

David Price at CHFM February 6, 2011 – 9:45am

Tom Munk's brief introduction of the topic:

President Eisenhower, "Every gun that is made, every warship launched, every rocket fired signifies in a final sense a theft from those who hunger and are not fed, those who are cold and not clothed." This is the president who warned us so presciently of the military industrial complex, and these words for us Quakers are not just in our heads. This is something that, as Quakers since the middle of the 17<sup>th</sup> Century, we have lived with as a central part of our faith. We have struggled against war and struggled for justice and for human needs since that time because of our reading of the Gospels. So the primary topic that we've asked Rep. Price to speak with us today is about beating the swords into plowshares. What are our possibilities given the current political situation of dramatically cutting the defense budget? What do you support? How much cutting? Where you would cut? And what we can do to help. We were inspired to invite him because I had written a letter and I was pleased with the response because it is clear, I'm sure, that you'll let us know today, again you'll repeat today that you're very interested in cutting the defense budget.

David Price:

Thank you. I'm glad to be here. I think this has been pretty much an annual visit for as long as I can remember since I've been in office so I appreciate the chance to be back. These issues tend to predominate. The foreign policy, defense, especially the defense expenditure matters, do tend to predominate. I think it should be a concern of everyone and there are all sorts of reasons for that. You stress our faith traditions and what we get from that history. These days there are some much more mundane concerns that simply have to do with our countries solvency and the future of our viability of our economy. Lots of questions to pose and there are lots of answers floating around, many of them highly ideological and many of them highly misguided. I anticipate a little bit 95% of the Republican rhetoric is about domestic discretionary spending, that is the annual appropriated spending for domestic accounts. And what's left, the other 5%, is about foreign aid. We'll that's 100% of the rhetoric. It's about 12-13% of the budget. In other words, we're bringing to bear and you're going to see this next week with the unveiling of the continuing appropriations bills for the balance of this year, we're bringing all this concern to bear on domestic expenditures, some of the efforts that we've made, we really have struggled with this in the new administration and the democratically led congress, trying to get, after years of damage, years of being constricted and constrained, trying to get housing and education and healthcare and for that matter transportation and research, things you would think have bipartisan support, those things have been on the list for drastic cuts and those are only going to increase whereas the defense budget, to some extent the Home Land Security budget, that's a subcommittee I've chaired and I can talk more about that if you want to, and the entitlements, the politically sensitive entitlements, those things have been largely off the radar screen. And so it's very very distorted, our debate, people's view. You've probably seen poll results over the years, people think a third of our budget goes to foreign aid and they think when you remove earmarks which is simply congressionally-directed spending as opposed to leaving it to the executive agencies, people think you've actually done something when you cut those. That money is still in the budget, it's just being directed by the executive

rather than by congress. But there's no reality check, or you feel like there isn't. So much of this is churned up on the talk shows, so much is promoted by politicians for their own glory, and so people have a highly distorted view of where the money is and what kind of specific measures would affect the challenge we're facing. If you freeze public employees' salaries, that's nothing. If you drastically cut back foreign assistance to the world's poorest countries, and if you cut as they're now proposing and take 20% out of housing, and it's already been a frozen budget, and something like 15% out of education, you could eliminate that whole domestic budget and not be anywhere near balanced. That's partly what we're struggling with. I think there is a lack of vision, a lack of a moral sense of the budget as a moral document that reflects our nations' values. Certainly that's deficient. There's also a deficiency just of plain old knowledge, in the awareness of where the money is and what really might do something about our fiscal challenges.

You're emphasizing though as you should and I hope I have been able to contribute to this as well, this sense of the budget as a moral document. I think the phrase started with Jim Wallace, the head of Sojourners, the author of an interesting book called God's Politics a few years ago, but he's certainly right about that and we're right to look at the budget and see where our nation's values lie. It's not a perfect correlation, but it certainly ought to be more in line than what it is now with what we profess that we stand for as a country.

