

### U.S. DEFENCE BUDGET FY2022 – INFERENCES

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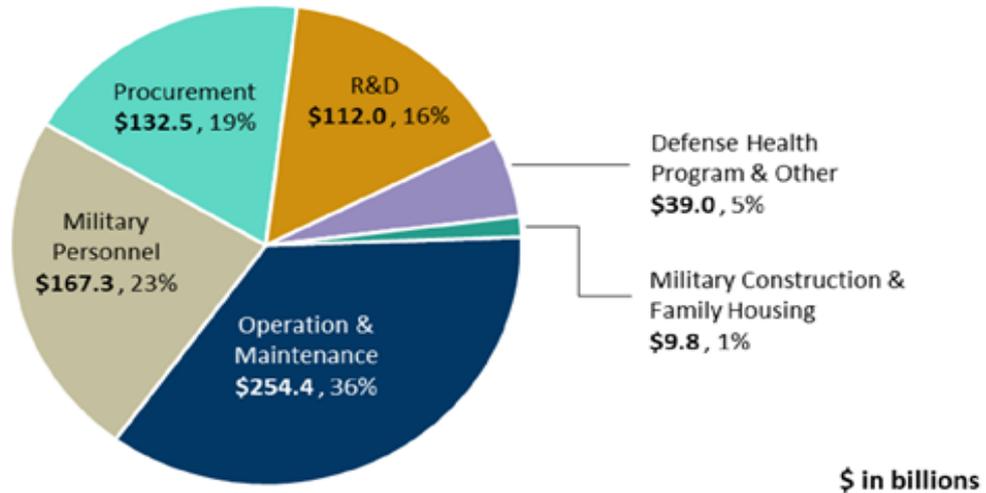
Like in most countries, the United States federal budget makes an allocation for the entire Department of Defence (DoD) for various military linked annual expenditures. These include procurements of new items under capital expenses, revenue expenses for upkeep and operations of existing equipment, buildings and infrastructure, training, and salaries. The budget also caters to the defence of civilian personnel. The budget is further allotted between the U.S. Army, Air Force, Navy, Marine Corps, and Space Force. The proposals include defence related expenditures of the Department of Energy. By the middle of the year, the President makes a defence budget request for the next fiscal year. The Senate Armed Services Committee approves the request by the end of the year. On December 27, 2021, President Joe Biden signed the annual National Defence Authorisation Act (NDAA), or military budget, of \$777.7 billion and made it into a law.<sup>1</sup> The Congress allocated nearly \$24 billion more than what had been requested for the fiscal year 2022 (FY2022). After Social Security, the U.S. spends most on defence. The allocations for the Veterans are over and above the base budget of DoD. The base budget funds Nuclear Modernization and Missile Defence, the Space program and Cyber. It also includes budgeting for Overseas Contingency Operations (OCO) such as the North Atlantic Treaty Organization (NATO), Indo-Pacific, and Ukraine, among others. The national defence estimates are covered in great detail in the ‘Green Book’ realised by the Office of Comptroller in August 2021.<sup>2</sup> A detailed summary of the Fiscal Year 2022 National Defense Authorization Act was also made public.<sup>3</sup>

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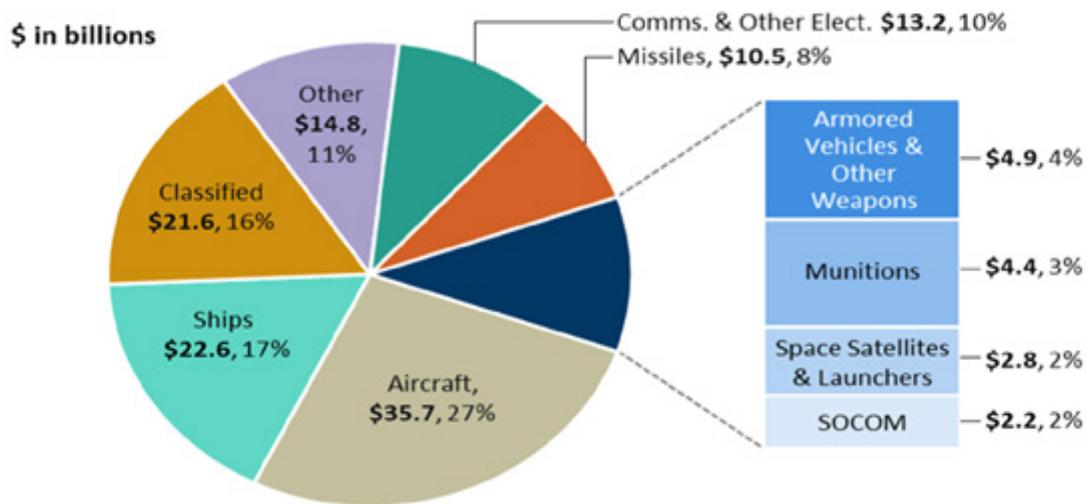
The U.S. Army gets \$173 billion, reduced by \$3.6 billion from the FY2021 budget. The

