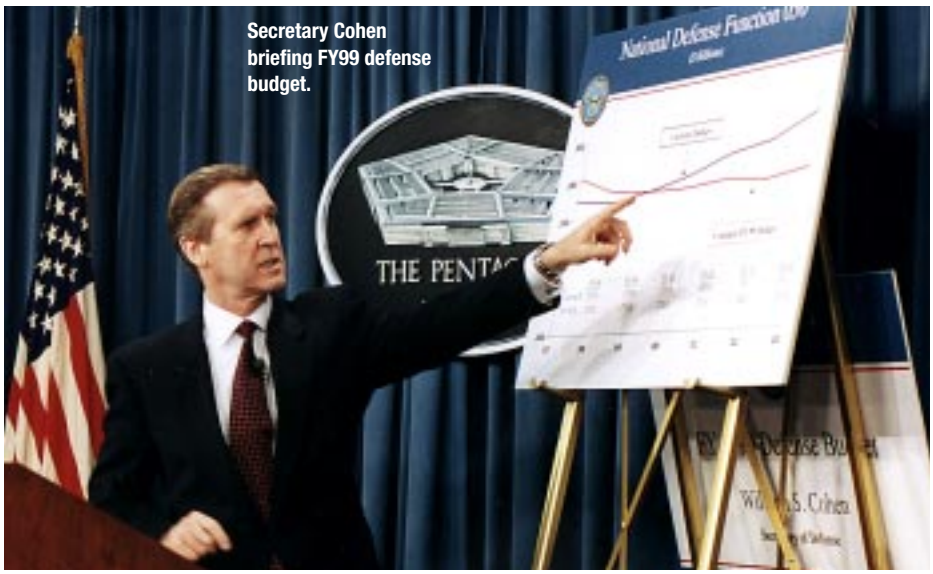
American Primacy and the Defense Spending Crisis

By GARY J. SCHMITT



Secretary Cohen briefing FY99 defense budget.

DOD (Helene C. Stikkel)

There is an emerging consensus both inside the Pentagon and on Capitol Hill that we face a defense budget crisis. It is caused by too few dollars to support both current military operations and the planned modernization of U.S. Armed Forces. But this crisis is only likely to be eased, not solved, if it is thought to be caused by a lack of resources alone. The more basic problem, and the root cause of the current crisis, is that the Nation appears to have no compelling strategic vision that justifies a large—let alone larger—defense budget. After being preoccupied by a single serious threat for more than forty years, America's leaders have been at a loss to explain why significant resources for defense are required absent such a threat. The result has been a shrinking defense budget and a shrinking military capability.

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The emerging danger we face is an erosion of our ability to capitalize on the unprecedented strategic opportunities afforded by the current global preeminence of the United States. Hence fixing the defense budget crisis requires not only additional resources but a strategy that both focuses on current threats and seeks to maintain American primacy and use it to shape the international security environment to the long-term benefit of the United States. Absent such a strategy, it is unlikely that the current defense budget crisis will ever be solved.

Squeezing the Pentagon

First, we should be clear about where defense spending and the Armed Forces stand today. For 14 consecutive years the Pentagon has seen its budget authority decline in real, inflation-adjusted dollars. In fact, according to current estimates, the United States will expend only 2.7 percent (or less) of gross domestic product (GDP) on defense in 2002. That level is so low that one must look back to the isolationist period prior to World War II in order to find a smaller percentage of national wealth being allocated to defense.

That decline is reflected in a smaller force structure. If current trends remain unchanged for the decade 1991 to 2001, the Army will likely go from 18 to 9 divisions, the Navy from 546 to roughly 300 ships, and the Air Force from 36 to 18 fighter wings. Although these levels are dramatic, it is striking how far they fall below initial DOD estimates of the minimum force structure required after the Cold War. The Base Force concept projected a need for 12 Army divisions, 456 ships, and 28 wings. At the time most defense analysts and politicians derided these levels as too large and the cuts as too modest. To a certain extent the criticisms were valid. In hindsight, however, compared with levels today, the Base Force may have been more realistic in terms of the size of the military required to maintain the current operational tempo and worldwide commitments.

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The simple but critical point is that size counts. It matters especially when the U.S. military is expected to deter aggression around the globe, maintain a presence to provide stability in various regions, handle smaller contingencies such as Bosnia, and fight a major conventional war if and when called upon.

