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A Strong and Focused National Security Strategy

The Honorable Jim Talent and the Honorable Jon Kyl

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A Strong and Focused National Security Strategy

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Executive Summary

When President Obama took office, the armed services of the United States had already reached a fragile state. The Navy had shrunk to its smallest size since before World War I; the Air Force was smaller, and its aircraft older, than at any time since the inception of the service. The Army was stressed by years of war; according to Secretary of Defense Robert Gates, it had been underfunded before the invasion of Iraq and was desperately in need of resources to replace its capital inventory.

Since the President took office, the government has cut \$1.3 trillion from defense budgets over the next ten years. The last such reduction was embodied in sequestration. At the time sequestration was passed, the top leaders of the military, and of both parties (the very people who enacted sequestration), warned that it would have a devastating effect on America's military.

And so it has. The defense sequester was the worst possible thing to do to the military, at the worst possible time, in the worst possible way. Coming on the heels of the reductions from 2009–2011, it has resulted in large cuts to the Pentagon accounts that support day-to-day readiness. The Navy is routinely cancelling deployments. Earlier this spring, the Air Force grounded one-third of its fighters and bombers. The Army has curtailed training for 80 percent of the force. Our strategic arsenal—the final line of national self-defense—is old, shrinking, and largely untested. All this is happening at a time when the recognized threats to America—from China, Russia, North Korea, Iran, the inaptly named “Arab Spring,”

and a resurgent and spreading al-Qaeda—are manifestly rising.

This study begins by asking the essential question. Why? America is a wealthy nation. Its affluence and unique commitment to human dignity make it the prime target of aggressive forces throughout the world. It depends on global financial, communications, and transportation networks that are easy to attack and hard to defend. In an age of asymmetric weapons, its very homeland is vulnerable to attack as never before. Its Constitution requires its central government to defend the nation. Why would such a government, with so great a capacity for self-defense and so much to lose if its defenses fail, voluntarily take steps that its own leaders admit are subjecting its people to unacceptable risk?

The answer, we believe, is a lack of clarity on a strategic level—an escalating failure over time to define the interests that together give meaning to the term “national security,” to identify the threats to those interests, and to define the basic strategy and operating principles of a foreign policy that will effectively defend America over time.

There was a time when America had such clarity. In the decade following World War II, America's leaders realized that the United States could no longer play a secondary role in world affairs outside of the Western Hemisphere. There was too great a risk that threats would result in open aggression, that open aggression would result in conflict that would spread, and that yet another world war in an age of nuclear weapons would result in unthinkable destruction.

So they moved America to the forefront of world events. They adopted a strategy of managing and mitigating risk in a way that deterred aggression, or at least confined it to limited conflict. To that end, they built alliances, developed the tools of “soft” power, and maintained a much stronger standing military capability—not so that America could win a world war, but so that our national security establishment could effectively anticipate threats and give American Presidents a spectrum of options, short of a general war, to use in defeating them.

In the process, they identified three priority national interests that the strategy was designed to defend: defense of the American homeland, protection of the common areas of the world through which Americans traded and travelled, and preservation of political equilibriums in parts of the world vital to American security and prosperity, and particularly in Europe and Asia. They also midwived the emergence of a norm-based international order, which in turn created more tools by which nations with an interest in peace and human rights could cooperate in achieving those ends.

These were goals, and a strategic architecture, which both parties could support. To be sure, there were a number of tactical and operational failures over the years, and these resulted in setbacks abroad and division at home. But the strategy was right, and it was perfected during the Reagan years, which led to defeat of the Soviet threat.

Since that time, however, our Presidents—whose backgrounds have been in domestic policy and who were chosen for their policies and leadership qualities in that area—have failed to adapt the “risk management strategy” to the exigencies of the post-Cold War world. In the absence of strategic clarity, the tools of national power were allowed to atrophy. The size of the armed forces was cut in the 1990s to questionable levels; far worse, the government failed to recapitalize, much less modernize, the inventories of the services. At the same time, deployments of the military rose dramatically in an unstable world where American leaders struggled to anticipate dangers and use the tools of soft power effectively.

Then in 2011 a President was in power who questioned the efficacy and even legitimacy of American power, and a Congress panicked by the specter of rising deficits came to power. Without a clear understanding of why defense was important, they gave way to the assumption that it was only one in

a set of competing priorities. The gradual decline in American power became an unprecedented rush to reduce the defense budget, with little long-term analysis of the impact on military strategy or national security.

This study examines these trends in detail and recommends near-term steps to recover the situation.

We look first at the development of American foreign policy, with a special emphasis on the strategy that was adopted to protect America without a general conflict in the years following World War II and the general drift since the Cold War.

We then summarize defense policies, and their effect on the military, from World War II to the present. We explain how and why capabilities have declined, relative to risk, in the past twenty years.

We survey the known threats America faces: the current trajectory of radical Islamist terrorism, the rising power of China in support of Chinese national ambitions, the danger of rogue states that have acquired or are acquiring asymmetric capabilities, the danger of conflict as nation-states compete for resources, and the risks presented by failed and failing states.

We trace the development of the current “national military strategy.” Since the end of the Cold War, administrations of both parties have affirmed the principle that, in order to deter conflict, America’s military should be able to fight two wars at or near the same time—while at the same time reducing their capabilities to do so.

