



Center for Strategic and Budgetary Assessments



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**Reagan Institute and the Center for Strategic and Budgetary Assessments
Warn Policy Makers About the Consequences of Defense Budget Cuts**

Spending Reductions Would Impair Ability to Implement National Defense Strategy

Washington, DC – The Ronald Reagan Institute and the Center for Strategic and Budgetary Assessments (CSBA) released a [report](#) titled, “America’s Strategic Choices: Defense Spending in a Post-COVID-19 World.”

The report summarizes the findings of two Strategic Choices Exercises the organizations hosted in October 2020, convening a bipartisan group of senior defense and budget experts, current and former policy makers, and industry leaders. The initiative was supported by the National Defense Industrial Association.

Using CSBA’s Strategic Choices Tool, an interactive decision-making model that enables users to make changes to the defense budget, participants assessed the impact of fiscally-constrained adjustments to U.S. defense strategy and military forces over a 10-year window. They assessed two budgetary scenarios: an annual real 3% increase in defense spending and an immediate 10% cut.

The exercises found that the 10% cut scenario would have devastating consequences for defense strategy and capabilities. Teams had to make large-scale cuts to personnel, force structure, and modernization that have heretofore proven to be politically unpalatable.

The report summarizes the following consequences of a 10% cut:

- The military that remained was incapable of carrying out the current National Defense Strategy. It lacked the ability to respond to the range of military contingencies that the United States could reasonably expect to face and was too small and brittle to respond to unforeseen changes.
- The severe cuts to force structure called into question America’s ability to win a war, let alone deter another.
- Reduced funding for modernization programs jeopardized the joint force’s ability to field a modern force against increasingly capable adversaries.
- The reduced conventional force structure would increase reliance on nuclear deterrence. But with fewer conventional rungs in the escalation ladder, the United States would have limited flexibility to manage crisis escalation and could be pressed to consider nuclear use to preserve the geopolitical status quo.
- Conflict may become even more likely because adversaries could question the credibility of U.S. posture.

- Diminished the health of the Defense Industrial Base would hinder its ability to reconstitute the joint force in the case of a protracted conflict and resulting in politically challenging job losses.

“Even as rising deficits and the economic struggles imposed by COVID-19 place downward pressure on the defense budget, the threats the nation faces continue to increase,” said Roger Zakheim, Director of the Ronald Reagan Institute. “This exercise should be viewed as a dose of reality for policymakers examining the potential impact of defense cuts. The United States cannot build and maintain the military it needs to defend against the threats of today and tomorrow if we see a major reduction in its budget.”

“CSBA developed its Strategic Choices Tool, which features more than a thousand discrete sets of fully-costed defense capabilities, to allow users to consider the real-world, long-term consequences of various defense budgetary choices,” said CSBA President and CEO Dr. Thomas G. Mahnken. “Our participants were forced to make hard decisions regarding U.S. military forces and strategy, which in this exercise often yielded heroic assumptions or sobering assessments of risk.”

For more information about the working group, including the full report, visit www.csbaonline.org/research or www.reaganfoundation.org/defensebudget.

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About the Reagan Foundation and Institute:

The Ronald Reagan Presidential Foundation and Institute is the nonprofit organization created by President Reagan himself and specifically charged by him with continuing his legacy and sharing his principles -individual liberty, economic opportunity, global democracy and national pride. The Foundation is a non-partisan organization which sustains the Ronald Reagan Presidential Library and Museum in Simi Valley, CA, the Reagan Center for Public Affairs, the Presidential Learning Center, The Air Force One Pavilion and the award-winning Discovery Center, as well as the Reagan Institute, which carries out the Foundation’s work in Washington, D.C. The Reagan Library houses over 55 million pages of Gubernatorial, Presidential and personal papers and over 60,000 gifts and artifacts chronicling the lives of Ronald and Nancy Reagan. It also serves as the final resting place of America’s 40th President and his First Lady.

About the Center for Strategic and Budgetary Assessments:

The Center for Strategic and Budgetary Assessments (CSBA) is an independent, nonpartisan policy research institute established to promote innovative thinking and debate about national security strategy and investment options. CSBA’s assessments focus on key questions related to existing and emerging threats to U.S. national security, and its goal is to enable policymakers to make informed decisions on matters of strategy, security policy, and resource allocation.