But cuts in force levels have left the Armed Forces stretched thin. As many observers have noted, today's Army could not field a force like the one that won the Persian Gulf War. At the start of this decade there were 11 heavy divisions. Now there are six, with one committed to Korea and another involved in training and, by some accounts, only two fully combat ready. No doubt the remaining troops—combined with airpower—would be sufficient to meet a contingency arising from another conflict with Iraq. But, as some charge, such forces could not easily cope with unexpected reverses on the battlefield or a major crisis in another region like Northeast Asia. Downsizing leaves two unacceptable options in a crisis, according to Fred Kagan of the U.S. Military Academy: "facing an enemy without overwhelming force or abandoning our national interests around the world."

Size also matters when the military is "blowin' and goin'" at the tempo at which the Armed Forces have operated in recent years. Since the early 1990s the military has been involved in scores of missions beyond those related to homeland defense or treaty commitments. With force structure down, both active and Reserve components are being deployed more often and for longer periods than anytime in recent memory. In the wake of the Gulf War, esprit de corps was high. Today, morale is clearly down as our soldiers, sailors, marines, and airmen become frustrated with the constant exhortation to "do more with less."

If human capital is being used up, so too are weapons and equipment. Maintenance and support budgets have not kept pace with the tempo of operations. It is no surprise that Pentagon studies reveal that spare parts are a problem, logistic support is uneven, and equipment is suffering from a higher than expected rate of attrition.

B–2 at Andersen Air Force Base, Guam.

U.S. Air Force (Carl Fresia)

The sort of training necessary to maintain the skills associated with the U.S. military and its success in the Persian Gulf War is also suffering. It is not enough to have superior equipment. The military also needs time to hone its capabilities to use that equipment under various scenarios and in unison. Forces that are constantly on the go, stretched thin by non-combat contingencies, do not have that kind of time. They may be combat ready by some standards—such as time spent in the cockpit—but they are not ready in actuality.

What is especially striking about this deterioration is that it persists in spite of the fact that the Pentagon has clearly sacrificed acquisition to free funds for operational readiness. As a result, spending for new systems has dropped as a portion of the DOD budget, from traditional levels of around 25 percent to less than 15 percent. Living off an earlier build-up, the military is falling further and further behind in efforts to recapitalize. As General Shalikashvili estimated three years ago, the money for weapons procurement had fallen to a level 40 percent below what was required to equip the U.S. military in the years ahead. But even the former Chairman's figure is arguably too low because it probably underestimates the cost of the new systems and does not include items such as effective missile defenses, an adequate fleet of JSTARS aircraft, or new long-range bombers.

The shortage of dollars is also squeezing long-term modernization efforts under the rubric of a revolution in military affairs. Stealth, advanced sensors, and information systems all promise to profoundly transform conventional operations and capabilities. But because such a revolution may change the face of war, it is not clear at this point what will work in battle and what will not. At a minimum, this uncertainty should lead the defense establishment to create an environment in which the Armed Forces can experiment with new technologies and organizations. In practice, this means a willingness to promote increased competition among the services to develop new systems and sift promising innovations from dead ends. It also means DOD and Congress must learn to tolerate greater redundancy in service R&D and the development of numerous prototypes that will never make it to the field.

But this is an expensive way to do research and development. It is hardly encouraging then that defense spending on R&D has been in decline: down

Marine M1A1s during Urban Warrior LOE–2.

2d Marine Division (D.R. Storms)

by 57 percent since 1985 and projected to drop another 14 percent over the next five years. And funding for basic science and technology—which is focused on cutting-edge developments—is no better. Over the years it has shrunk by nearly a fifth and, if current trends hold, will shrink further.

Signs of a diminished military are universal. Each new budget cycle is accompanied by an announcement of cuts in one program or another, be it fighters or ships. There are no new tanks or strategic bombers and none under development. Decisions driven less by strategic logic and more by available funds have also kept the Pentagon from buying much needed airlift and sealift capabilities or acquiring precision-guided, deep-strike weapons for a major conventional conflict. For each of these decisions an argument can be advanced ("more bang for the buck") on why the military can get by with less. But their cumulative effect leaves the Armed Forces too thin to carry out their global responsibilities with confidence. At some point, even given advanced systems, less is still less.

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Rolling the Dice

There is no solution to the gap between what DOD would like to do and what its planned budget will allow. Logically, experts suggest cutting back on what the Pentagon would like to do. One approach is downplaying or jettisoning tasks—smaller-scale contingency operations (such as peacekeeping), forward presence, conventional deterrence, alliance commitments—and appreciably downsizing the services most associated with them. In some versions of this strategy, the Navy takes a major hit while the Army and Air Force retain current force levels. Under other scenarios, the Navy is maintained as a potent force while large parts of the Army and Air Force stand down. Finally, some armchair strategists argue for greatly enhancing airpower while decreasing both land and sea forces.

