CHAPTER ONE

Introduction

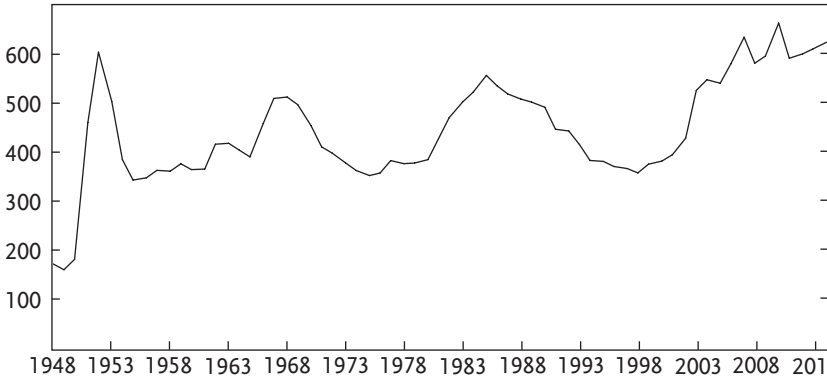
These are extraordinary times in American national security policy. The nation remains involved in two of the longest conflicts of its history in Iraq and Afghanistan, with more than 4,000 lives lost over six years in Iraq and more than 600 lost over nearly eight years in Afghanistan, as well as cumulative costs approaching, to date, $700 billion in the former case and $200 billion in the latter.[1] Thankfully the prognosis in Iraq appears far improved in recent years; 2009 and 2010 will be momentous times in Afghanistan as the United States doubles combat forces there in hopes of turning around the direction of the conflict. Yet, despite this wartime focus, President Bush's second secretary of defense and President Obama's first, Robert Gates, has seemed almost as interested in helping the Department of State get funding for its units focused on nation building and stabilization missions as in lobbying for Department of Defense (DoD) resources. In his words, "It has become clear that America's civilian institutions of diplomacy and development have been chronically undermanned and underfunded for far too long."[2] He also warns against "next-war-itis" among military planners, many of whom still prefer traditional high-technology modernization programs rather than generating adequate resources for immediate needs in what was called by the Bush administration the war on terror.[3]

The contemporary American national security debate has evolved in other important ways as well. For example, official Pentagon doctrine now formally considers nation building, stabilization, and peacekeeping missions just as central to its portfolio as deterring or defeating traditional enemy combatants. At a more operational level, when coaching his troops, the country's star general in Iraq, David Petraeus, emphasized restraint in the use of force as much as destruction of the enemy. In another domain of national security policy, several former secretaries of state and defense, including Republicans and Democrats, advocate the eventual elimination of all nuclear weapons on the planet. And with the Taiwan issue fairly quiet at present, security discussions about China now focus as much on our common interest in ensuring reliable energy supplies and preventing global warming as on preparing for scenarios that would pit our forces against each other.

But for all this shifting of tectonic plates in the national security debate, those anticipating a radical change in actual American national security policy under President Obama should not leap to conclusions. The Pentagon budget was not a major source of contention in last year's presidential race—because neither candidate had any real interest in proposing that it be cut (despite the fact that, even excluding war costs, it exceeds the cold war average in real-dollar or inflation-adjusted terms; see figures 1-1 and 1-2). President Obama is committed to ending the Iraq war but also, as noted, to beefing up U.S. efforts in Afghanistan, including a promised increase in deployed U.S. troops in that theater. Eventual nuclear weapons abolition may now be the goal, but no one knows how to achieve such a dramatic, absolute goal in the coming years. Slowing nuclear proliferation where possible on a case by case basis, strengthening homeland security measures, gradually deploying missile defenses, and resuming the slog of formal arms control seem a more likely future action agenda for the country's nuclear specialists. And the current state of the Taiwan issue notwithstanding, the rise of China, while welcome in so many ways for the world and the United States, nonetheless inherently constitutes a latent national security issue for this country. War against China is very unlikely, and the magnitude of China's military threat to the United States needs to be kept in perspective.[4] But addressing the strategic implications of China's growing wealth and military power must be a main focus for U.S. strategists nonetheless—in part

FIGURE 1-1. Department of Defense Annual Budget Authority, 1948–2014[a]

Billions of 2009 dollars



Source: For years 1948–2008: U.S. Department of Defense, *National Defense Budget Estimates for FY 2009* (Washington, updated September 2008), pp. 109–14. For years 2009–14: Office of Management and Budget, *A New Era of Responsibility: Renewing America's Promise* (U.S. Government Printing Office, 2009), pp. 130–31.