We show that, under the Constitution, providing for the national defense is the priority, mandatory, and exclusive responsibility of the federal government.

We examine the need for stronger national defense in the context of the current debt crisis. Our argument is that the shrinking military budget is a symptom of the growing federal debt rather than a solution to it, that the readiness shortfalls caused by the recent cuts will cost far more to remedy than they have saved, and that, in the current global environment, American weakness is contributing to a rising tide of conflict that will undermine economic growth.

Finally, we outline the near-term steps that should be taken to recover the situation. The Pentagon should be tasked with conducting a thorough review of the current condition of its forces and

developing a plan for a force structure that will protect America's vital national interests against the known threats for the foreseeable future. Pending that evaluation, we urge the President and Congress to build up the Navy, complete a global missile defense system, and reform the acquisition and compensation systems of the Defense Department—all steps which will certainly be necessary, regardless of what else the Pentagon's review may conclude.

Our goal in all of this is to lift the national security debate above the trees—important but tactical and divisive issues—and focus on the forest. What are America's strategic goals? What is the United States trying to protect? What are the threats to those interests, and what capabilities are necessary to protect them? Those are the higher-order questions. Confronting them directly is the first step toward a national security policy that will keep us safe.

A Strong and Focused National Security Strategy

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In November 2011, as it was becoming clear that the “Super Committee”—formally, the Joint Select Committee on Deficit Reduction established by the Budget Control Act—would fail to reach an agreement, then-Secretary of Defense Leon Panetta outlined the effects the law’s “sequestration” provision would have on the U.S. military. Writing to Arizona Senator John McCain, he described a total \$1 trillion cut to defense plans that would be “devastating to the Department [of Defense].” Such deep and rapid reductions “would break faith with those who maintain our military and seriously damage readiness.” Despite the imposition of such cuts, Panetta continued, “the threats to national security would not be reduced.” The United States “would have to formulate a new security strategy that accepted substantial risk” because we were “not meeting our defense needs.” The Pentagon chief went on to detail the scope and scale of the cutbacks, but the message was clear: Sequestration was not just a bad idea, but a dangerous idea.¹

Even President Barack Obama has said that sequestration was never designed to actually happen: “[T]he whole design of these arbitrary cuts was to make them so unattractive and unappealing that Democrats and Republicans would actually get together and find a good compromise...[T]his was all designed to say we can’t do these bad cuts; let’s do something smarter.”²

And yet, sequestration is now in effect. Its consequences have proved to be even more immediate and worse than Panetta had predicted. One-third of

all Air Force tactical fighter wings were grounded earlier this year. An aircraft carrier set to deploy to the Middle East—a region, as always, in the throes of violent political tumult—will remain in port, as will dozens of other warships. Army Chief of Staff General Raymond Odierno says that the Army has “cancelled six National Training Center rotations for the rest of the year, we’ve reduced flying hours, we’ve had to degrade services at installations.” He predicts “a three- or four-year issue with readiness...I worry about [the Army’s ability to respond to an] unknown contingency.”³

How did this happen? The conventional wisdom is simply that the political deadlock over federal debts and deficits, taxes and entitlements—the failure to reach a “grand bargain” in the Super Committee or since—resulted in the pulling of the sequestration trigger. And partisanship did indeed play a role. In November 2011, Representative Jeb Hensarling (R-TX), a House committee member, charged that Democrats “were unwilling to agree to anything less than \$1 trillion in tax hikes” or to “offer any structural reforms to put our health-care entitlements on a permanently sustainable basis.”⁴ The Democratic response was that “Republicans have obstructed just about every serious effort to get control of the federal budget by opposing tax increases.”⁵

But the failure to avoid sequestration, that is, the failure to prioritize national security and deal with debt reduction, tax revenues, health care entitlements and plain partisan politics, suggests an underlying and perhaps more serious problem.

“Peace through strength,” the cardinal and bipartisan principle of American politics since World War II has all but collapsed. So has the “Reaganite” corollary, which had remained the nucleus of the larger consensus coalition. For generations, leaders of both parties agreed: American strength was a good thing, and the first purpose of the federal government. If there is any bipartisan agreement now, it is that defense spending can and should be reduced.

At the same time, the leaders of both parties continue to embrace the idea of American “leadership.” But since the end of the Cold War, no President has successfully and durably defined the purposes of American power, or articulated a consistent and coherent military strategy. Confusion is the result, measured both by public opinion and Pentagon planning. There is no agreement either on America’s security interests, or how the military should defend them.

If a democracy does not understand clearly what it is trying to achieve in its foreign relations, it will not be able to sustain the military capabilities that are necessary to achieve it. To be sure, there are special interests that support particular parts of the defense budget, like individual procurement programs, health research, and benefits for retirees. But there is no strong political constituency for the “top line” of the defense budget (the total amount spent on the military every year), and, as the sequestration experience demonstrates, even considerable opposition to it in both parties. Republicans want to shrink the government as a whole, and Democrats begrudge dollars that are taken away from social spending. Both parties have elements that are suspicious of America’s global role, and both parties are weary of protracted conflicts like those in Iraq and Afghanistan.

The absence of strategic clarity has deprived Washington of any framework within which it can intelligently consider defense policy. There is no concrete understanding of *why* military power is significant and, therefore, a decreasing sense that it is significant. In that atmosphere, chaos reigns: Politics more and more trumps policy; the urgent crowds out the important; and defense budgeting becomes a series of impulsive reactions to the most pressing

political imperatives at any given time. The result is sequestration and the other budget cuts that preceded it: actions which everyone suspects instinctively are wrong but which the political establishment cannot muster the will to prevent.

