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The Case for a Larger Defense Budget

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EXECUTIVE SUMMARY

To protect its essential interests around the globe and defend freedom in the world, the United States needs to devote more resources to its military. Democrats should lead the charge for the required increase in defense spending — and make sure it goes to the right places.

President Trump and his Republican Party talk a very big game when it comes to defense spending, but their own priorities remain unrealistic and misplaced. Despite their proposed funding increase,[1] the Trump administration looks set to slash core military capabilities — including a possible 90,000-soldier cut[2] to the Army — in order to pay for fantasies such as the so-called Golden Dome missile defense system. Secretary of Defense Pete Hegseth has made his focus on fighting domestic culture wars crystal clear and appears to believe that logistics contribute little, if anything, to successful military operations. Meanwhile, Elon Musk has expressed public antipathy toward weapons like the F-35 stealth fighter and favors replacing them with hypothetical drone swarms presumably built by new defense firms founded and owned by Silicon Valley venture capitalists.

Worse, Trump's foreign policy threatens America's own defense industry, which likely means each U.S. dollar will buy less in terms of defense. With his threats to Canadian and Danish sovereignty as well as his attempts to push Ukraine into an effective capitulation while offering unilateral concessions to the Kremlin, he has alienated America's long-standing NATO allies in Europe — to the point where these traditional friends and allies question whether or not they can or even should rely on American military support. Trump's blunderbuss tariffs, moreover, threaten American industries that depend on global supply chains and relationships with manufacturers among America's allies in

Europe and Asia. Fewer overseas sales and higher costs for industrial materials and inputs mean the Department of Defense will likely pay more for the weapons it buys for itself from U.S. defense firms. Even worse, ruptured alliances mean the United States will have to shoulder more of the burden for its own national security and spend more on defense than it would need to otherwise.

For their part, Democrats must reject predictable, knee-jerk calls from the left to cut the defense budget as well as claims that even modest increases in defense spending will prove unaffordable. In reality, a steady and significant rise in defense spending up to $1 trillion by 2029 is both warranted and within America's means. A defense budget that sees an increase of roughly $37.5 billion a year over the next four years would provide the U.S. military with the resources it requires to secure American interests while remaining well within the lower bounds of historical defense spending — no matter the metric chosen to measure it.

It's hard to make solid policy recommendations given the extraordinary uncertainty the United States and the world face over the next four years — to say nothing of the damage President Trump, Elon Musk, and others in the Trump administration have already done to the U.S. government. But even if it underestimates the scope of the defense policy challenges that will confront the next Democratic administration a modest increase in defense spending dedicated to the right priorities could still yield national security dividends well beyond the initial investment and plant the seeds of a robust national defense program.

As PPI previously argued,[3] a Democratic defense program should pursue three main goals:

- Deter and defend American allies in Europe and the Pacific against aggression from the likes of a belligerent Russia and an increasingly well-armed China.[4]
- Produce arms, ammunition, and equipment in sufficient quantities to supply the United States, its allies, and nations on the frontlines of freedom like Ukraine and Taiwan.
- Maintain and modernize America's aging nuclear deterrent.

Without increased investment in defense, however, America's military will not be able to attain these three goals. Indeed, the military has too few combat ships and aircraft available to meet the demands placed upon it — and many of these ships and planes have been in service for decades. What's more, Russia's war against Ukraine has revealed the limits and weaknesses of America's own modern defense industry that have only begun to be addressed. Money alone cannot safeguard American national security, of course, but a defense budget that rises to $1 trillion by 2029 will certainly help do so.

A strong defense program along the lines proposed below can help Democrats reclaim their rightful place as the party of national security. It was Franklin D. Roosevelt, after all, who called on the United States to become "the great arsenal of democracy," and John F. Kennedy who welcomed the responsibility of "defending freedom in its hour of maximum danger."[5] At a time when gangster powers like Russia, China, and Iran press their geopolitical advantage — including through force or its threat — Democrats can and must summon the same spirit today.