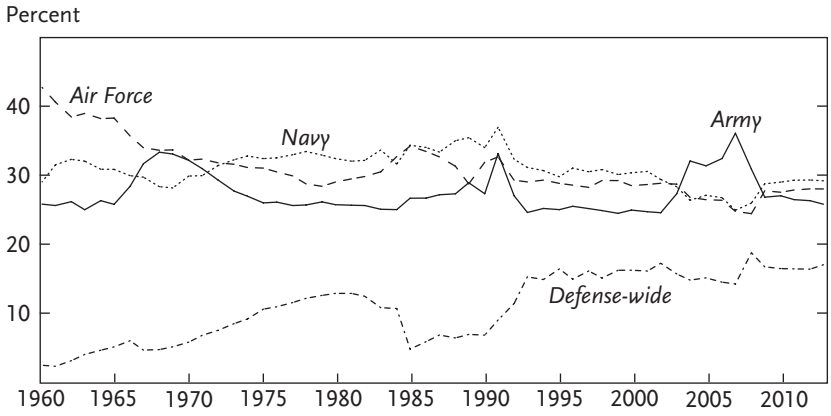
a. Amounts are in constant FY 2009 dollars. The Department of Defense estimate for FY 2010 includes a proposed $130 billion for Overseas Contingency Operations. Such estimates for FY 2011–2014 are currently $50 billion per annum.

to ensure that the chances of war remain small in a future where Taiwan may again become a flash point.

The age of the advertised preemption doctrine may be over, and the tools of American soft power may be likely to receive an infusion of resources in the new administration. But the end of preemption policy has greater implications for foreign policy, and for decisions on the use of force, than for defense budgeting or national security resource allocation. That is because rapid response will remain a necessary capability for the United States with or without such a nominal doctrine. President Obama will have to spend a great deal of time and money on national security, hard power, and war as well.

This book is designed to help policymakers wrestle with resource allocation decisions affecting the national security of the United States. Previous Brookings books on U.S. national security budgets have focused almost exclusively on the Pentagon and on Department of Energy (DOE) nuclear weapons programs. This study has a broader

FIGURE 1-2. Department of Defense, Budget Authority by Service, FY 1960–2013[a]



Source: U.S. Department of Defense, *National Defense Budget Estimates for FY 2009* (Washington, updated September 2008), pp. 67–72.

a. For 1991, the official percentage of the budget authority for "Defense-wide" spending was –3 percent. This was due to foreign contributions to Operation Desert Storm. This is not depicted in the graph above as the curve was flattened between the years 1990 and 1992.

purview, one that also considers homeland security resources and selected parts of the State Department and foreign operations budgets. Funds for these latter activities are also crucial for American security, in part as a result of 9/11 and the wars in Iraq and Afghanistan. Rather than being about the defense budget, therefore, this book might be thought of as addressing the nation's *hard power* budget—the broader set of instruments with direct and near-term bearing on national security, including ongoing military operations and the stability and security of crucial countries around the world.

There are limits on my scope. The book does not generally extend to development aid, trade policy, or energy policy despite their significance for American national security, at least indirectly and over the longer term.[5] But in an age characterized by the terrorist threat, homeland security and State Department instruments for helping stabilize weak states cannot be ignored even in a relatively narrowly construed study.

All of my analyses in this book are influenced by the country's enormously problematic fiscal situation. The United States has real national security needs that require resources. The nation is also (still) rich and can afford what is truly needed. But I take it as a given that the federal

deficit is too high and that the country's deficits are relevant to its economic future and thus its long-term national security. There is an argument, as Martin Feldstein and others have emphasized, for including defense spending as part of any short-term stimulus packages—bearing in mind that recruiting troops and buying large-ticket weaponry tends to take many months, if not years, meaning that the short-term effects of some types of military spending are often modest. The greater challenge, however, is in figuring out how national security efforts can remain robust in the future even as the nation ultimately seeks to tighten its fiscal belt after the recession is over. And that belt tightening is likely to be painful; the Obama administration is currently the relative optimist on future deficit projections in relation to the Congressional Budget Office (CBO), and it projects the following annual deficits for 2009 and beyond (sequentially): $1.75 trillion, $1.17 trillion, $912 billion, $581 billion, $533 billion, $570 billion, $583 billion, $637 billion, and so on.[6]

For these reasons, Defense, State, and Homeland Security budgets should be as frugal as possible. That is one key philosophy behind this book. The other is that resources for national security capabilities in the Department of State and Department of Homeland Security (DHS) should be selectively increased to compensate for systematic underfunding over the years.