It is the purpose of this study and of the Project for the Common Defense—a voluntary coalition of defense experts spearheaded by The Heritage Foundation and the American Enterprise Institute—to reverse this course. We agree on the enduring value of American leadership and the blessings of “life, liberty and the pursuit of happiness” that it has promoted. We further believe that the essential habits of American strategy making are sound. Indeed, the post-World War II decades have seen an unprecedented rise in security (there has been no great-power war), human freedom (not only in Europe, but also in Asia), and prosperity. Finally, it is profoundly disturbing to witness the dismantling of the most professional military force America has ever known.

What follows is, first, an attempt to place the current conundrum in the American historical context. What have been the traditional keys to successful strategy making and the measures of sufficient military power? The second part of this paper describes the current state of U.S. forces and current and emerging threats to long-standing U.S. national security interests. The third section adapts the traditions of U.S. military strategy to today’s realities, and then describes the institutional reforms, forces, and the defense budgets that such a reframed strategy demands.

In issuing his “guidance” to the Defense Department last year, President Obama observed that America stands at a moment of transition. And so it does. Two paths lie before the United States. One path leads to a world where the United States may no longer have the strength to defend American interests as it has in the past. A second path, charted in this paper, sets course for a future that preserves the peace—for all its problems—that Americans enjoy, and seeks to sustain the strength that the United States will need in order to protect its own vital national interests.

America's Grand Strategy: The Historical Context

The United States was never an isolationist power, but for roughly the first 150 years of its existence, America was content to play a secondary role in the world beyond the Western Hemisphere. It was possible to do so consistent with American security because, during most of that period, China and Japan were weak, the European nations maintained a balance of power that did not directly threaten vital American interests, and, given the technology of the times, the oceans effectively insulated the United States from sudden attacks on its homeland and economy.

But the two world wars changed the strategic equation. They led to the collapse of the British and French empires, and they ushered in the age of asymmetric warfare. President Harry Truman and other leaders of the time realized that the United States had to move to the forefront of global affairs, with two limited but vital goals: (1) to prevent serious acts of totalitarian aggression and (2) to do it without causing a third world war. American leaders never specified what constituted “serious” aggression, but in retrospect it is clear that they had three vital national interests in mind: (1) protecting the American homeland from attack; (2) preserving America’s access to the “common areas” of the world—the seas, the air, and later space and cyberspace; and (3) preserving a favorable, or at least acceptable and stable balance of power that would deter aggression without a general war, particularly throughout the Eurasian land mass.

In the service of those ends, America’s post-World War II leaders set up a foreign policy architecture based on four operating principles:

1. The United States would lead vigorously and comprehensively. America became not the world’s policeman, but a manager of global risk. Initially, the United States focused on areas where it had the closest economic or treaty connections. The increase of global interdependence and the rise of asymmetric weapons meant that conflict even in far-flung countries might spin out of control and generate a threat to America’s vital interests.
2. America maintained much greater peacetime strength than it had prior to World War II. This included military strength, but the United States also began developing the tools of “soft power” (i.e., foreign aid, engagement, trade, intelligence services, and the use of America’s moral authority to promote freedom and democracy). The Marshall Plan is an early example of soft power; it was an unprecedented use of foreign aid in support of foreign policy, and it remains the most successful use of soft power in our history.
3. The United States built and nurtured new alliances to help bear the burden of collective security and to unify the world’s democracies behind American strategy. The North Atlantic Treaty Organization (NATO) was the most obvious of these arrangements, but they also included, for example, the international regime to control nuclear proliferation.
4. America made its foreign and defense policy forward-looking. Its leaders institutionalized the discipline of anticipating emerging threats, and deterring or containing them to minimize open conflict. The aphorism that “great powers do not fight small wars” was, as American leaders realized, exactly the opposite of the truth; in the nuclear age, great powers that must fight at all should *only* fight small wars and only when necessary to prevent bigger ones. But the primary objective of American policy was to defuse or deter threats before they rose to the level of war.

As it turned out, the new “risk mitigation” strategy was tremendously successful. Despite numerous operational mistakes, America eventually not only won the Cold War, but in the process—this was probably not anticipated by Truman and his colleagues—midwifed the emergence of an international order in which American norms of free trade, democracy, respect for human rights, and international cooperation were increasingly dominant. In fact, the progress of that emerging order itself became an important objective for the United States, not only because of the value of human rights to other peoples, but also because America’s own vital interests were easier to protect in a stable, more democratic world.

Compared to the alternative of another world war, all this was accomplished at low cost in lives and treasure. To be sure, America has fought a

number of limited wars, and whether they were all wise or necessary can be debated. What cannot be questioned, though, is that a third world war—far from improbable in the years following World War II—has been avoided, in no small part because of America’s strategic nuclear deterrent. The fact that war and aggression were at least contained allowed the United States to enjoy a sustained period of prosperity, which in turn reduced the cost of national security. For the past 25 years, the United States has spent around three to four percent of its gross domestic product (GDP) on the regular military budget. Even adding the cost of operations in Iraq and Afghanistan, and money spent on soft power tools like intelligence and foreign aid, America has still been able to defend itself using less of its national resources than anyone could have envisioned when the “risk mitigation” strategy was developed.