Given expected defense revenues, these alternative strategies for dealing with the near-term security environment are not simply unreasonable; but they are gambles. Each rests upon assumptions about what will be important in the next decade which may or may not be the case. Will Beijing's pursuit of "a greater China," for example, result in military confrontation? Will instability in oil-rich Central Asia matter? What of Iraq and North Korea? Is European and Asian stability, either at the core or on the periphery, dependent upon a significant U.S. military presence? What would happen if our forces were no longer deployed in certain regions of the world? Predicting the future is not a science. In the past, experts have frequently over- or underestimated what will influence our strategic interests. There is no reason to believe we are any more prescient today. Moreover, conjecture about what will matter—inevitable on some levels—may actually invite problems in areas deemed less important.

But the largest and most dramatic strategic gamble being proposed to close the gap between strategy and resources pits current responsibilities against future requirements. It was captured in distinct, core messages reported by both the Quadrennial Defense Review (QDR) and the National Defense Panel (NDP). The QDR report reviewed strategy and requirements through the year 2005, while the NDP focus extended to 2010 and beyond. With both a different horizon and a process guided by the defense establishment, the QDR report largely, and without surprise, validated the current force structure. The NDP report, on the other hand, looked at requirements a generation out. Not unexpectedly it challenged current defense plans, particularly the need for a military sized to handle two nearly simultaneous major regional conflicts. Instead, it advocated taking advantage of both emerging technologies and the changing nature of warfare in revolutionizing the military.

In general, the QDR report emphasized current missions over future needs while the NDP report stressed tomorrow's requirements. Of course, both reports avoid stating the case so starkly. The QDR report, for instance, readily admits the potential benefits of

a revolution in military affairs and the NDP report notes current threats and the value of a strong military in promoting regional stability and global security. However, as critics of these approaches note, the QDR report speaks of the need to transform the military but falls short on how it might be done, while the NDP report dealt with how that transformation might be accomplished, leading it to give short shrift to whether the Armed Forces can effectively handle global commitments in the near term, including possible conflicts in the Middle East and on the Korean peninsula.

Taken together, the QDR and NDP reports leave the impression that the Nation confronts an either/or proposition. Assuming that defense spending will not increase, both reports conclude that either we meet today's requirements at the expense of tomorrow's or prepare for the future by downplaying current responsibilities and concerns.

This is certainly a dubious choice to face since the core points of both reports are sound in their own fashion. For its part, the QDR report makes a compelling argument that the Nation faces a historic opportunity. As the dominant power in the world, it need not sit passively on its hands, trusting that other countries will remain friendly to its interests. An improvement over previous defense studies, the QDR report addresses not only potential threats but how the United States—by forward deployment, military operations other than war, and alliances—can mold the international environment. The NDP report, on the other hand, argues that we are entering a period in which technology will inevitably change the nature of war. If the Armed Forces fail to retain a lead in this revolution, the Nation runs a risk of defeat by an ostensibly less powerful but more adroit enemy. History is replete with instances when powers were brought low by ignoring or misapplying advances in military affairs. That these reports are right from a limited perspective suggests that unless things change, we will encounter instances of strategic fratricide over the next few years in which supporters of a high level of readiness are pitted against advocates of modernization.

Live fire exercise, Northern Edge '98.

55th Signal Company, Combat Camera (Cory Montgomery)

Of course some in Congress and the executive branch hope that current budget necessities will be the mother of military invention, generating innovative ways to deal with present and future requirements under constraints of expected outlays. Coupled with base closures and a so-called revolution in business affairs, the thought is that there will be enough savings to make ends meet. Aside from the prudence of such an approach for a superpower with global requirements, the practical result will fall short of expectations given bureaucratic and political incentives. Faced with limited resources but an increase in its responsibilities for operations and modernization, DOD will likely muddle along by adopting one program compromise after another. In the end, the competing visions in the QDR and NDP reports will produce no winner but instead will probably leave the Armed Forces neither adequately prepared for near-term missions nor fully capable of being transformed to meet future challenges.

Strategic Pause

The only way of avoiding strategic gambles and closing the gap between ends and means is to increase defense spending appreciably. Yet the prevailing wisdom is that we cannot afford to do so. But afford is a relative term. For the last half-century, the Nation's defense burden has been much higher than today. Even during the Carter administration—a low point in Pentagon budgets in the Cold War—the defense burden (as a percentage of GDP) was 40 percent greater than what it will be in 2002 if present plans hold. For almost five decades, the United States spent between 6 and 10 percent of GDP on defense; that figure hovers at 3 percent today.