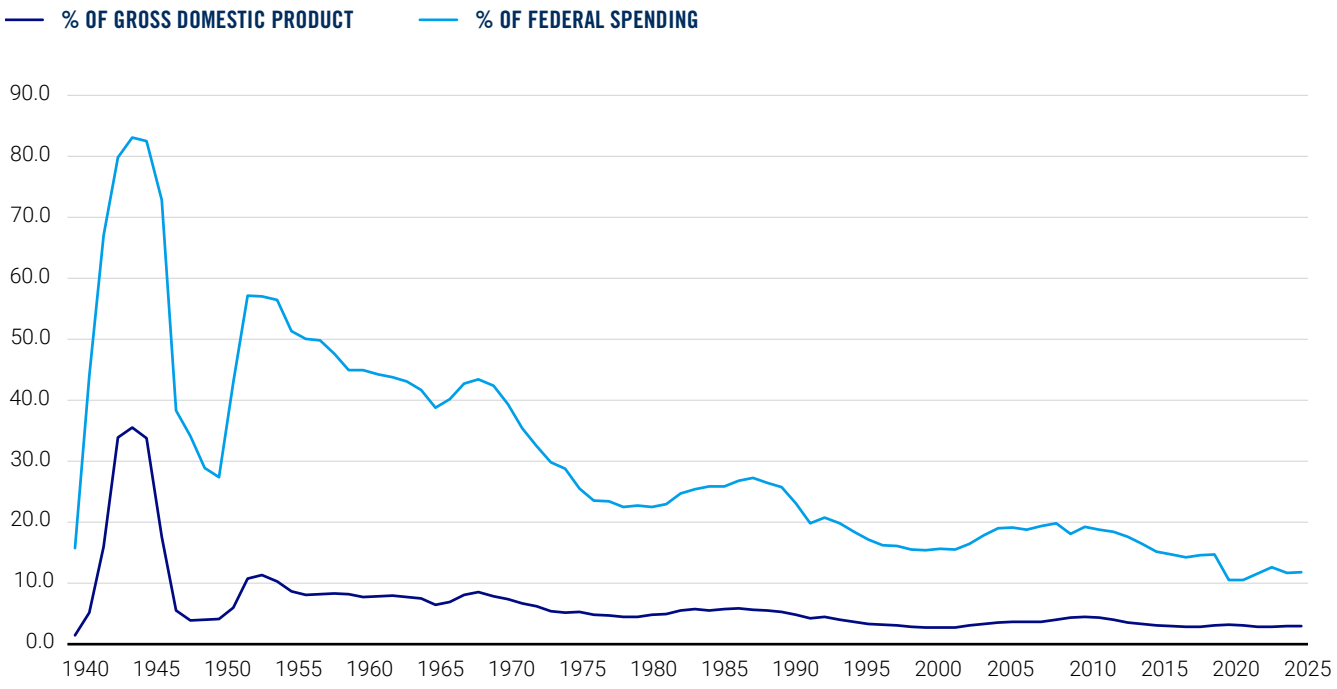
DEFENSE SPENDING IN HISTORICAL CONTEXT

A $1 trillion defense budget by the year 2029 would not be exorbitant by historical standards. At just under 2.9% of the nation's economy, a defense budget that large would come in well below the lowest Cold War-era defense budgets of 4.5% in 1978 and 1979 and on par with the lowest post-Cold War defense budgets of 2.8% in 1998, 1999, and 2000.[6] Given the Trump administration's reckless economic policies and President Trump's inflammatory rhetoric, however, it's possible the American economy may not be as strong as the Department of Defense projected in 2024 — meaning that a trillion-dollar defense budget in 2029 may consume more of the nation's economy than this analysis assumes.