U.S. Navy 's allotment was \$163.9 billion, just a 0.6 percent increase. The Marine Corps' \$47.9 billion was a substantial 6.2 percent increase. The U.S. Air Force's \$156.3 billion a was 2.3 percent increase. The Space Force's \$17.4 billion was an increase by 13.1 percent. \$27.8 billion is for defence-related activities of the Department of Energy. The broad break down is projected in Figures 1 and 2.

**Figure 1: FY2022 Department of Defense (DOD) Budget Request<sup>4</sup>**



**Figure 2: FY2022 Department of Defense (DOD) Budget Request<sup>5</sup>**



Note: SOCOM is the acronym of Special Operations Command.

**Specific Allocations for Systems and Upgrades**

The nearly \$778 billion defence budget continues to be nearly three times that of the second highest defence spender, China. Clearly the Senate was conscious of the evolving competition with China, and the need to modernise the military. There was a special mention of upgrading the nuclear and missile defence capabilities. The competition will unfold primarily in the Indo-Pacific, but also elsewhere in the world, where China is trying to reach out through its Belt and Road Initiative (BRI). China today has the economic might

that is being converted into military technologies and capabilities and, in turn, influence.

The initial demands of the DoD were a good indication of where the money was likely to go.<sup>6</sup> Finally, \$7.1 billion was approved for the Pacific Deterrence Initiative (PDI) to assuage the China threat. The U.S. defence capability also is required to manage the five threats, i.e., China, Russia, North Korea, Iran, and Global Terrorism, in that priority.<sup>7</sup> There was also increased funding for the Ukraine Security Assistance Initiative. In Addition, the U.S. will make its largest ever spending in defence research and development with a \$112 billion budget.

**The U.S. budget increased for the third consecutive year, despite having seen a reduction over the earlier seven years. These increases have been attributed to increases in spending in Research and Development, after the U.S. realised that China was fast catching up, and Russia had also started flexing muscles on the global stage.**

The budget has earmarked nearly \$ 500 million for Covid-19, and \$617 million for climate change requirements of the military. There is also modest increase in defence salaries.

The \$52.4 billion meant for the air domain would include purchasing 85 F-35 Joint Strike Fighters, 14 Boeing KC-46 tanker aircraft, 9 Lockheed Martin CH-53K King Stallion helicopters, 12 Boeing F-15EX fighters, and 30 Boeing AH-64E Apache attack helicopters, among others. Furthermore \$34.6 billion is projected for expanding and upgrading the Naval fleet, including investing in one Ford-class aircraft carrier, new destroyers and frigates, ballistic missile submarines, and autonomous surface and sub-surface vessels. \$14 billion is required for ground combat systems, amphibious combat vehicles and light tactical vehicles. \$21 billion is required for munitions.

There are many areas of modern warfare where the U.S. has allotted large sums. For example, \$107 billion in new technology research, \$10.4 billion for cyber systems and security. \$20.4 billion for layered missile defence systems which will be spent on space-based sensors, hypersonic and cruise missile defence, and related technologies. These will be for both sea and land-based ballistic missile defence systems. It includes \$8.9 billion for the Missile Defense Agency (MDA)<sup>8</sup>, \$7.7 billion for early-warning sensors and the Patriot system, and \$3.8 billion for defence against others such as conventional hypersonic weapons. \$20.6 billion is for the shaping of the outer space security environment. Additional amounts are earmarked for Global Positioning System (GPS) upgrades, and Space-based Infrared systems.