The problem is that America’s leaders never explicitly adapted the strategy to the circumstances of the post-Cold War world. Yet mitigation of global risk is even more important today than it was during the Cold War years. The information revolution has knitted the world together both socially and economically in an unprecedented way; what happens in the Middle East, Southern Asia, and even Africa matters directly to America’s security and quality of life. At the same time, asymmetric capabilities, further enhanced by the information revolution, have increased the direct threats to the American homeland. Nuclear weapons are easier to develop, and cyber weapons and bioweapons are available even to nascent radical movements, much less nation-states.

North Korea, an economic basket case, is already a major threat to its neighbors, and will become a direct threat to the American homeland if it continues to improve its missile capabilities. China’s claims to the South China Sea threaten sea lanes through which much of the world’s shipping must travel, and China is already regularly attacking the American economy through cyberspace. If the Pakistani government becomes unstable, or is taken over by Islamists, the danger of war with India will grow, and Pakistan’s substantial nuclear arsenal will be up for grabs. Iran, the world’s chief sponsor of terrorism, is approaching nuclear capability. The fact that Egypt is now in turmoil has further isolated Israel and increased the danger of war in the Middle East. Yemen’s failed government means that the country may become a staging ground for terrorism.

Al-Qaeda has not been defeated; it has returned to Iraq, spread to North Africa and Yemen, and is now run by Ayman al-Zawahiri, a medical doctor who was in charge of bioweapons laboratories that were operating in Afghanistan before the American invasion.

Managing these risks requires a number of hard and soft power tools. The more options at a President’s disposal, the greater the chance of containing danger short of conflict. Typically, the various tools reinforce each other, although soft power options are especially dependent on military capability. For example, a fully deployed and functional global missile defense system would substantially increase the potential of diplomatic efforts and economic sanctions to dissuade Iran from developing nuclear missiles in the first place. Moreover, the American military gathers most of the information in support of national intelligence, maintains a visible global presence in support of American diplomacy, patrols the sea lanes to protect trade, and provides support and protection for delivery of humanitarian aid during global disasters.

In short, America maintains a large standing military as the foundation of an integrated grand strategy which, for 60 years, has kept the general peace while protecting America’s enduring national interests. Sustaining that military requires careful and consistent planning over long periods of time. Decisions made today will affect the armed forces decades from now. The task is not easy, but it is nowhere near as difficult as the kinds of conflict that characterized the first half of the 20th century.

It is possible in theory for the United States to move away from the forefront of world events and play the kind of secondary role in global affairs that characterized the first 150 years of its foreign policy. Many in the United States want to do that; they are weary of the burdens of leadership that America assumed three generations ago. But those who want such a change should consider the implications carefully. There is no reason to believe that retreating from the world will allow America to maintain a smaller defense establishment than it does now. The vital interests of the United States are what they are—the threats to those interests will not go away because America is less present in the world. And the cost of defeating or containing those threats will not be reduced if the United States waits to confront them until they have grown to the point that conflict is unavoidable—which is

precisely why the “risk mitigation” strategy was adopted in the first place. We should not act as the world’s policeman, but should take prudent, responsible measures to ensure a strong national defense.

In 2010, Congress took the extraordinary step of creating an Independent Panel to review the plans of the Department of Defense. That panel consisted of 20 defense experts from across the political spectrum. It was co-chaired by William Perry, Secretary of Defense under President Bill Clinton, and Stephen Hadley, National Security Adviser for President George W. Bush. In the initial section of its unanimous report,⁶ the panel outlined the national interests that together define American security, set forth the most serious threats to those interests in the world today, and then discussed the various options that defense planners should consider. The panel closed this section of the report with an admonition that is relevant today:

[T]here is a choice our planners do not have.... America does not have the option of abandoning a leadership role in support of its national interests. Those interests are vital to the security of the United States. Failure to anticipate and manage the conflicts that threaten those interests—to thoughtfully exploit the options we have set forth above in support of a purposeful global strategy—will not make those conflicts go away or make America’s interests any less important. It will simply lead to an increasingly unstable and unfriendly global climate and, eventually, to conflicts America cannot ignore, which we must prosecute with limited choices under unfavorable circumstances—and with stakes that are higher than anyone would like.

The State of the Military: The Historical Context

America's participation in World War II represented the largest harnessing of national power and will for the purpose of war in history. America spent about 36 and 35 percent of its GDP on defense, respectively, in 1944 and 1945, the two peak years of the war. This would be equivalent to approximately \$6 trillion of spending today. By the end of the war, America had roughly 12.5 million men and women under arms and had procured tens of thousands of tanks, aircraft, ships, artillery, and transport vehicles. In 1944, alone, American factories delivered more than 15,000 heavy bombers, 38,000 fighters, and 9,000 transport planes.⁷ World War II also inaugurated the "atomic age," and America's use of nuclear weapons in 1945 not only was critical in convincing Japan to surrender, but also changed the making of military strategy forever.

After World War II, America's leaders changed its security objective from winning the war to protecting the free world without war, or at least without a large-scale war in the new age of nuclear weapons. This proved to be a much less expensive proposition, even during subsequent times of war. In 1952, the peak year for defense spending during the Korean War, America spent 11.1 percent of its GDP on the military. In 1968, the height of the Vietnam War, America spent 8.9 percent of its GDP on defense.