As a share of overall federal spending, defense remains at historic lows: just 11.8% of all public expenditure in the Biden administration's last defense budget request for fiscal year 2025. That's lower than the 15.7% of federal spending dedicated to defense in 2000, President Bill Clinton's last full year in office, and below even the paltry pre-World War II level of 15.8% in 1940.[7] Based on the Pentagon's estimates of future federal spending, moreover, a trillion-dollar defense budget in 2029 would raise that figure to just 11.9%.[8]

It's important to note that federal spending as a whole has grown substantially since 1940. Social Security had just been created five years earlier, and Medicare and Medicaid were still a quarter-century away from passage in Congress. Interstate highways and the space race were more than a decade in the future. Moreover, federal spending tends to increase when America faces a crisis: the defense share of the federal budget went down amid the higher overall spending needed to weather the global financial crash in 2008 and the COVID-19 pandemic in 2020.[9]

DEFENSE SPENDING AS SHARE OF GDP AND SHARE OF FEDERAL BUDGET, 1940-PRESENT



Source: U.S. Department of Defense

Overall, a modestly higher defense topline can fit well within the wider budget framework proposed by PPI that brings the federal deficit under control and balances the budget by 2045.[10]

A NATIONAL DEMOCRATIC DEFENSE PROGRAM

What would a notional Democratic defense program look like?

It's important to make clear that this outline doesn't necessarily address the fate of specific programs or weigh in on perennial debates about the utility of specific systems like large-deck aircraft carriers. Instead, it seeks to speak to the general thrust of defense policy—one that's already started to evolve and adapt to new circumstances in some promising ways.

It's also important to note that the program outlined here reflects two main assumptions about the world: that the U.S. domestic economy and America's alliances will proceed on the courses they were on when President Biden left office in January 2025. Though they remain both useful and necessary for planning and policy purposes, these assumptions proved clearly out of date by the time this report was conceived and written in early 2025.[11] President Trump's tariffs and eagerness to curry favor with Vladimir Putin have alienated America's allies while making defense production more expensive in a weaker overall domestic economy.

Before Trump returned to office, the U.S. military had slowly but surely begun to adapt to its new strategic and technological environment. The U.S. Marine Corps has traveled furthest down this road with its overarching Force Design 2030 concept, elimination of tank units, and creation of Marine Littoral Regiments designed to blunt aggression — particularly in the Pacific.[12] In their own ways, the other three services have begun to evolve as well: the Air Force with its Agile Combat Employment scheme and uncrewed Collaborative Combat Aircraft (CCA) program,[13, 14, 15] the Army with its Multi-Domain Operations concept and fielding of cruise missiles,[16, 17] and the Navy with its uncrewed drone fleet in the Middle East called Task Force 59.1 and MQ-25 Stingray drone tanker program.[18, 19]

But the U.S. military also now teeters on a precipice where the high quality of its weapons and forces no longer makes up for their small quantity. Too few of even the best systems and best-trained forces will leave it unable to meet its strategic obligations in Europe and the Pacific. Limited numbers of warships, aircraft of all types, and air defense systems mean higher rates of deployment, more wear-and-tear, and more maintenance—not to mention increased difficulty in meeting pressing strategic challenges in different parts of the world.

It's a problem that even a modest rise in defense spending can go a long way toward solving. In short, an increased defense budget that ramps up to an annual $1 trillion over the course of the next four years — an additional $37.5 billion a year — could and should:

- Fund more Navy shipbuilding, with an ambition to increase the Navy's fleet to 350 warships by 2035. The Congressional Budget Office estimates that the Navy's current shipbuilding plans over that timeframe would likely cost $41.7 billion a year, well above the Navy's most recent shipbuilding budget request of $32.4 billion for fiscal year 2025.[20,21] To meet the aspirational goal of a 350-ship fleet by the end of the next decade, the United States may need to work with Japan and South Korea to take advantage of their shipbuilding capacity — particularly on Aegis destroyers, which serve in all three navies — and drive down costs.[22]

- Pursue a bomber force of at least 250 aircraft, including a long-term mix of 175 B-21 stealth bombers and 75 upgraded B-52s. That's above the Air Force's own stated minimum requirement of 220 bombers and well above the current bomber fleet size of 141 aircraft.[23, 24] The last Air Force budget projects that annual B-21 procurement costs will rise from $2.67 billion in fiscal year 2025 to $5.77 billion by fiscal year 2029 — an average increase of $774.4 million a year — while research and development costs will decrease from $2.65 billion to $1.48 billion over the same time frame.[25, 26, 27, 28] If B-21 production can be ramped up in the near term from six to seven aircraft a year to nine or ten, the annual cost of the program could grow by an additional $2.01 billion to $2.35 billion.[29, 30]

