

## Ask an Expert: Gordon Adams on Pentagon Spending



Gordon Adams is a professor of international affairs at American University and a Distinguished Fellow at the Stimson Center. Formerly, he was a Fellow at Woodrow Wilson International Center for Scholars and a professor at Elliott School of International Affairs at George Washington University.

From 1993-1997 Adams was as Director for National Security and International Affairs at the Office of Management and Budget. He is the author of several books and publications; his most recent book co-authored with Cindy Williams *Buying National Security: How America Plans and Pays for Its Global Role and Safety at Home* has received rave reviews.

In this interview, Adams provides an overview of the Pentagon budget, tackles the issue of a so-called “readiness crisis”, lays out the problems associated with current Pentagon spending, and recommends methods to increase efficiencies in the Department of Defense.

### 1. Why should Americans care about the Pentagon budget?

Americans should care about the Pentagon budget for at least two reasons - it is the budget that ostensibly buys the military side of our security so what we are buying, how we are buying it, and what we are spending it on is of interest to all Americans. In addition, the Pentagon budget looks like it is going to approach 60%, or 60 cents on every dollar that the American taxpayer spends on discretionary spending in the federal budget. It is a considerable investment of the taxpayer dollar.

### 2. Is there a readiness crisis in the Pentagon? Have budget caps implemented by Congress weakened the United States military?

That whole question of readiness is highly controversial in Washington right now. My conclusion is no, there is not a readiness crisis in the American military nor would I say that the funding constraints of the last 5 or 6 years since the Budget Control Act was passed in 2011 have systematically comprised readiness.

The only time I can think probably in the last 30-40 years that there has actually been a severe readiness issue in the American military was in the late 1970s. As the American military was making a transition from a conscript military to an all-volunteer military. The services were busy rejiggering the training establishment and figuring out what skillsets were going to go with the force and planning for the next round of military training and readiness activities. But that’s really the only time.

The problem with readiness today is how we define readiness. Having dealt with a “readiness crisis” in the 1990s when I was in the Clinton administration White House, I can tell you readiness is very much in the eye of the beholder.

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What the army will tell you today is that a large number of its brigade combat teams are not ready as defined by having the capability to be ready to go to war on the central European plains with the Russians. That is to say high-intensity conventional warfare. That is the standard of readiness that the army generally applies to its units. In those terms there is no question that not only are most units “not ready” because what they have been doing for the last 15 or so years is fighting counter insurgency warfare in Iraq and in Afghanistan. Now if you assume that’s

the kind of mission that they are going to be fighting, then we have military units that are significantly ready and highly experienced at conducting that kind of warfare.

**3. Would you say it is time for Overseas Contingency Operations (OCO) account to be closed?**

It was time a long time ago. One of the biggest contributors to the lack of discipline in the Department of Defense has been the OCO account.

While, at the beginning it was a supplemental, back in the early 2000s, it was largely dedicated to the wars in Iraq and Afghanistan. Over time, the military discovered it was a useful way to do things, for example buying an extra aircraft or two for the Air Force, buying military equipment striker vehicles in the Army.

Gradually the appropriators on the Hill figured out that it was also useful to them ... that if they moved some of the general operational spending in the budget over to the OCO budget, they made room in the base budget for the things their members wanted to buy. So the appropriators joined the club of really loving OCO.

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*The time for OCO has long since been over.*

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In more recent years, the White House had actually discovered it, too. President Obama discovered that he could do things like the European Reassurance Initiative or his Counter-Terrorism Partnership Fund through OCO rather than having to request it in the base budget.

And for all of them, it was extremely useful; it made room and it didn't count against the caps in the Budget Control Act of 2011. As a result, the OCO account became very politically popular. Now it's almost impossible to wean off of the OCO account. The Office of Management Budget has tried now for 4 or 5 years.

**4. We often hear of 'waste, fraud and abuse' in reference to Pentagon contracts and programs. Can you cite some examples?**

In an organization that does 15 million contracting actions of one level or another a year, you are always going to have some level of waste. Some of those dollars are going to be spent on things that cost too much, or it turns out you don't need. But it's not really a question of waste, the biggest issue here is the personnel question and that's not a question of waste or fraud, it's really the 42% overhead that the department has and that's primarily people.

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The DOD has about 700,000 civil servants, 330,000 military uniform personnel who are not doing activities that are related to combat or combat support, they are administrators, and the DOD has hired about 700,000 services contractors; these are not contractors that build things or do research, these are contractors that in some cases, sit side by side with a civil servant doing the same job in things like administration or communications. So if you add it all up, you have something like 1.7 million people in the United States DOD who are doing overhead jobs that are not military-related jobs, supporting the combat and combat support activities of 1.1 million people in the military. Finding the ways to streamline that overhead are very difficult; they take somebody bearing down on it at all times, at the secretary-level because the services are reluctant to shrink their infrastructure and the number of their contracting personnel.