The percentage of GDP that the United States spent on defense began consistently to decrease from there; at the conclusion of Vietnam, President Jimmy Carter began to reduce funding for defense even more rapidly, shrinking defense spending from 5.1 percent of GDP in 1976 to 4.9 percent of GDP in 1980.⁸

President Carter, unlike his predecessors, fundamentally questioned not just the effectiveness, but the legitimacy of using American power abroad. In addition, Congress had changed significantly after the post-Watergate elections. These trends converged to produce reductions in defense funding which, combined with the poor morale of the post-Vietnam years, had disastrous results. The military became a "hollow" force, incapable of performing its missions. It was like a house that appeared in good condition on the outside, but had no wiring or plumbing. A number of events brought home the military's deterioration. In 1979, the Captain of the USS *Canisteo* refused to certify his ship as seaworthy on the grounds that his sailors were untrained.⁹

Former Secretary of Defense Melvin Laird issued a blistering report detailing the lack of military readiness. America's embassy in Iran was seized, and the rescue attempt, Operation Eagle Claw, was a fiasco. Most ominously, the Soviet Union increased the stakes in the Cold War by invading Afghanistan.

In 1980, Ronald Reagan was elected President. He clearly understood that American power was a stabilizing force in the world, and he made it a priority to secure two immediate double-digit increases in the defense budget and followed those with substantial increases for several more years.

The effect was immediate and electric. The Pentagon was able to recapitalize its "platforms"—ships, planes, and tracked vehicles—with equipment that employed the latest technology and thereby made the force less vulnerable and more lethal, what the military calls "force multipliers." Training increased and morale soared.

Nuclear issues were also a critical element in Reagan's strategy, combining new arms control proposals, modernized systems, and the revival of interest in strategic defenses. With the introduction of the Pershing II intermediate-range missiles, Reagan solidified the links between the United States and Europe, particularly West Germany, blunting Soviet efforts to drive wedges into the Western alliance. These steps also transformed the direction of arms control negotiations, wherein the U.S. buildup created incentives for the Russians to eliminate their own shorter-range systems, stabilizing the overall nuclear balance. Lastly, the mere commitment to a "Strategic Defense Initiative" presented an increasingly impoverished Soviet system with the prospect of a new technological competition—an important factor in the final collapse of the Warsaw Pact and the Soviet Union itself.

As a result, momentum abroad shifted decisively in the direction of the West. American power, coupled with Reagan's sense of resolution, forced the Soviet Union into a corner. Just a few years after the leaders of the Soviet Union believed they could build a blue-water navy that could challenge that of the United States, the same leadership realized it was in a competition it could not win. The Soviets collapsed under the pressure.

After the Cold War, Reagan's defense buildup provided the overwhelming force behind America's

TABLE 1

Historical Defense Spending

	Year of Defense Spending	Total Defense Spending as % GDP	
World War II	1944	37.8%	
	1945	37.5%	
Korea	1952	13.2%	
Vietnam	1968	9.4%	
Reagan Defense Buildup	1986	6.2%	
Persian Gulf War	1991	4.6%	
September 11, 2001	2001	3.0%	
Operation Iraqi Freedom	2003	3.7%	
Global War on Terror	2008	4.3%	
	2009	4.7%	
	2013	4.1%*	
	2014	3.7%*	
	Afghanistan Troop Surge	2015	3.4%*
		2016	3.1%*
	2017	3.0%*	
	2018	2.8%*	

* Estimates.

Source: U.S. Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2014: Historical Tables* (Washington, D.C.: U.S. Government Printing Office, 2013), p. 50, Table 3.1, <http://www.whitehouse.gov/sites/default/files/omb/budget/fy2014/assets/hist.pdf> (accessed May 1, 2013).

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victory in Operation Desert Storm (as then-Secretary of Defense Dick Cheney recognized) and created the conditions that allowed peace and prosperity to flourish throughout the 1990s, up until September 11, 2001.

However, after Reagan left office, history, and defense funding, took another swing. After the collapse of the Soviet Union, officials in Washington believed America was in a “threat trough.” The accepted view was that any existential threat to the United States lay at least 10 years in the future. Because of that view, defense decisions that should have been based on hardheaded military assessments were driven, instead, by budget considerations. As a result, Presidents George H. W. Bush and Bill Clinton began to significantly reduce the size of the military. The active-duty Army was reduced from the 18 divisions of Operation Desert Storm to

10 by 1996—its size today. The size of the Navy and Air Force was reduced by approximately one-third. President Clinton also substantially cut modernization and procurement budgets well beyond what was warranted by the cuts in force size and structure. This policy was known as the “procurement holiday”—the government simply stopped replacing its inventory of ships, aircraft, and ground combat vehicles. Cuts in intercontinental nuclear systems led the way, most notably with the 1991 Strategic Arms Reductions Treaty, or START I, whose final implementation removed 80 percent of such weapons from the inventories of both sides. At the same time, the end of the Cold War began a long period of U.S. uncertainty regarding strategic defenses: The Bush Administration reconfigured Reagan-era programs and the Clinton years saw reduced investments amid yet further changes.