The budget for each service includes \$31 billion for the Army, \$48 billion for the Navy, and \$37 billion for the Air Force. \$21 billion for building maintenance and construction. The

OCO budget (overseas war-fighting) is over and above the base budget but is included in DoD’s total budget. \$69 billion is earmarked for it. Over \$2 trillion has been spent on OCO since 2001, in Iraq, Afghanistan, Syria etc.

**Table 1: Major Global Defence Spenders**

Stockholm International Peace Research Institute (SIPRI) – 2021 Fact Sheet (For 2020)<sup>9</sup>

Rank	Country	Expenditure (US\$ Billion)	Percent of GDP	Percent of Global Spending
	World Total	1,981	2.4	100
1.	U.S.	778.0	3.7	39%
2.	China	252.0	1.7	13%
3.	India	72.9	2.9	3.7%
4.	Russia	61.7	4.3	3.1%
5.	U.K.	59.2	2.7	3.0%

**Analysis of SIPRI Fact Sheet**

The Stockholm International Peace Research Institute (SIPRI) analyses global defence expenditures every year. Their figures often do not match with the figures released by the country in question. SIPRI figures are invariably higher because they sometimes include indirect or hidden defence expenses. Table 1 is from the report released on April 26, 2021, for 2020. It can be seen that the total global military expenditure rose by 2.6 pcent to \$1,981 billion over the previous year, despite the global Gross Domestic Product (GDP) actually reducing by 4.4 percent due to the Covid-19 pandemic. As a result, military spending as a share of GDP—the military burden—reached a global average of 2.4 percent in 2020, up from 2.2 percent in 2019. It was the highest annual percentage increase since 2009.

The five largest defence spenders were the United States, China, India, Russia, and the United Kingdom. Between them, they spent 62 percent of the global

**The U.S. is committed to spending at least \$264 billion to replace the land-based nuclear missiles as part of its ongoing program. Systems wise, the spending priority is on air and space-based systems, hypersonic and nuclear modernisation.**

military spend.<sup>10</sup> Most of the countries did spend part of their defence allocations for Covid response. The U.S. budget increased for the third consecutive year, despite having seen a reduction over the earlier seven years. These increases have been attributed to increases in spending in Research and Development, after the U.S. realised that China was fast catching up, and Russia had also started flexing muscles on the global stage. China's defence spending has been rising for a few decades, as it aspires to become a global military power no less than the U.S. Russia, too, increased its defence spending, so as to once again become significant on the global stage. Even the (NATO) members increased their defence spending to secure their interests in Europe and Asia. With action shifting to the Indo-Pacific, India, Japan, South Korea, and Australia have also made significant increases in military expenditure. The other countries with significant increase were Saudi Arabia and Israel.

**For India it is time to push for developing core defence technologies and build conventional deterrence.**

### **Why Budget Increase Despite Withdrawal from Afghanistan**

As the U.S. President and the Senate are both on-board for increasing defence spending, many have been asking why the U.S. is spending more on defence despite a drawdown in Afghanistan, and scaling down in Iraq.<sup>11</sup> Today only around 2,500 troops remain in Iraq. Where is the peace dividend? The only words being spoken in Washington are about China, and the "great power competition". In fact, the Congress thought President Biden was being soft and gave additional \$25 billion funding than requested. The additions were primarily made towards PDI, shipbuilding, defence R&D, and military base construction. The bipartisan consensus is to check China's increasing global influence, and not let the U.S. power shrink. Is the U.S. arming for a war with China on Taiwan? Is it an exaggerated threat? For the last six decades the U.S. defence bills have always had bipartisan support. Some are asking if it is being shaped by the defence industry lobby, which funds senators and think-tanks.

The U.S. still has nearly 750 bases or installations in 80 countries, and special operations commandos in 154 countries.<sup>12</sup> While there will be nearly \$3.8 billion a year savings in Afghanistan, the US Central Command continues to be very active in the region, and now in South Asia too. Is the world getting set for a new Cold War?

