \$5–6 billion per month. So far, the administration has insisted on financing these war expenditures for the most part out of “emergency” supplemental appropriations. On February 14, President Bush sent Congress a request for **\$82 billion in supplemental funding**, of which some \$75 billion would go to the Department of Defense. The Pentagon would use all but \$5 billion of the additional money for conducting the wars in Afghanistan and Iraq. Other funds in the request – including \$660 million for construction of the gigantic, heavily fortified new U.S. embassy in Baghdad, \$400 million to reward small countries that participated in the so-called coalition that attacked and occupied Iraq, \$200 million for Jordan, and \$150 million for Pakistan – may be viewed as indirect war costs. Later on, the administration expects to seek another supplemental appropriation for war-fighting costs during fiscal year 2006.

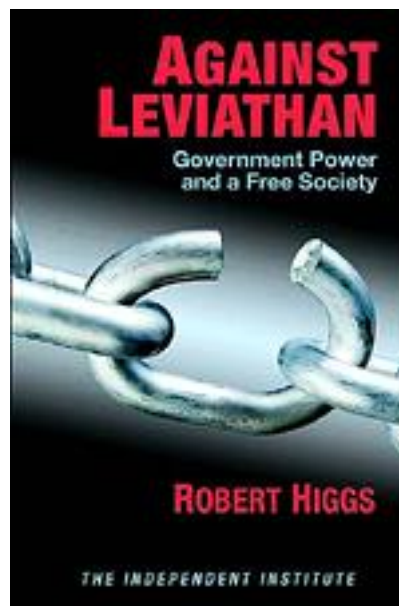
According to Rep. Jim Kolbe, many members of Congress believe that “this war has become enough of a routine that [those in charge of preparing the Pentagon’s budget requests] should be able to build it into their annual budgeting and not have to come back to us for supplemental funding of that size.” By keeping this funding separate from the regular request, however, the Bush administration obscures the war’s impact on the budget and, in the words of Rep. John Spratt, “falsely portrays the bottom line” – at least in the eyes of the average citizen, who does not pay close enough attention to appreciate what the government is doing.

The Bush administration has made a big show recently of seeking to cut back or eliminate funding for scores of federal programs, and a few weeks ago the Pentagon attempted to get in on this sham by leaking a memorandum that inspired headlines in the *New York Times* and the *Wall Street Journal* that might have caused naïve investors in defense companies to lose sleep: “Pentagon Said to Offer Cuts in Billions” proclaimed the *Times*’s headline of December 30, and “Defense Cuts Would Strike Lockheed, Northrop: Contractors Stand to Lose Billions of Dollars in Orders As Pentagon Tightens Belt” warned the *Journal*’s headline on January 4. Insiders, however, must have slept soundly through this make-believe storm, because they had to know that it was all a political farce.

Many of the so-called cuts were slated to take place several years in the future, in what budget planners call the “out” years. For fiscal year 2005 military spending, no cuts whatsoever were proposed. Needless to say, given the political context, not to speak of uncertainties about the course

of events in the Middle East and elsewhere, all such long-range “planning” contains a large element of wishful thinking even when advanced seriously. The greater problem in this case, however, is that no such seriousness attached to this litany of cutbacks in the first place.

As Winslow T. Wheeler of the Center for Defense Information [wrote recently](#), the proposed defense cutbacks will be, as insiders always knew they would be, “dead-on-arrival,” owing to “pork barrel spenders in Congress [and] narrow-minded and disingenuous civilian and military bureaucrats in the Pentagon. . . . [M]agically, rationales will be found to restore the funding.” Indeed, the Pentagon plays this sort of trick every year, normally after conspiring in detail with staffers in Congress and the Office of Management and Budget, who decide in advance who will pretend to seek



what, and how much each interested party will actually get in the end. Only the general public takes this mendacious ebb and flow seriously. If, however, even a few voters give the Bush administration credit for at least “trying” to restrain the Pentagon’s whopping increases in spending, then this time-honored game of set ’em up and knock ’em down makes political sense. In the end, however, as Wheeler concludes, “The feeble attempt [at cutbacks] will be killed in cold blood and, in Washington, no one will mourn. To the contrary, they will tout their heroism and celebrate their conquests. Only the taxpayer will feel the wound.”



In sum, the administration’s budget for fiscal year 2006, along with the shenanigans that strategically placed representatives of the military-industrial-congressional complex invariably play, insures that the gravy train of military spending will continue to speed along the track. The taxpayers have no right to complain, however. As the president has made clear, they’ve already had their opportunity to participate in an “accountability moment,” and

now, so far as George W. Bush and his lieutenants are concerned, that moment is gone forever.

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