Ironically, at the same time the size of the military was reduced and its inventory was allowed to age, its missions were increased (even pre-9/11). The post-Cold War world proved to be tremendously unstable, and President Clinton used the military repeatedly to stop genocide, provide humanitarian aid, and protect freedom. The 9/11 attacks added a whole new set of onerous missions to a shrinking force structure that had been inadequate in the first place. America has deployed its military dozens of times since 1990, including in five major combat engagements (the Balkans, Kuwait, Iraq, Afghanistan, and Libya), a far higher rate than during the Cold War.

The force structure and procurement reductions saved money in the short term but increased costs in the long term. Old equipment breaks down more often, which drives up maintenance costs. For example, because of budget shortfalls, the Air Force continues to fly its C-5A transports, which are 35 to 40 years old and have a mission-capable rate of approximately 50 percent (meaning that half of the C-5As’ missions have to be canceled because of breakdowns). Also, when a smaller force is used more often, the length and number of deployments go up, causing more movement and stress among the troops—what the military calls “turbulence.” That leaves less time for training and recuperation between deployments.

The reduced size of the Army is one of the reasons the Iraq and Afghanistan missions have taken so long. The Army simply was not big enough to fight both engagements at the same time with the

TABLE 2

U.S. Military Force Structure

Year	Army Divisions		Marine Divisions		Naval Forces		Air Force Tactical Wings	
	Active	Reserve	Active	Reserve	Carriers	Total Ships	Active	Reserve
1980	16	8	3	1	13	477	26	11
1984	16	9	3	1	14	524	25	12
1985	17	10	3	1	14	542	25	12
1986	18	10	3	1	14	556	25	12
1989	18	10	3	1	15	567	25	12
1991	16	10	3	1	15	526	22	13
1992	14	10	3	1	14	466	16	13
1994	12	8	3	1	12	387	13	9
1996	10	8	3	1	11+1	365	13	7
1999	10	8	3	1	11+1	317	13	7.2
2003	10	8	3	1	11+1	308	12+	7+

Source: Stephen Daggett and Amy Belasco, *Defense Budget for FY2003: Data Summary* (Washington, D.C.: Congressional Research Service, March 29, 2002), p. 17, Table 9, <http://www.fpc.state.gov/documents/organization/9665.pdf> (accessed May 2, 2013).

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intensity that the missions required, even with the extraordinary sacrifice of personnel who have had to engage in numerous tours of duty.

Moreover, inadequate budgets have forced the services into more costly procurement decisions. During the past decade, the military needed additional “lift” or cargo capacity because base closures abroad have prevented the military from forward-positioning as many assets. The Air Force had originally planned to sign a multiyear contract in 2005 for 42 additional C-17 cargo aircraft. Budget shortfalls forced the Air Force to buy the aircraft a few at a time, which cost the taxpayer \$50 million more per plane.

This effect was compounded because political leaders promised that budgets would increase significantly in the out years of planning horizons, so the Pentagon kept programs alive hoping to fund them two or three years down the road. When the promised funding was not forthcoming, programs were never developed, or so few platforms were purchased that the costs of design and development could not be spread over a sufficiently wide base to hold down program costs. For example, the Navy originally planned to buy 32 of the new DDG-1000 destroyers; it now will buy no more than three. When old platforms are not replaced, readiness levels drop, and the cost of maintaining the inventory climbs rapidly.

Although America did not have a hollow force at the end of the Clinton years as it did post-Vietnam, the force had begun to “rust” badly. President George W. Bush increased defense funding, but nowhere near the amount needed to make up for the shortfalls of the 1990s, especially since higher acquisition, maintenance, and personnel costs ate up more of the budget.

The two Bush terms also saw continued reductions in nuclear weapons, resulting not from formal treaties but from executive agreements between the United States and Russia. However, while ridding itself of thousands of older nuclear systems, the United States also continued to allow its nuclear infrastructure—critical not only to the safety of the remaining arsenal, but to the ability to substitute new designs for these aging systems—to decay. The Administration also again restructured its approach to missile defenses, jump-starting investments in national missile defense while increasing deployments of theater systems and participating in allied efforts.

Once the Afghanistan and Iraq wars began, extra money was used to pay for the ongoing operations of those conflicts. Those funds could only be used to replace equipment lost during the war; by and large, the war funding was not available to recapitalize the existing inventory, and it could not be used at all to

pay for the development or procurement of new programs. So the defense budget looked bigger, but the extra spending on the war squeezed the “core” budget that the military uses to prepare for the future even further.

The Obama Administration has made the situation manifestly worse. The “stimulus” program spent almost \$800 billion in order to get the economy moving; not a dime was invested in military modernization.¹⁰ Budget cuts in 2009, 2010, and 2011 reduced the defense program by about \$478 billion, terminating many of the post-Cold War generation of systems with the exception of the F-35 Joint Strike Fighter.¹¹ Secretary of Defense Robert Gates’s budget proposal in early 2011 would have allowed modest growth in defense spending, but it was rejected by Congress. The 2011 Budget Control Act, and the Administration’s choices to preserve other “security” accounts at the expense of defense, added another \$487 billion in program cuts. Sequestration will add \$500 billion more.

The Administration has placed an emphasis on reforming the acquisition process, but has made little progress in doing so except to cancel numerous programs, on the grounds that they have become too costly. The Administration has made further nuclear disarmament a high priority, concluding additional bilateral reductions (New START) with the

Russians that would reduce the U.S. deterrent to less than one-tenth of its Cold War peak, despite the continued proliferation of nuclear weapons and ballistic missiles across the world, and particularly to dangerous places such as North Korea and Iran. It has also slowed missile defense efforts while simultaneously antagonizing two close allies, Poland and the Czech Republic, by revoking deployment plans for interceptors that would protect not only the United States but Europe. To make matters worse, the Administration has acknowledged that its replacement for Bush-era programs suffers from daunting technological challenges and funding shortfalls, forcing yet another restructuring of missile defense efforts.