I do not attempt here the Herculean, if not intractable, task of comparing quantitatively the likely value of investing a marginal dollar in port security relative to fighter aircraft or relative to development or security assistance. Available methods of analysis are too imprecise to make such a venture feasible in a meaningful way. For example, it is too hard to estimate the odds of a terrorist group trying to smuggle a nuclear weapon into the United States under different assumptions about border security, and too difficult to know just how much deterrence of a possible Chinese attack on Taiwan is strengthened by the purchase of additional F-22 aircraft or missile defense systems. Rather, proposals for changes in policy here are based on case-by-case assessments of likely threats, as well as the likely effectiveness of possible responses.

An underlying assumption in this book is that U.S. defense priorities are not unreasonable in their basic thrust today. They are, at present, rather balanced, focused not only on winning current wars in Iraq and Afghanistan but on deterring and preparing for possible future conflicts of uncertain and unknowable type and number. For example, dissuading

China from attacking Taiwan seems less pressing today than even a couple of years ago, but the basic American policy of engagement combined with deterrence seems to be working in that part of the world and should not be discarded. Deterrence of North Korea is still wise, given its potential for further nuclear breakout not to mention brinkmanship against South Korea—even if the chances of war have likely diminished a great deal over the decades. Deterrence of Russia is to my mind a lower priority given the unlikelihood of major war (and questionable advisability of any American military response to small wars such as that between Russia and Georgia in the summer of 2008). But with Russia's resurgence under Vladimir Putin, there is some additional and indirect benefit from a strong American military for helping stabilize Eastern Europe. A number of other scenarios with serious potential implications for American security, ranging from a possible crisis between India and Pakistan to internal unrest in a strategically crucial state like Pakistan to civil conflict in a number of African states, could conceivably also require U.S. military forces—operating on their own or, more likely, as part of a coalition. These and other considerations argue for a broad range of American military capabilities.

Current U.S. defense policy, including formal alliances or security commitments with more than sixty countries as well as major troop commitments in East Asia, Europe, the Persian Gulf, Central Asia and elsewhere, already addresses a wide portfolio of possible missions. This is appropriate. As such, my goal is less to devise a fundamentally different paradigm for U.S. national security policy than to make better choices within the broad parameters of the current paradigm. The exception to this generally conservative approach is, as noted, to emphasize the nonmilitary tools of foreign policy somewhat more than has been the case of late.

The net effects of my proposed changes would amount to no notable change in overall national security funding relative to what late Bush administration policy implies. More specifically, almost $10 billion would be cut from the Pentagon's annual budget (relative to plans that President Obama inherited). About $2.75 billion would be added for homeland security and about $7.5 billion added for what I term hard power aspects of diplomacy and foreign assistance. The defense budget would still have to grow faster than inflation, but only at the real rate of 1 to 2 percent a year in contrast with a rate of about 3 to 4 percent a year that would be required absent my suggested economies. The

specifics are summarized in table 1-1 and developed throughout the rest of the book. Most could be implemented quickly. However, some could take three to four years to phase in, and some of the nuclear-related proposals would be contingent on first reaching an agreement with Russia. (The fact that many savings would take a couple of years to be realized is actually desirable at this economic moment, given the short-term need to stimulate the economy.) Cost savings are based primarily on various federal budget documents and CBO analyses.