They have made some progress on it over the last two-three years of the Obama Administration but not much, and as an old budgeter, I have to tell you, the way you make the most progress is turn to the services and say, “We are going to shrink your back-office activity budget by X next year, come back to us and give us a plan for how you intend to increase your efficiency while shrinking your dollars.” That takes an awful lot of arm-wrestling and pressure over time in order to achieve it.

**5. The Pentagon’s budget is larger than the next seven nations’ military spending combined. President Trump has called for a \$54B increase. Does the Pentagon need an increase in military spending?**

No, I don’t think it does. We are spending at a historically high rate even compared to the Cold War period, we are actually spending more than we spent during the Cold War in constant dollars and we are not in a Cold War. The reality is the U.S. has a globally dominant military, it has a significantly larger military capability than the Chinese military or Russian military which are the only two other militaries that even come close.

My view of the defense budget increase is that it’s symbolic. I think it is in President Trump’s mind showing we are tough. That’s usually what happens when we increase the defense budget. It’s a greater symbolic purpose than it is of practical purpose.

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The reality if you look at the sizes of those forces is that the army really doesn’t need to add additional personnel, particularly when President Trump has made it clear that he is not going to have that army engage in nation building activities. It’s not clear what a 540,000 person army is actually going to do as a mission. It’s not really an expansion of the force that is militarily driven. It’s symbolically driven, it’s a theory of international politics that says the United States can be a globally dominant military but it can only do so if it grows in size. So I see all of this in fact as a symbolic step not as a militarily or strategically driven step.

**6. Can the country afford what it is currently spending?**

That depends on how you define afford; afford it as an economy, yes, unmistakably yes, although we could probably do it with less.

There is a somewhat narrower question which is can we afford it budgetarily. This is an experiment budgetarily that we’ve actually done before. We did this experiment at the beginning of the Reagan and Bush W. administrations, when we decreased federal revenues through tax cuts, we increased the defense budget significantly, and we actually did a good job of decreasing domestic discretionary spending. While each of the previous two exercises promised a balanced budget at the end of that exercise, both of them failed. In fact, the national debt more than doubled under George W. Bush and it doubled under Ronald Reagan. We know why it happened because the Congressional Budget Office did research on what explains the doubling of the debt. The answer was reducing revenues and increasing defense. Both of those things went way past the previously projected baseline.

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*So “can we afford it” becomes a policy and value judgement*

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So we’ve done this experiment before and it looks like, with a Republican-dominated Congress, we’re going to do that experiment again. So now the question is: are the reductions that are going to be used on the non-defense side of the budget the right reductions?

[Are they] necessary? Do they deprive American citizens of services and activities by the government that they would otherwise like to have?

This raises a kind of specter that we haven't seen in a while, which is actual trade-offs in objectives. So, "can we afford it" becomes a policy and value judgement and that, I think, is going to be the focus of the fight on Capitol Hill at least for the next year, if not for the next three years.

**7. Pentagon spending is one of the many issues Americans are concerned about; how can this issue be connected to other issues such as climate change, immigration, social justice, etc.**

The linkage here is clearly budgetary; the budget is the instrument through which a nation expresses its policy will. And if you were looking at this significant reductions on the domestic discretionary side while you're significantly increasing defense spending, then you are saying there is a connection between these two things. If you are reducing diplomacy and foreign assistance and increasing defense spending, you are saying that the most capable and therefore most useful tool for American national security and foreign policy is the American military.

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These issues are connected because they're issues that say, what are our priorities? What is important to us? What should we be spending our money on? How should we be using our governmental capacity to further our goals and interests? So I see the connective tissue especially as being in the budgetary argument, and it is the argument that is bound to begin in the next few weeks.

**8. What accountability measures are in place regarding Pentagon spending to ensure that taxpayer dollars are spent effectively and efficiently?**

It's very hard to do that in the Department of Defense, because it is so large - with a 600 billion dollar budget, with 15 million contracting actions per year, with more than 1.5 million civil servants and military in uniform in the back office. Holding the Department of Defense accountable for its spending is extremely difficult. It's even more difficult when you increase their resources, and that's because the incentive to be efficient, to set priorities, to make choices, disappears when you increase a budget.

Some people argue that if we had an auditable Defense Department, that might be a way of achieving some accountability over the Defense Department. However, I'm actually skeptical of that because [all an audit really says is], "We can connect an appropriated dollar to expenditure at the other end." It doesn't tell you whether it was a wise or wasted expenditure.

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The most effective way [to hold the Pentagon accountable], historically, has been to lower the defense budget. It's very important to say to the DoD, "I want you to set priorities and you're going to have to because your budget is flat or it's declining. Now let's have the plan that spends efficiently."

*The interview has been condensed and edited.*