- Buy the full complement of 144 F-15EX fighters, continue research and development of the uncrewed Collaborative Combat Aircraft, and explore viable alternatives to the crewed Next Generation Air Dominance (NGAD) fighter before fully committing to the program. The Air Force's fighter fleet needs to be refreshed, but as Biden administration Air Force secretary Frank Kendall has argued it's unclear whether the NGAD — now dubbed the F-47 — should be the service's top priority given its likely cost in the hundreds of millions of dollars and the need to invest in other capabilities like the B-21.[31] For its part, Lockheed Martin has proposed a souped-up "Ferrari" version of the F-35 that the company claims could provide 80% of the required NGAD capability at roughly half the cost.[32] Moving forward with the CCA and buying 54 additional F-15EX fighters at projected costs of $8.3 billion and $5.4 billion, respectively, over the next four years[33] while deferring a definitive decision on the NGAD fighter would allow the Air Force to bring new fighters into the fold and advance future technology without making a possibly premature commitment to a costly new fighter.

- Continue rebuilding defense industrial capacity for munitions like missiles, rockets, and artillery while maintaining or increasing investment in research and development. Despite substantial investments made by the Biden administration expanding America's defense production capacity in the wake of Russia's war against Ukraine, the U.S. defense industry continues to fall short of goals and targets for missile and artillery shell production.[34] When it comes to big-ticket weapons like fighter jets and warships, inconsistent demand signals and a dysfunctional budget process have raised costs and delayed production.[35] Multiyear commitments to buy arms and ammunition as well as co-production with allies can help alleviate these problems, but additional money — roughly $10 billion more a year — will be needed.[36]

- Continue to modernize nuclear forces while anticipating further cost growth. America's nuclear deterrent needs to be updated and upgraded, but the bills for all three legs of the nuclear triad — bombers, ballistic missile submarines, and intercontinental ballistic missiles — have come due at the same time. In particular, the projected cost of the new Sentinel ICBM — the replacement for the half-century-old Minuteman III — has exploded by $30 billion over the last five years.[37] The Navy's Columbia-class ballistic missile submarine program also faces likely significant cost increases.[38] Future defense budgets should include a buffer to cover further rises in the costs of these systems. At the same time, Democrats should oppose attempts to add expensive and unnecessary elements to the nuclear deterrent such as a proposed sea-launched cruise missile.[39]

Democrats shouldn't be afraid to trim the defense budget when and where necessary, either — though no one should expect significant savings

from these cuts. Some possible areas for greater efficiency include:

- Pare back and "right-size" the role of special operations forces. For the past quarter-century, America's special operations forces — the Navy SEALs as well as the Army's Delta Force and Green Berets most prominent among them—have played a central role in the counterterrorism wars the United States has fought in Afghanistan, Iraq, Syria, and elsewhere. But these forces are less relevant to the strategic challenges now facing the United States, namely deterring and, if necessary, defending against Russia and China. However, special operations forces are not particularly large in terms of personnel or budget; U.S. Special Operations Command requested just under $9.7 billion in the Biden administration's last defense budget for its 66,000-strong force.[40] Congress should at very least allow the Pentagon to reduce the size of America's special operations forces, not block attempts to do so as it did when the Army proposed a cut of 3,000 special operations soldiers in 2024.[41]

- Retire the Air Force's aging A-10 aircraft fleet on or ahead of schedule and retire the Navy's woebegone littoral combat ship (LCS) fleet. The Air Force already plans to mothball the A-10 ground attack aircraft by the end of the decade if not earlier, in no small part because the service does not see a role for it in potential high-end conflicts with the likes of Russia and China.[42, 43] Likewise, the Navy has decommissioned a number of its ill-starred littoral combat ships — some just a few years after they entered service.[44, 45] While it won't help the Navy meet a 350-ship goal by 2035, rapidly retiring the LCS fleet could save the Navy money that it could then dedicate to new shipbuilding. At the same time, however, the Navy must ensure that it is not making similar mistakes with its new Constellation-class frigates that will take on the roles and missions of the LCS.[46]