For reasons you're well aware of, historically, we have invested more of our resources in national defense than most of the countries of the world. That has something to do with the post-WWII era, the Cold War, the kind of leadership that the US has exercised among nations especially in a polarized world for decades. And, frankly, a certain amount of free-riding on our defense efforts by other countries. A certain amount of dependence on the US without making commensurate contributions. Where this has left us is that right now we spend more on defense than the next 10 nations combined. More than 6 times the nation we consider, I suppose, our nearest competitor, China, though that gap is narrowing and one question we must ask is why is that gap narrowing? Is China asserting itself or is it a reaction of China to our plowing ahead on some of these expenditures that really don't have much warrant. Now this has not been just a steady undifferentiated increase over time. Both as a share of GDP and real dollar terms, defense spending has waxed and waned over the last 6 decades. There are a number of presidents who presided over net declines in defense spending: Eisenhower, Nixon, Ford, GHW Bush, Clinton. Each presided over declines in defense spending. Even President Reagan cut it by 12% in his second term. That's 12%; may not sound like much. Think about that though in the present context where even with the kind of alarm bells that are ringing, Republicans are proposing a 2% increase for the balance of this year. You can't even freeze it, you've got to keep moving with increases. Now those variations, those fluctuations, have been related to some extent to our strategic situation in the world, particularly in the latter years to the waning of the Cold War threat. But they've also indicated the assertion by some of these administrations and congresses that accompanied them, an assertion of competing domestic priorities and of a sense from time to time of fiscal concerns. The best example of that is the 1990s during the Clinton administration. During the '90s we cut defense spending significantly, we increased domestic spending, domestic investment in a range of human service programs, research, those sorts of things, we increased those so the balance was

shifted. And then as you may remember we actually balanced the budget. The smoke and mirrors temporarily gave way to some straight talk and some straight provisions for pay-as-you-go budgeting, and we had for 4 yrs in a row balanced budgets in the '90s under the Clinton administration with some constraints which that dictated on both defense and domestic spending. And we paid off \$400B of national debt before we plunged back into the red ink big time during the GW Bush administration within weeks, off and running with these trillions of tax cuts which guaranteed a return to deficits, increasing debt, and left us in a profound position of weakness when the economic downturn came a couple of years ago.

What if we had been running the surpluses that we did in the '90s? I don't think the recovery would have been a highly contentious matter. We would have, during the good years, continued to build up our reserves, our capacity, and then when the bad years come, we do what needs to be done, and there might be some squawking but it would not be nearly as controversial as it was to hit this economic downturn with \$400-\$500 billion annual deficits and then facing the decision to do some counter cyclical economic measures on top of those. That made it extremely difficult.

So this is this historical fluctuation that has to do with assertion of domestic needs and with a sense of fiscal responsibility. But for the last 10 years, the pattern has been pretty much one of unrelieved defense increases and de-emphasis of domestic needs and virtual abandonment of fiscal responsibility. A lot of that has to do with the ideology and coalition that brought George W Bush to power but a lot of it has to do with 911 and with the wars that were started after that, two large and costly wars. One in direct response to the Sept 11 attacks, and one that used the attacks as a very very thin pretext. Bush also initiated, and there was bipartisan support for this I have to acknowledge, an unprecedented expansion of the size and scope of the defense budget. Between '01 and '10 the defense budget more than doubled from \$300B to over \$700B. Overall discretionary spending, that is not entitlement spending, but subject to annual appropriations, that includes everything from transportation to housing, research, education, and everything else, it grew by roughly \$580B over that same period but 65% of that is accounted for by defense increases.

The wars help explain this but only to a degree, not entirely. Even if you set aside the war spending, the base defense budget, that is the amount the pentagon spends for its facilities, developing new technologies, procuring goods, providing benefits to military service members, training and equipping personnel, that base budget grows from \$300B to \$530B over the last decade accounting for over a third of the overall increase in discretionary spending.

I think it's important to drill down and look at those individual items. Some of these things are more justifiable than others and we can get into that if you want. But there are some way way overdue changes to health benefits for example, the operation of the health system for veterans, and for that matter the health system for active duty people who often have mental health needs, grievous wounds that people have survived in present battle who would have died in past battle, and are our responsibility and this is not the place to economize in the budget, the living conditions on the bases, there are things that have been proved to be pretty expensive. In that, too, is missile defense, the obsession with missile defense, these Cold War weapons systems, a great deal of mismanaged contracts

and procurement and so forth. So it's not a question of just the aggregate numbers and whether they're big enough or small enough. It's also a question of where those dollars are going and to what extent these expenditures can be justified.