The situation now facing the American military is extremely grave. In one respect the military is better off than it was in 1981. The all-volunteer force has become a proven, mature, and successful model. America is protected by the best servicemen and women in the history of its military. But there are not enough of them, and they are using a generation of equipment that is reaching the end of its useful life—and that is not sophisticated enough to sustain the technological edge on which they depend when they go into combat. The U.S. is now on the cusp of returning to a hollow force, albeit with different attributes, and a hollow national security posture.

The Current Condition of the U.S. Armed Forces

America's armed services, already strained for the reasons set forth above, are near the breaking point.

The Navy. The U.S. Navy is the smallest it has been since 1916.¹² It is set to shrink to approximately 250 ships—100 ships fewer than recommended by the Perry–Hadley panel and 60 fewer ships than the Navy's own stated requirement during President Obama's first term.

The Navy is also suffering from serious shortfalls in readiness—the Navy is retiring ships faster than it is building them. In 2011, nearly one-quarter of inspected ships failed their annual review.¹³ Meanwhile, half of the Navy's deployable aircraft are not combat-ready, and engines aboard two F/A-18s have caught fire aboard ships underway. While the Navy has shrunk by 15 percent since 1998, it had, before sequestration, managed to deploy a relatively constant number of ships at sea at any given time.¹⁴ Since sequestration took effect, the Navy has routinely canceled deployments.

The Air Force. The Air Force is smaller than at any time since the inception of the service. It will shrink further as a result of the cuts in recent years. The average age of the B-52 fleet is 50 years.¹⁵ The F-16 fleet has been in service since 1979.¹⁶ The average age of a U.S. commercial airliner, normally subjected to far fewer stresses, is just 14 years.

The Obama Administration has already canceled or delayed a number of modernization programs for the Air Force, such as the F-22 air superiority fighter, the C-17 transport aircraft, a new combat search-and-rescue helicopter, a new jet trainer, and numerous space and satellite programs.

The Obama Administration has closed or is closing every fighter production line except one—the F-35 Joint Strike Fighter. In response to budgetary pressure, the Air Force has slowed its planned buy of F-35s, but even the slowed ramp will be difficult to achieve because of cuts. The United States currently has no active bomber lines of production. China and Russia have 12 fighter and bomber lines open between them today. Many of the Air Force KC-135 aerial refueling tankers pre-date human space flight and are over a half century old. Air Force T-38 training aircraft are twice as old as the students flying them. The F-15 fighter first flew 40 years ago. Promising unmanned-systems programs have

also been cut. The MQ-9 Reaper and RQ-4 Global Hawk drones saw their combined 2013 procurement funding reduced by about 17 percent, while space programs saw a cut of nearly 27 percent.

The Administration is also cutting the Air Force Reserve and National Guard forces. The President's FY 2014 budget request would cut nearly 800 Guard and Reserve personnel. These reductions hurt the ability of the Guard and Reserve to meet both their overseas obligations and, for the Guard, responsibilities to the states and governors.

The Obama Administration has set out to significantly cut the budget for ballistic missile defense—cutting funding for the Missile Defense Agency by over 12 percent in its first year in office—despite the growing provocations from North Korea and the likelihood that Iran will achieve nuclear capability in the near future. At the same time, America's strategic nuclear arsenal is in need of modernization; no funds are budgeted for that purpose.

The Army. In October 2007, Secretary Robert Gates had this to say about the condition of the Army:

America's ground forces have borne the brunt of underfunding in the past and the bulk of the costs—both human and material—of the wars of the present. By one count, investment in Army equipment and other essentials was underfunded by more than \$50 billion before we invaded Iraq. By another estimate, the Army's share of total defense investments between 1990 and 2005 was about 15 percent. So resources are needed not only to recoup from the losses of war, but to make up for the shortfalls of the past and to invest in the capabilities of the future.¹⁷

The investments that Secretary Gates called for were never made. In fact, the Obama Administration canceled the Army's most important new program of record—the Future Combat Systems, designed to replace many of the Army's tanks and nearly all its tracked vehicles. Today, the Administration is planning to reduce the number of soldiers and Marines by 100,000, despite the fact that the war in Afghanistan will continue through 2014.

Most of these readiness concerns arose *before* sequestration. Sequestration was imposed without any analysis of the impact on the national military

strategy of the United States and without any regard for the consequences on the readiness of the force. While it is, therefore, difficult to determine exactly what additional force reductions the Defense Department will make to implement sequestration, the law creating sequestration exempts military personnel from compensation reductions; and since the Pentagon will have to increase the operations and maintenance budget so that day-to-day readiness

can be protected as its capital stock continues to age, the Defense Department will most likely reduce the size of the force even more and take the rest of the cuts out of the budget for recapitalization. A force that is already too small, and must use aging and outdated equipment, is about to get smaller and older—again, without so much as a pretense of strategic or military justification.

