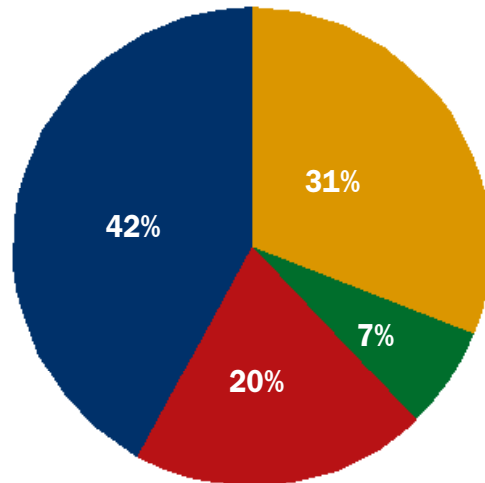


Snapshots of a Big Defense Squeeze

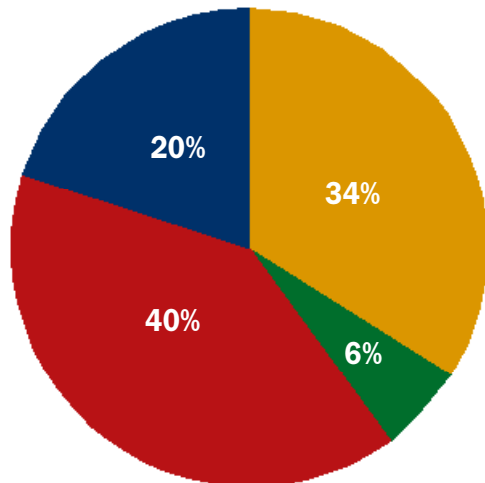
Defense isn't causing the deficit. Over the past 40 years, federal spending on entitlements—Social Security, Medicare, and Medicaid, principally—has turned into an addiction, with no relief in sight. As these charts show, the federal budget has grown from about \$1 trillion in 1970 to \$3.5 trillion today, on its way to \$12.3 trillion in 2040 (constant 2009 dollars). However, the composition of spending has undergone radical change. The entitlement bite has grown from 20 percent to 40 percent, headed toward 52 percent of all federal spending. Meanwhile, the defense share has dropped from 42 percent to 20 percent, on its way to an 11 percent share. Entitlements are now, and will continue to be, the greatest generator of deficits, and with them huge increases in net interest on the national debt. Can anyone tell us why military spending is tagged as the bad guy?

- Defense
- Other
- Net Interest
- Social Security
Medicare
Medicaid

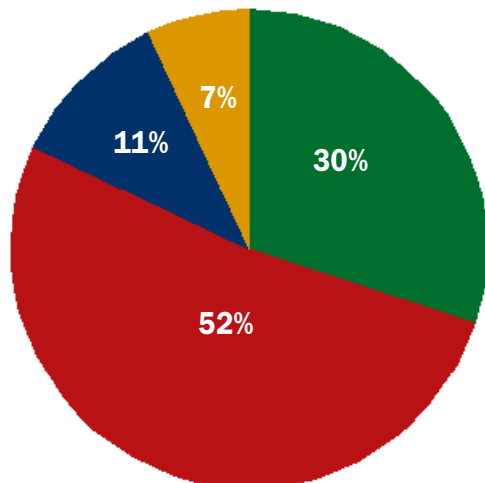
1970
\$0.9 Trillion



2010
\$3.5 Trillion



2040
\$12.3 Trillion



Source: Defense Business Board, "Reducing Overhead and Improving Business Operations—Initial Observations," July 22, 2010. DBB's data derived from OMB, "A New Era of Responsibility: The 2011 Budget," February 2010; and CBO, "Preliminary Analysis of the President's Budget," March 2010.