### **China's Reaction to the Budget**

China has openly stated<sup>13</sup> concerns about the U.S. adopting unilateral policies, significantly increasing defence expenditure, including increased capability in nuclear, outer space, cyber, and missile defence, and undermining global strategic stability. They

have been concerned about the enlargement of NATO, and also of Russia strengthening its nuclear and non-nuclear capabilities. China's official state media<sup>14</sup> has voiced concerns about the U.S. defence budget increase. They have clarified that they have no aggressive intent against the U.S., but they won't allow the U.S. to act dissolutely in the West Pacific, especially when it comes to China's core interests. China stresses that it will do everything to defend its interests. On Taiwan, they cautioned that the more the U.S. spends, the more will be China's resolve on Taiwan.

### **US Public Perception**

The nearly 5 percent boost in military spending is being questioned by some in the light of a recent public opinion poll suggesting that nearly two-thirds of Americans believe that the spending has already been either too much or certainly adequate.<sup>15</sup> Military spending ranks fifth in the public priority for federal spending after healthcare, border security, education, and infrastructure. There were many who felt why China should be their problem. Similarly, why did the U.S. waste so much time, money and lives in Afghanistan? Congress is struggling to come up with a plan to fund the Build Back Better Act.<sup>16</sup>

### **Inferences from Budget Allocations**

The NDAA with more than 1,300 pages mentions China in many places, including comparisons in technological research and development, global reach and influence, and calls for developing a "grand strategy" with respect to China. In the defence budget overview,<sup>17</sup> it is clearly stated that China posed the greatest long-period threat to the United States, and strengthening deterrence against China was the requirement for all instruments of national power. The U.S. aim was to prioritise military modernisation and operational concepts to counter China, and defend the United States and its allies. It would require a team effort between the government, private industry, and all the American allies. Core alliances like (NATO) and those in East, South, Southeast Asia and the Pacific Islands would need to be strengthened. The U.S. would also have to strengthen deterrence and response capabilities against threats emanating from Russia, Iran, North Korea, and non-state actors in the Middle East, Africa, and South and Central Asia. The U.S. has a desire to end "Forever Wars" such as those in Afghanistan, Iraq, and Syria. However, that is unlikely to result in significant force structure cuts.

Some say the U.S. is becoming reactive. It refers to the strengthening defensive capabilities of Taiwan. For the defence allocations, it is clear that the focus areas remain Indo-Pacific, Ukraine and the Middle East. The U.S. is committed to spending at least \$264 billion to

replace the land-based nuclear missiles<sup>18</sup> as part of its ongoing program. Systems wise, the spending priority is on air and space-based systems, hypersonic and nuclear modernisation. Satellites and launch systems get additional attention. Among the naval systems, the priority is on submarines and aircraft carriers. Missiles and missile defence get significant attention. Strategists have been suggesting cutting down the Army's strength and budgets to fund other more pressing priorities, such as new technologies to take-on China in the Indo-Pacific.<sup>19</sup> The bill also clears the setting up of "a multi-year independent Afghanistan War Commission"<sup>20</sup> to study the 20-year war and the messy American withdrawal, including the future of "War against Terror", and the reasons for leaving behind large military equipment in Afghanistan. Clearly, there are challenging times ahead. For India, it is time to push for developing core defence technologies and build conventional deterrence. Meanwhile, strategic autonomy is the best bet in the newly evolving global competition.

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## Notes:

<sup>1</sup> "Biden signs enormous US military budget into law", Aljazeera, December 27, 2021, <https://www.aljazeera.com/news/2021/12/27/biden-signs-enormous-us-military-budget-into-law>. Accessed on 27 January 2022.

<sup>2</sup> Office of the Under Secretary of Defense (comptroller), National Defense Budget Estimates for FY 2022, August 2021, [https://comptroller.defense.gov/Portals/45/Documents/defbudget/FY2022/FY22\\_Green\\_Book.pdf](https://comptroller.defense.gov/Portals/45/Documents/defbudget/FY2022/FY22_Green_Book.pdf). Accessed on 29 January 2022.

<sup>3</sup> Summary of the Fiscal Year 2022 National Defense Authorization Act, <https://www.armed-services.senate.gov/imo/media/doc/FY22%20NDAA%20Agreement%20Summary.pdf>. Accessed on 29 January 2022.

<sup>4</sup> Congressional Research Service Report, The Department of Defense (DOD) Budget: An Orientation, November 12, 2021, <https://crsreports.congress.gov/product/pdf/R/R46965>. Accessed on 29 January 2022.