The Obama administration has a similar plan for defense to what I propose here. The administration appears to envision budget growth in the base defense budget, not counting war costs, roughly equal to the rate of inflation over the next five years (slightly less than what I project as necessary). The Obama administration proposes a Department of Defense budget for 2010 of $534 billion that would represent 4 percent nominal growth—projected as close to 3 percent real growth—in the base defense budget. But for 2010 at least, the effective real growth is closer to zero, since some of that additional funding is to bring some functions back into the base budget that had been in supplemental appropriations during the Bush years. Projections by the House Budget Committee suggest no real growth after 2010. And Secretary Gates has offered an initial plan, before a more comprehensive Quadrennial Defense Review (QDR) to be released in February of 2010, to cut back on a number of weapons systems in a fashion similar to what I propose. Specifically, Gates would stop further production of airborne laser aircraft, end the C-17 and F-22 production programs, cancel the DDG-1000 destroyer (after building up to three more) as well as the vehicles associated with the Army's Future Combat System, defer development of a new bomber, cancel the transformational communications satellite program and the VH-71 presidential helicopter, and increase some elements of ground-based missile defense as well as the DDG-51 destroyer program. He would also accelerate the F-35 program somewhat. He would slow down aircraft carrier production resulting ultimately in a reduction of the fleet size from 11 to 10 ships, though the fleet size would not change until 2040.[7] Gates's proposed cutbacks will not suffice to achieve the goal of zero real growth, however, so the QDR will have to find more cuts, or the defense budget topline will have to increase.

There are numerous differences in specifics between the Obama administration plan and my own, and most of this book was written

TABLE 1-1. Summary Table: Recommended National Security Budget Initiatives[a]

Average annual costs, expressed in millions of 2009 dollars

The 050 Budget: Department of Defense and Nuclear-Weapons-Related Department of Energy Funds	
Reductions in DoD nuclear force posture (to 1,000 warhead ceiling)	–1,500
Reductions in DoE nuclear weapons activities	–1,000
Slowing of some missile defense programs	–2,000
Creation of peace operations division in U.S. Army	3,000
Creation of Army Advisory Corps	500
Expansion of specialized, overused Army personnel and associated aircraft	750
Creation of National Guard Brigade for homeland defense, related changes	750
Expansion of specific military benefits for war veterans, others	2,000
Increased funds for tactical reconnaissance, nonlethal weapons	1,000
Scholarship programs for future defense science, business personnel	750
Reductions in F-35/Lightning II (JSF) program, satellite communications	–1,500
Reductions in Marine Corps V-22/Osprey program, presidential helicopter	–1,900
Reductions in vehicle portion of Army FCS program	–4,000
Reduction of aircraft carrier fleet by one battle group	–2,000
Reduction of attack submarine force by 8 vessels	–2,000
Reductions of surface combatant fleet using dual crews	–1,100
Cancellation of EFV amphibious vehicle, replacement with simpler design	–750
Retention of two heavy Army brigades in Europe, hardening and improving Pacific bases	–250
Net budget changes, DoD and DoE (not counting war-related costs)	–9,250
Federal Homeland Security Accounts	
Airport and airplane security initiatives ("sniffers," cargo inspections, and so on)	350
Border patrol and related activities, US-VISIT program	350
Coast Guard force structure growth	900
"COPS II" initiative to help local police forces with counterterrorism	100
Biological detectors and FDA food inspection initiatives	600
Container cargo inspection improvements	250
Hazardous cargo inspection and security initiatives	100
Improved planning capacity at DHS	100
Net budget changes, Homeland Security (exclusive of DoD costs)	2,750

The 150 Budget: Hard Power Activities of the Department of State and Foreign Assistance Agencies	
Expansion of peacekeeping training for foreign militaries	400
Nonproliferation initiatives (some could be in the 050 budget instead)	500
Expansion of diplomatic capabilities at State	1,000
Public diplomacy efforts including increased scholarships	800
Expansion of AID/PRT capacity (in same or separate agency)	1,000
Expansion of flexible funds for ESF	200
Afghanistan security and economic aid expansion	1,700
Pakistan security and economic aid expansion	1,750
Net budget changes, hard power aspects of 150 budget	7,350

DoD = Department of Defense; DoE = Department of Energy; DHS = Department of Homeland Security; ESF = Economic Support Fund; FCS = Future Combat System; FDA = Food and Drug Administration; JSF = Joint Strike Fighter; PRT = provincial reconstruction team; USAID = U.S. Agency for International Development.