- Refuse to waste money on the Trump administration's unrealistic and unworkable "Golden Dome" ballistic missile defense scheme. Congressional Republicans have sought some $24.7 billion for the fuzzily defined program, while President Trump has asserted that this system will be up and running by the end of term at a total cost of $175 billion.[47] These sums would be better spent on other priorities like ships, bombers, and existing, proven missile defense systems like Patriot and THAAD or not at all.[48, 49, 50] Rather than invest tens if not hundreds of billions of dollars to build an impractical and strategically destabilizing ballistic missile defense system, Democrats should call for the purchase of additional Patriot and THAAD batteries — both of which remain in high demand and short supply around the world.[51] They should also propose a less expensive and more effective program to defend the United States against the much more plausible threat of cruise missiles and suicide drones.[52] Developing such a system would also help defend allies and American forces against similar threats overseas, like Russian cruise missile and drone attacks on Ukraine or the ongoing Houthi campaign against international shipping in the waters around Yemen.

All in all, the conventional part of this defense program will cost roughly $110 billion over the next four years: an additional $40 billion for shipbuilding, $9.4 billion for expanded B-21 production, $8.3 billion for CCA program, $8.4 billion for continued NGAD research and development, $5.4 billion for additional F-15EX production, and $40 billion for expanded missile and munitions production. A portion of the residual $40 billion available should be dedicated to a nuclear modernization buffer

fund, while the remainder could pay for additional missile defense batteries, guard against cost overruns for conventional weapons and munitions production, increase research and development funding to keep America's military on the cutting edge of defense technologies, refresh the aging Global Positioning System satellite fleet, and meet a number of the "unfunded priorities" the armed services list each year.[53]

UNKNOWN UNKNOWNS: DEFENSE POLICY ISSUES BEYOND THE BUDGET

As important as it is, the defense budget does not and cannot cover every defense policy issue. Some of these questions can be addressed through legislation, such as the annual National Defense Authorization Act or other mechanisms, while others simply need to be raised and thoroughly examined to determine what, if any, action ought to be taken.

In the first category, Democrats in Congress could take steps to force the Hegseth Pentagon to end or, at the very least, curtail its attempt to fight domestic culture wars in the U.S. military. That can start with the replacement of the unqualified and inept Secretary of Defense Pete Hegseth with a qualified professional more concerned with fighting actual wars against America's adversaries abroad than sticking it to political and cultural enemies at home. Congress could also take legislative action to prevent Hegseth from continuing to prosecute his culture war in the Pentagon, such as restricting his authority to rename bases after Confederate military officers or purge qualified servicemembers.

Democrats should also prevent the Trump administration from eliminating military capabilities needed to meet America's moral and legal obligations to its allies in both Europe and the Pacific. Beyond a large proposed cut in the Army's overall end strength, the Hegseth Pentagon apparently has set its sights on the Army's armor corps — a capability required to deter and defend against Russian aggression in Europe.[54] Congress could legally require the Army to maintain a minimum armor force of a size necessary to meet American security obligations in Europe, a force that would likely need to include several armor brigade combat teams. Legislators could also protect the Army's aviation and artillery branches, the former especially given Secretary Hegseth's apparent intent to bet the Army's future on unproven drone swarm concepts at a time when even the most impressive autonomously piloted aircraft have had trouble keeping formation with other aircraft and sensing their immediate surroundings.[55, 56, 57]

What's more, Trump's tariffs and trade war with the rest of the world will almost certainly make it more expensive for the Pentagon to buy arms and ammunition. Trump has imposed duties as high as 25% on essential industrial inputs like steel and aluminum crucial to aerospace manufacturing and naval shipbuilding, and has threatened to do the same for semiconductor chips, copper, and critical minerals — all vital components that will probably raise costs for finished products like aircraft carriers, destroyers, and fighter jets beyond previous estimates from both the Pentagon and official watchdog agencies like the Congressional Budget Office and Government Accountability Office. A poorly performing overall economy beset by higher prices as imports dry up thanks to Trump's tariffs will not help either; indeed, the American economy contracted by 0.3% in the first quarter of 2025 largely due to the increased cost of imported consumer goods and industrial inputs.[58, 59] Fewer arms sales abroad as a result of Trump's hostility toward American allies will also likely increase the cost of major weapons systems, at least on the margins.