<sup>5</sup> Ibid.

<sup>6</sup> Amanda Macias, "Here's the firepower the Pentagon is asking for in its \$715 billion budget", CNBC, MAY 28 2021, <https://www.cnbc.com/2021/05/28/pentagon-asks-for-715-billion-in-2022-defense-budget.html>. Accessed on 27 January 2022.

<sup>7</sup> Mark Cancian, "U.S. Military Forces in FY 2022: Peering into the Abyss—The Budget and Strategy Overview", Defense 360, October 12, 2021, <https://defense360.csis.org/military-forces-in-fy-2022-peering-into-the-abyss-the-budget-and-strategy-overview/>. Accessed on 29 January 2022.

<sup>8</sup> Kingston Reif, "Trump-Era Missile Defense Spending Continues, Arms Control Association", July/August 2021, <https://www.armscontrol.org/act/2021-07/news/trump-era-missile-defense-spending-continues>. Accessed on 29 January 2022.

<sup>9</sup> SIPRI Fact Sheet, Trends in World Military Expenditure, 2020, April 2021, <https://reliefweb.int/report/world/sipri-fact-sheet-april-2021-trends-world-military-expenditure-2020>. Accessed on 26 January 2022.

<sup>10</sup> Ibid.

<sup>11</sup> Jonathan Guyer, “Why the US is paying more for the military after the Afghanistan war is over”, Vox.com, December 22, 2021, <https://www.vox.com/22840615/us-defense-spending-increase-afghanistan-withdrawal>. Accessed on 27 January 2022.

<sup>12</sup> Ibid.

<sup>13</sup> Andrew S. Erickson, 2019 Defense White Paper: “China’s National Defense in the New Era”, July 23, 2019, <https://www.andrewerickson.com/2019/07/full-text-of-defense-white-paper-chinas-national-defense-in-the-new-era-english-chinese-versions/>. Accessed on 29 January 2022.

<sup>14</sup> Editorial Team, “US military budget hike to ‘support Taiwan’ will make few ripples in Pacific”, *Global Times*, December 29, 2021, <https://www.globaltimes.cn/page/202112/1243638.shtml>. Accessed on 27 January 2022.

<sup>15</sup> Jon Harper, “Lawmakers Defying Public Opinion on Defense Spending”, *National Defense*, January 24, 2022, <https://www.nationaldefensemagazine.org/articles/2022/1/24/lawmakers-defying-public-opinion-on-defense-spending>. Accessed on 29 January 2022.

<sup>16</sup> Emma Claire Foley, “The US should cut the military budget to fund Build Back Better programs”, *The Guardian*, October 30, 2022, <https://www.theguardian.com/commentisfree/2021/oct/30/america-should-cut-pentagon-budget-fund-build-back-better>. Accessed on 29 January 2022.

<sup>17</sup> Defence Budget Overview, United States Department of Defense Fiscal Year 2022 Budget Request, May 2021, [https://comptroller.defense.gov/Portals/45/Documents/defbudget/FY2022/FY2022\\_Budget\\_Request\\_Overview\\_Book.pdf](https://comptroller.defense.gov/Portals/45/Documents/defbudget/FY2022/FY2022_Budget_Request_Overview_Book.pdf). Accessed on 29 January 2022.

<sup>18</sup> Ibid.

<sup>19</sup> Todd Harrison, Seamus P. Daniels, Mark Cancian, Tom Karako and Wes Rumbaugh, “What to Look for in the FY 2022 Defense Budget Request,” Center for Strategic and International Studies, April 29, 2021, <https://defense360.csis.org/what-to-look-for-in-the-fy-2022-defense-budget-request/>. Accessed on 29 January 2022.

<sup>20</sup> IANS, US Congress passes roughly \$770 bn defense spending bill for FY2022, *Business Standard*, December 16, 2021, [https://www.business-standard.com/article/international/us-congress-passes-roughly-770-bn-defense-spending-bill-for-fy2022-121121600071\\_1.html](https://www.business-standard.com/article/international/us-congress-passes-roughly-770-bn-defense-spending-bill-for-fy2022-121121600071_1.html). Accessed on 29 January 2022.



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