The expansion of the budget, some of this after 9/11 I think did need to be done. This is a new threat and we have to deal with it. New technologies, new capabilities are better suited to a new era of conflict. But that doesn't go very far toward explaining this. There's a lot of inertia in this budget, a lot of Cold War inertia. Weapons systems, force structures, whose premise was to fight a conventional war with the Soviet Union, persisted, represented a lot of wasted efficiency as multimillion dollar contracts were awarded with little to no oversight. And it reflected a terribly irresponsible approach to budgeting by the Bush administration. The distinction between regular and emergency budgeting got all blurred. We financed these wars off-budget with supplemental appropriations bills and military commanders were encouraged to submit wish lists and latch on to supplemental bills outside of the regular budget as a way of getting what they wanted so the ballooning of this spending had a lot to do with a bad process and with I think a lot of bad strategizing that did not really do justice to the changing nature of the strategic environment.

Well, where has this left us? I think there are some positive sides. I think there is a growing recognition among elected officials and upper elected officials anyway, military experts and the American public that the trajectory we've followed is both unsustainable and unnecessary. The unsustainable part has to do with the fiscal crisis that the country's facing. We have a national debt now of over 14 trillion dollars. That's publically held debt. Blame falls largely on the reckless policies of the Bush administration, most notably the '01 and '03 tax cuts. If you look at the deficits we're running, it's become fashionable to blame those on the stimulus and recovery program. Well that's maybe 10% and shrinking. The deficits come from the tax cuts and from the unpaid-for prescription drug plan and from the unpaid-for wars. All this has been done with borrowed money through the last decade. Then of course, the more the deficits grow, the more the interest on the debt grows. Hundreds of billions of dollars down the rat hole each year just to service the debt. And then the entitlement spending. Healthcare costs, hoping and its more than hope I think, we're expecting that those will be restrained somewhat assuming the health reform measure remains in place, doesn't get compromised seriously but none the less growing healthcare costs have made those entitlement costs sky rocket. So we simply cannot go on like this so that has compelled attention to spending in general and in a number of quarters to defense spending. As a necessary component of this, you just cannot fence this off and leave it out of this discussion.

What about the unnecessary part? We can afford to reduce our defense budget considerably. I don't think there's much question about that, not any question really. It doesn't mean weakening our essential strategic expenditures or denying resources to the men and women in uniform or to our veterans. There are some obligations here that we have to take seriously. But we're outspending the next 10 countries combined. According to an analysis by the Center for American Progress, we could cut our defense spending in half and still outspend our current or potential adversaries. Such massive spending you could argue I suppose it contributed to a strategy of deterrence during the Cold War world, but I think you could argue that this excessive spending diminishes our national security by

making other countries feel less secure. That's what I was thinking of when I mentioned China earlier. This is the stuff that arms races are made of. You heard some of the talk during the START treaty back in December, a fairly moderate, modest treaty. I think if a Republican president had proposed it, that would have gone through the Senate in a heartbeat. Oh no! It became a major showdown. You heard the rumbling about what the Russians would feel compelled to undertake if that treaty failed. That applies to the Chinese and to lots of countries that peg their own security in relation to what we're doing.

I think there's also a continuing disconnect between the real threats we face and how we spend. We continue to put a lot of money in outdated weapons such as missile defense. That obsession has continued. Our global diplomatic posture largely reflects the global environment of the last century. In Asia and even more in Europe. This is going to become more acute as the wars in Iraq and Afghanistan wind down and the justification for force-increases disappears and I think that's happening now and will be happening increasingly.

This administration has taken some steps to turn the recognition that this is both unsustainable and unnecessary to take that insight and convert it into action. The administration first of all, to their credit, almost immediately, they ended the irresponsible budgeting practices of the Bush era by bringing most if not all of our war funding into the regular budget process, reversing the distinction between regular and emergency spending and getting rid of that gravy train that went through each year known as the supplemental appropriations bill.

Secondly, the administration has regained President Eisenhower's insight that our security is tied to our economic prosperity, our diplomatic agility, our moral character. Senior officials from the President on down have elevated diplomacy and development alongside defense as essential components of our national security. This shift has been formalized in the President's national security strategy and the first ever Quadrennial Diplomacy and Development Review and resulted in notable increases to our State Department and foreign aid budgets, increases which I should say are now very much threatened.