Nor is it obvious that the goal of achieving a balanced budget should prevent an increase in defense outlays. During the 1950s the budget was balanced and large sums went to the military. What changed, of course, is spending on domestic programs. Although the drop in defense spending is linked to the end of the Cold War, it is not the sole nor principal reason why the decline started in the mid-1980s and continues unabated. Rather, the

DOD budget has been squeezed by persistent increases in entitlements and other domestic programs. Over the past decade, and despite concerns raised by Congress and the President about the deficit, non-defense discretionary spending has grown by some 24 percent above the inflation rate. Moreover, for various Federal programs, spending will continue to rise under the balanced-budget agreement worked out last summer.

The notion that the United States cannot afford to spend more on defense is, as suggested above, largely a political and not economic judgment. Sometimes nations are forced to make hard choices about the military. For example, Britain could not afford to field an imperial force between the wars while modernizing its army and navy. Today, however, the American economy is strong and we can afford to spend more if we choose. But are there solid strategic reasons for doing so?

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For some defense sophisticates the answer is no. They maintain that the Nation is enjoying a strategic pause (or, in the words of the NDP report, a "secure interlude"). The United States no longer faces nor is likely to face a major adversary—a peer competitor like the Soviet Union during most of the Cold War—while it outspends all other major powers on defense by a wide margin. Accordingly, the argument goes, we can afford to cut the military substantially, save resources that otherwise would go to readiness, and allocate them to ensure that the Armed Forces are prepared when some new significant rival appears on the horizon.

Advocates of strategic pause often cite the 1920s and 1930s as a period of profound change in technology when the military experimented with weaponry despite constrained budgets. Freed from dealing with an immediate threat, the Armed Forces were able to think through what would be required of them to meet the demands of the next war. Of course reference to the interwar years appears somewhat dubious considering the outcome of that period. The larger lesson is that liberal democracies can be quick to savor peace but slow to address looming threats. Passive sometimes to a fault, they invite rather than discourage rising powers from challenging the international order. The United States is the leading power in the world and, as a result, its actions—either deliberate or otherwise—will be pivotal in determining the present and future character of that order. It is not possible for the Nation to enjoy a strategic respite and escape its consequences.

The Price of Leadership

The heart of the matter is that America combines preeminent military power, the world's largest economy, alliances with the most powerful and developed nations, and a set of political and economic principles admired around the globe. Rarely, if ever, has any state in modern times held such a commanding position and enjoyed a world order as conducive to its own principles. Grand strategy should preserve and, when possible, extend a secure situation as far as possible into the future. The fact that the United States does not confront a superpower rival at the moment and that it outspends other powers on defense does not, in short, mean that there is little to be done or that current spending is adequate to maintain a favorable strategic position. There is only a strategic pause if we want to punt this opportunity away.

Carrying out this strategy requires, at a minimum, that we maintain our leadership role in alliances among democratic states, prevent any hostile power from gaining hegemony over a critical region of the world, deter any rising power from believing it can compete with us globally, and encourage the spread of economic freedom and liberal democratic ideals. As this review suggests, however, global preeminence requires a relatively constant exercise of U.S. leadership, a sound economy, and a military dominant around the world and across the conflict spectrum. And such a military does not come cheaply. To achieve this strategy, the Armed Forces must not only be formidable, they must be seen as decisively so. As Speaker of the House of Representatives Newt Gingrich recently stated, we do not simply want "to be strong enough to win narrowly . . . . [We] want to be so strong that no one can compete with us."

The good news is that this strategy can be implemented without bankrupting the Nation. If spending was boosted to 3.3–3.5 percent of GDP—a modest level by modern standards—and held there for the next decade, there would be ample funds to keep the Armed Forces preeminent today, tomorrow, and well into the future. In the near term, a defense burden of this order would provide $40–60 billion (in constant, non-inflation adjusted dollars) more a year on average in the next four years and allow DOD to institute the core strategic insights outlined in the QDR and NDP reports.

Justifying such a budget increase requires moving beyond the idea that defense spending is tied simply to meeting specific threats. It means, instead, defending a large defense budget as a necessary but affordable means for taking advantage of the strategic opportunity the country has at hand. Finally, it means adoption by the United States of a grand strategy that is animated not by fear of some looming danger but, rather, pride in the remarkable confluence on the world stage of American power and principles at the close of the 20th century. **JFQ**