Finally, Democrats must give serious thought to the future of the U.S. government's relationship with defense firms founded and run by openly partisan, pro-Trump Silicon Valley moguls

like Peter Thiel and Elon Musk who possess ideological agendas at least tacitly hostile to democracy.[60, 61, 62, 63] This fundamental rethinking must be done without regard to the possible contributions newer companies may or may not make to national defense. It makes no sense for Democrats to support the funneling of taxpayer funds to individuals who strenuously support their political opponents in ways that go well beyond mere campaign donations and have displayed contempt for democratic self-government in both word and deed. Democracy itself is more important than ensuring the Pentagon can buy slightly less expensive or marginally more innovative software, rockets, and drones.

Musk himself is case in point: even before he bankrolled Trump's 2024 presidential campaign and began illegally stripping out the federal government's wires with his so-called Department of Government Efficiency, Musk's prodigious substance abuse,[64] unauthorized communications with Vladimir Putin,[65] and deep business relationships with Beijing[66] ought to have raised serious concerns about both his own executive role at SpaceX and the federal government's dependence on SpaceX as a launch and satellite communications provider. Beyond the denial of a high-level security clearance to Musk and a review of Musk's and SpaceX's failure to adequately comply with government security protocols at some point in 2024, however, the Biden administration and Secretary of Defense Lloyd Austin's Pentagon had little apparent appetite to hold Musk accountable for his questionable behavior and foreign policy freelancing.[67,68] That's not a mistake Democrats can afford to make again, either with Musk himself or the heads of other newer defense companies with Silicon Valley venture capitalist roots.

It's a difficult problem without obvious or immediate solutions, or at least solutions that don't have obvious downsides and large, easily foreseeable obstacles. Fostering greater competition among launch and satellite internet constellation providers, for instance, represents one possible if incomplete way to address the issue through policy. But Democrats should at minimum be aware that this tangled political and policy challenge exists — and they should resolve to do something about it.

CONCLUSION: AN OPPORTUNITY TO REBUILD TRUST ON NATIONAL SECURITY

Come 2029, Democrats must be prepared for a Pentagon hamstrung by four years of deeply misplaced priorities from an administration determined to wage domestic culture wars in the military, build an expensive and ill-conceived missile defense system, and burn bridges with America's closest and oldest allies—with the administration's Silicon Valley benefactors champing at the bit to win military contracts and replace proven, existing weapons systems with illusory concepts and vaporware.[69]

In a plausible worst-case scenario, Democrats may find themselves in the unenviable position of having to rebuild and reconstitute the U.S. military in a world made much more dangerous by Trump's foreign policy — and with the military possibly bogged down in active combat operations in any number of countries. America's alliances — institutions that have kept the peace between major powers and maintained international stability for eight decades while amplifying America's own power — have already been weakened by Trump's rhetoric and actions.

Any military reconstruction project will likely prove a much more expensive proposition than the notional defense program outlined here. Just how expensive it could be depends on how much damage Trump's economic policies can do to the American economy, and the early returns do not look promising. And without allies to help share the burden of security in Europe and the Pacific, the overall cost of national defense will only go up for the United States.

But it's also an opportunity for Democrats to once again reclaim their rightful heritage as the party of national security. They have done it in the past with leaders like Franklin D. Roosevelt and John F. Kennedy, and they can do it again after Trump. But they must start thinking seriously about their own defense program along the lines put forward here — and start thinking fast.

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ABOUT THE AUTHOR

Peter Juul is the Director of National Security at the Progressive Policy Institute. In this role, Peter aims to craft a new foreign policy narrative that reaffirms the vital importance of active American engagement in the world and backs it up with substantive analysis of key issues relating to the defense of America's interests, values, and prosperity.

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