Third, the administration has begun to pursue concrete cuts to the defense budget. The President's fiscal 2010 and fiscal 2011 budgets proposed terminating or dramatically cutting several expensive procurement programs: the F22 fighter jet for example, the C17 transport plane, the President's helicopter. Last year, Secretary of Defense Gates proposed cutting over the next 5 years, now he announced \$78B in cuts to be pursued immediately, mostly to additional procurement programs such as the Marines expedition fighting vehicle but also some long term projections in personnel reductions, deployment reductions, in Europe and Asia. President Obama as you know last week endorsed those cuts in the State of the Union message. I expect they'll be in the budget request we receive next week. So these are welcomed steps. In various ways they represent a change from the previous administrations. I don't think they're enough. I would not claim that but I think there are some promising efforts that we could build on and should build on. The question is will we build on them or in the new congress especially in the new House of Representatives face attempts to reverse even the steps that we've made.

There are additional areas of savings we can identify. I brought with me this morning summaries of a number of reports. I don't know how much these details interest you, but you've seen the list. Some of them I've mentioned already and some others, you know, the missile defense investments I think continues to be excessive. There is a lot of waste and fraud and bad contract practices. And there are some fundamental issues to be raised. What about those troop levels in Central Europe and two decades after the collapse of the Soviet Union. Do we still need to build massive weapons systems designed for fighting a conventional ground war? Or where do we draw the line between strategic redundancy, that is the idea that we need to foster competition and the development of similar technologies? There is something to that argument and I think it applies in some instances. But it's pretty hard to draw the line between strategic redundancy and just plain redundancy. Redundancy that is a waste of money. These are not necessarily easy questions but they are certainly not impossible to answer. You know about some of the reports probably that have been issued. A task force of defense experts was convened last year by the Project on Defense Alternatives that was initiated by Congressman Barney Frank and Ron Paul, unlikely bedfellows, released a report identifying \$960B in potential savings over the next decade. The Center for American Progress, a progressive-leaning think tank, has submitted a proposal to save \$100B over the next 5 years over and above what Gates has suggested.

The President's fiscal commission has not been very specific, that is the Erskine Bowles / Alan Simpson fiscal commission but they left no doubt that any kind of comprehensive plan going forward for deficit reduction and getting our fiscal house in order simply had to have defense on the table, and they could have done a better job I think but at least they did leave no doubt that this couldn't be placed off limits.

So there are a lot of ideas out there that can be put on the table. What about the likelihood of action and I'll close with this. I think it bears not just watching but a lot of activism nationwide. I know you're part of a national fellowship. You have allies. Friends Service Committee is of course a major advocacy organization that does solid work. There are allies though, some of which may not share exactly the same premises but none the less are worth working with. There are some allies I think to be made w/ fiscal conservatives. People get to where they are through different paths, and successful politics is often the matter of figuring that out and figuring out what kind of coalitions can be put together.

So what are the prospects for this coming congress? There are some positive signs. There are also some negative signs. I'll briefly remind you of what they are, then we can have a discussion.

I think there is some bipartisan consensus emerging that the defense budget at least needs to be looked at. Last year on the democratic side, the late lamented Omnibus Appropriations Bill which included a defense bill written very carefully by our defense appropriations subcommittee under democratic leadership. The President's budget was already somewhat constrained in the defense area and we took \$7B further off of that. That proposal was never enacted into law unfortunately. A Republican filibuster in the Senate blocked it. So we passed the 6 month continuing resolution which is what brings us up to March 10 when the bottom falls out. We've got to pass appropriations bills,

continuing resolution probably, lumping them all together for the balance of this year. That's what we're talking about right now. And they set that up, we didn't. They asked for this. They wanted there to be a crisis generated as if the debt ceiling didn't constitute enough of a crisis. They wanted there to be, and there may be a question of being careful what you ask for, but they wanted there to be the threat of a governmental shut down, so this continuing resolution could be their Tea Party Express. And you see the details of that coming out in the last weeks, but drastic cuts on the domestic side and as I said even in this environment still an increase in defense. But the whole idea was to create a crisis. That took care of our \$7B defense cut. So the continuing resolution continues the 2010 level of spending through March 10. And then something has to be done with the entire appropriated budget.

