

ECAAR Statement on the Defense Budget

The defense budget proposed by President Bush is illogical, ill-conceived and intellectually dishonest. Our service men and women are at risk in a shooting war, and the economy is in danger of long term financial distortions due to soaring deficits and misplaced priorities. This is no time to pander to special interests, whether these be in the Pentagon, the defense industry, or on the staff at the White House. The Defense budget should be designed to enhance our national security and not to support this president's or any president's election campaign.

The war against terrorism does not justify the massive increase in military spending sought by President Bush. There has been no showing that the increases will further our aims in the war against terrorism or otherwise strengthen our national security.

There is much reason to believe that huge savings can be realized by canceling unnecessary weapons programs such as those that were more appropriate for the Cold War than for the requirements of the 21st century. In this category are the new fighter aircraft that might have been useful against the threat posed by the former Soviet Union, but have no role in combating terrorist threats.

In addition, there are programs on the drawing boards, such as missile defenses, that ought to stay on the drawing boards until they can be shown to be a reasoned response to threats we actually face, and by appropriate testing that they will be effective. These programs are becoming dead weights on the military force. They divert resources from pressing national needs - including those for homeland security. As such they impair, rather than advance, our national security.

The fact that military operations are continuing in Afghanistan and Iraq does not justify excluding the cost of those operations from the budget. It is irresponsible to place these costs off-budget with the excuse that they cannot now be known. By definition any budget is a set of estimates of the future costs of programs and activities, many of which cannot be accurately known. One of the principal objectives of the Federal Budget is to show the likely future spending consequences of present and past policy decisions.

As economists, we know that obtaining the facts about current conditions and making one's best estimates of the future is essential for formulating economic policy. This is particularly important at a moment when the scale of future budget deficits is arousing serious concern.

Given the influence of the government and the defense sector in the economy, and the role that Congress plays, it is not possible to make rational policy about resource allocation without full knowledge and best estimates of the course of military spending. A bitter lesson of the Vietnam years was that failure to take timely action to pay the cost of military operations can have lasting, damaging effects on economic performance.

We urge Congress to insist on the inclusion of realistic estimates of the costs of current and prospective military operations in the present budget, and the full cost of the administration's military plans. These estimates should be presented on a ten-year basis. And they should be weighed against the full budget effect of the President's tax policy over the same period of time.