

# Forecast International: US defence spending to remain strong under Obama



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US defence and aerospace market intelligence and analysis company **Forecast International** says it expects American defence spending to slow under President-elect Barack Obama, but not to decrease substantially.

In a new report, the company says the US military will require significant recapitalisation after withdrawing from Iraq. Also to be considered is the ongoing counterinsurgency in Afghanistan.

Forecast International says the US defence budget saw “unprecedented growth” under outgoing President George W Bush in addition to “hundreds of billions of dollars in supplemental wartime funding”.

It is the latter, rather than the former, that has been paying for the US acquisition of thousands of mine protected armour protected (MRAP) vehicles, including hundreds from South Africa.

Forecast International North America Military Market analyst Shaun McDougall says given the US government’s growing deficit and the fragile state of the nation’s economy, “these soaring budgets would have been deemed unaffordable no matter which party entered the White House.”

“The tremendous spending increases of the last eight years therefore appear to have come to an end, though that is not to say that sweeping cuts are looming,” he says.

Having the biggest impact on topline spending in the near future will be the war in Iraq, as overall levels of defence spending will gradually decrease as violence declines and the pace of operations winds down.

“It should be noted, however, that the military will still require significant recapitalization funds to replace lost or damaged equipment even after combat troops are withdrawn,” says McDougall, who expects Obama will stand by “this critical investment”, though he will seek to end the days of supplemental spending bills by consolidating all defence appropriations.

This move will provide improved oversight of wartime funds, and could put an end to some questionable procurement strategies, McDougall adds.

He further says the Iraq war has demonstrated the unpreparedness of U.S. forces to sustain prolonged ground operations, “as proven by extended deployments in the face of falling readiness levels across the board.”

In response to these shortfalls, he avers Obama will continue a plan initiated by Bush to expand the Army and Marine Corps by a combined 92,000 members, which will require a substantial financial commitment in terms of both personnel costs and associated equipment.

The National Guard and Reserve forces have also been strained by the wars, and “will require continued investment as they prepare to face future domestic and foreign challenges.”

“One should therefore not anticipate the same drawdown that came under President Bill Clinton following the fall of the Soviet Union. “The spending vacation of the 1990s has had a dramatic impact on today’s military, one that the Pentagon is still struggling to recover from,” McDougall states.

The Air Force’s aircraft fleet continues to age, and the Navy’s 280 deployable ships are not enough to support the

service’s maritime strategy. Obama says that the U.S. “must preserve [its] unparalleled airpower capabilities to deter and defeat any conventional competitors,” and adds that he would support naval recapitalisation by replacing aging ships and modernizing existing platforms.

Myriad national security threats around the world will also stave off “potentially crippling budget cuts”, McDougall says. The ability to wage full-spectrum warfare is essential when potential adversaries run the gamut from decentralised non-state actors to growing conventional powers.

Obama plans to continue to prepare the military to “succeed in both conventional wars and in stabilisation and counterinsurgency operations,” says McDougall. His stance will likely require the Pentagon’s defence budget to continue at or slightly above inflation in the near term, and overall spending will be higher when wartime requirements are included.

This is not to say that the DoD will be impervious to today’s fiscal constraints. Each of the Pentagon’s programs will be assessed by the incoming administration, and indeed some will be reduced in scope or cut altogether.

Missile defence, the Airborne Laser, and the Army’s Future Combat Systems will face the most scrutiny from an Obama administration early on, as will efforts to replace a deteriorating nuclear stockpile.

Additional savings can also be expected through “sorely needed acquisition reform”, which Obama strongly supports.

Obama’s priorities will be made more apparent upon his retooling of the U.S. National Security Strategy, and even more so following the release of the next Quadrennial Defence Review, which will provide a comprehensive long-term view into the administration’s future defence plans.

“Despite a new party in the White House, the new strategic documents in many ways will contain more similarities with their predecessor’s than differences,” McDougall says. The Pentagon will face the same daunting challenges on Inauguration Day that it confronts now, and any administration would be hard-pressed not to maintain a healthy defence budget.

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