So that's the immediate situation we're facing. We're living on this continuing resolution which is flat funded from 2010. A couple of Republicans, Majority Leader Eric Cantor, Budget Chairman Paul Ryan, have indicated that defense should be on the table but they haven't indicated what that means exactly. But the guys in charge, Buck McKeon the new Chair of Armed Services, Bill Young the Appropriations on Defense chairman, these are old timers who never saw a defense increase they didn't like. And I don't know what's going to get through that net if this 2010 continuing resolution is any indication, probably not much. Republican leadership last week released that plan. The plan calls for severe cuts to critical domestic programs. 17% to transportation and housing, that's already been constrained. It allows defense spending to grow by 2%. Overall the plan would cut nearly \$40B from our 2010 levels. In other words, what has been held level by the continuing resolution will go down \$40B. That is a huge hit particularly when it's mainly 12% of domestic discretionary spending. Not one cent of that comes from defense.

So it's going to be critical in the months ahead for advocates of responsible reductions to make their voices heard in the broader debate which is coming, and its coming almost immediately.

As I say, it may be they regret what they wish for because while they're hassling this through, and there's going to be a hassle believe me because the senate democrats and the President aren't going to agree with very much of this. And there very well may be a governmental shut down scenario. Even as that's playing out, the hearings are getting under way and the writing of the 2012 bill and that's where the longer term patterns will become clearer.

So I think this is a critical time. I kind of sorted out what the pluses and minuses on the ledger look like in terms of the political arguments that might be mounted and I think you and others need to engage. As I say, I think it's important that that engagement be discriminating. To tell you the truth, I've given you the aggregate figures. I'm not terribly impressed with people that just come in with aggregate figures. They send the message that we spend too much. Yes, we spend too much. But I think it's very important to drill down, to have some very specific ideas of what is dispensable, what is redundant, what is obsolete. But also, to demonstrate an understanding for money, we need to spend particularly on the men and women who serve in the military, on their health needs their housing needs, and the obligation that I think most of us would agree we owe to our veterans. So its important I think to not just talk in terms of these aggregate numbers but to tie those numbers to what the spending actually accomplishes and to have very specific understanding of what's imbedded in those aggregate numbers.

Some of these savings that we'd hope to generate should probably be redirected to other areas within that budget. Veterans programs, treatment for traumatic brain injury, services for other disorders. A lot of it needs to be directed toward other domestic needs and deficit reduction. And how do you make that case with these other domestic needs? I deal with this with Homeland Security a lot because I want to have an adequate Homeland Security budget for the whole range of things we do, not just about terrorism but conventional disasters and preparedness, the Coast Guard, the Secret Service, the whole range of things. I don't want an outsized share of the budget cut and that applies doubly, triply to the defense budget. We need to have a broader sense of what security is about and what national strength is about and with a sputtering economy and with our competitors internationally overtaking us in education and research and investment, I don't see how anybody can be sanguine about our country's place in the firmament (?), of the international firmament (?), with respect to the various measures that its sensible to apply to national strength and national security. So I don't think we need to concede that point at all. We're just as concerned about security and strength as the next person. We just have a deeper insight about what that requires. And that does require regaining of fiscal balance. It also requires some targeted investments that will invest in our economic capacity . For instance, the President outlined some of that in the State of the Union. I think that was a good speech. I thought it was, given some of the tasks that confronted him with the new political environment. He said what he needed to about defending healthcare and about these various week to week battles that we're having. I think he rose above appearing defensive and preoccupied with the battles of the moment and gave a somewhat broader vision and returned, in the end, that we do big things. We have a vision in this country of greatness that can carry us through this, but the implication of that is that our budget really needs to reflect that. And a budget that simply plows more money into the defense side without much reflection and meanwhile comes in with 15, 17, 18% cuts in these various investments he was talking about is not going to do the job. You take some comfort in the fact that the House leadership is not the whole government, but I take it seriously the kind of bills that come through the House will have a big effect on what the final product is and therefore I think we need to ask you and others to call on members across the government, whatever kind of inroads you have, to try to influence this debate going forward.

This talk was followed by a Question & Answer period, which is not included here and has not been transcribe.