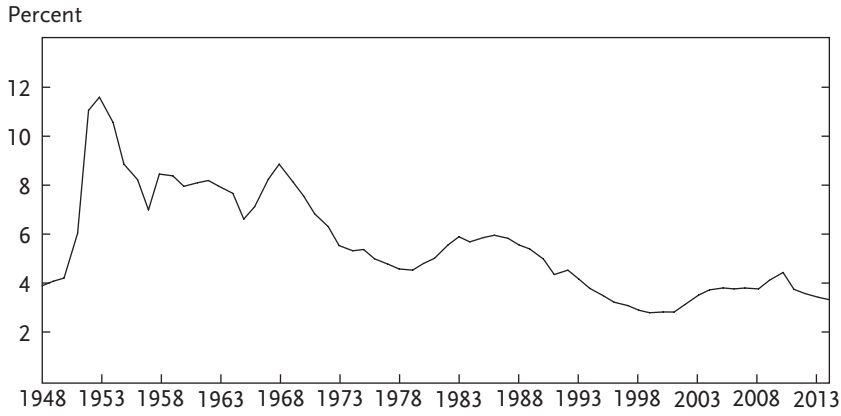
a. Savings are listed as negative numbers.

before the Gates proposals or Obama budget framework became public. So my proposal should be viewed as an independent, if philosophically and budgetarily similar, effort.[8]

Before proceeding to specifics, a word is warranted about an increasingly popular idea that the Department of Defense be guaranteed a budget equal to at least 4 percent of the nation's gross domestic product (GDP).[9] (See figure 1-3 for DoD historical spending as a percentage of GDP.) It is not a good idea, because it would amount to conferring quasi-entitlement status upon the nation's military establishment. The armed forces do not need such help, given that the nation has supported them rather well ever since the period of the Reagan buildup. And in ten or fifteen years, if our nation can ensure its national security with a defense budget smaller than 4 percent of GDP, that would be welcome. It would be helpful to the country's fiscal situation and thus its long-term economic health.

In the short term, defense will likely remain around 4 percent of GDP anyway. But that is a practical consequence of the wars we are in. It should *not* become an immutable federal budgeting principle. The

FIGURE 1-3. Department of Defense Historical Spending as a Percentage of GDP[a]



Source: For years 1948–2008: U.S. Department of Defense, *National Defense Budget Estimates for FY 2009* (Washington, updated September 2008), pp. 121–26 and 200–01. For years 2009–14: Office of Management and Budget, *A New Era of Responsibility: Renewing America's Promise* (U.S. Government Printing Office, 2009), pp. 114 and 130–31.

a. The Department of Defense estimate for FY 2010 includes a proposed $130 billion for Overseas Contingency Operations. Such estimates for FY 2011–2014 are currently $50 billion per annum.

Pentagon should be expected to argue for its budget like any other agency, not to expect a given minimum. As Secretary Gates rightly put it in 2008, "resources are scarce—and yes, it is a sign I've already been at the Pentagon for too long to say that with a straight face when talking about a half trillion dollar base budget. Nonetheless, we still must set priorities and consider inescapable tradeoffs and opportunity costs."[10]

The global economic downturn places considerable pressure on the U.S. budget, to be sure. It also poses further risks to the stability of states such as Pakistan that are of crucial importance to the United States; we cannot afford to see a nuclear-armed country with significant numbers of extremists go under.[11] But it is also worth remembering, as Richard Haass of the Council on Foreign Relations has argued, that global economic problems may hurt some of our potential adversaries too—most significantly Iran, whose dependence on oil exports makes it quite vulnerable to the rapid decline in petroleum prices that occurred in the latter part of 2008.[12] As such, it is at least possible (though hardly sure) that

Iran may prove more willing to compromise on its nuclear program during the Obama administration. In other words, one should not conclude that as a result of the global financial crisis, defense spending must automatically either go up or go down. The international economic situation must inform U.S. national security policymaking, but it should not dominate it or predetermine its conclusions.

Even with this book's broadened agenda, the Pentagon remains far and away the most expensive part of the country's national security machinery. Given current force structure and modernization programs, the CBO estimates that the peacetime defense establishment will cost an average of about $560 billion annually between 2014 and 2025 unless policy changes are made (counting Department of Energy nuclear weapons costs, expressed in constant 2009 dollars). This is almost 10 percent more than the 2009 request (again, not counting war supplementals).[13] My suggested budget would lower this average figure to about $550 billion or somewhat less, expressed in 2009 dollars. Given the magnitude of military spending, the book, therefore, devotes most of its pages to the Department of Defense, and it is with the Pentagon budget that I begin.