Strategic Challenges

The Obama Administration released its Nuclear Posture Review in April 2010, stressing the dangers posed by terrorists in possession of nuclear weapons rather than the continued proliferation by Iran and North Korea, uncertainties about the size of China's nuclear force (or China's ability to arm its vast and growing fleet of theater-range ballistic and cruise missiles with nuclear warheads), and the complexities of third-party nuclear balances, such as that between India and Pakistan. The review provided the rationale for deeper reductions in deployed warheads from 2,200 to 1,500. The Administration has announced its intent to seek further reductions in the number of deployed U.S. nuclear weapons by as much as one-third.¹⁸

As noted above, the Administration's missile defense plans are in disarray, as is America's national nuclear infrastructure. While the exact effects of sequestration on nuclear readiness are unknown, it can only accelerate the trends of the past five years. Past cuts have long delayed efforts to develop a new bomber—still a vital element in the traditional deterrent “triad”—as well as a needed replacement for the Trident submarine-launched ballistic missile and, indeed, for a new ballistic missile submarine itself.

The Threats. One of the operating principles of the “risk containment” strategy is to anticipate and deter threats before they arise. Of course it is difficult to predict the future. As far as the record shows, for example, no one in the American government anticipated the “Arab Spring.” But there are certain trends that are likely to present ongoing challenges to American security.¹⁹

1. Islamist movements are a growing threat to the United States. Although the Afghanistan mission deprived al-Qaeda of its principal operating base, the organization and its associated movements have developed effective regional and local capabilities, as displayed by the recent attacks on American embassies. Al-Qaeda's immediate goal was always to produce governments in Muslim countries that were supportive, or at least sympathetic, to their ends; the Arab Spring is giving them that opportunity. As Iran approaches nuclear capability, the risk grows that terrorist groups will acquire weapons of mass destruction.

All of this is one reason why America's failure to maintain a footprint in Iraq was so damaging. The fact that the United States did not make it a priority to maintain a presence in Iraq is a textbook example of the dangers that arise when there is a lack of strategic clarity in foreign policy.

America has a number of vital interests at stake in the Middle East. The United States and the global economy rely on freedom of access through the Strait of Hormuz and the Persian Gulf. The region is a center of support for terrorism. Without constant vigilance, terrorists are likely to use the region as a launching point for direct attacks against the United States, particularly if unfriendly countries or networks provide them with weapons of mass destruction. Finally, as the international nonproliferation regime breaks down, the Middle East is in danger of being caught in a “nuclear cascade.” If Iran obtains nuclear weapons, other countries, such as Saudi Arabia, will be more inclined to develop their own nuclear capabilities. If a number of countries develop nuclear capabilities, the risk of a nuclear exchange grows dramatically.

The point of the Iraq operation was never to “build a nation” or establish a democracy in Iraq for its own sake. America's armed forces, with strong support from other countries, did the hard part—winning a long and difficult war. The relatively easy part was negotiating an agreement with the new Iraqi government that would have enabled the United States to maintain a military footprint in country, not in a combat role, but as an important symbol of America's commitment to the region, to cement a partnership with Iraq that would have advanced the vital interests of both countries, and as a foundation for the operation of soft power tools in the Middle East.

It was a tremendously important opportunity that had the potential to redeem the sacrifice of American lives and treasure in a combat operation marred by operational error. By not negotiating a Status of Forces Agreement, the Obama Administration fumbled away the opportunity. But the root of the problem goes much deeper

than the inertia of any one President—it lies in the two-decade failure of the American political establishment to construct, much less explain to the American people, the foundation of a strategic foreign policy in the post–Cold War world. Without a strategy, there *is* no policy in the proper sense of the term; America’s actions in the world degenerate into a series of choices among bad options in reaction to largely unanticipated events.

The cost of the Iraq war will almost certainly far outweigh its benefits to the United States and the world. In the absence of strategic clarity, the same thing will occur in Afghanistan two years from now, regardless of what happens on the battlefield between then and now.

2. The rise of China is disrupting the balance of power in the Pacific. While China need not become an enemy of the United States, there are a number of areas of friction between the two powers, including China’s assertion of sovereignty over Taiwan and the South China Sea; its competition with Japan, the Philippines, and other traditional allies of the United States for control over islands in the region; its ongoing cyber attacks against the United States; China’s opposition to American initiatives in the United Nations; its currency policy and protectionist trade practices; its subsidies for state-owned enterprises; and its discrimination against foreign companies. China is surging its military strength, with an emphasis on weapons systems that undeniably threaten America’s access to areas in the Western Pacific.

3. The Iranian nuclear program, the Arab Spring, and the growing isolation of Israel are increasing the likelihood of serious conflict in the Middle East. As the Perry-Hadley panel put it:

Since the removal of the Saddam regime and its bid for regional hegemony, Iran and its allies (like Syria) and terrorist proxies (like Hezbollah) have emerged as an increasingly destabilizing force in this vital region. The Iranian regime’s drive to develop a nuclear capability seems first designed to deter American influence and intervention. But it may also embolden Tehran to increase its

aggression through proxies, terrorism, and other forms of irregular warfare to undermine neighboring governments, particularly the oil-rich Arab regimes. An Iranian threat, in turn, will compel these states to both accommodate Iran and consider their own nuclear and advanced conventional programs, particularly if there is doubt about U.S. capacity and commitment. This becomes a strong argument for continuing America’s long-term commitment to and presence in the Middle East and the Persian Gulf.²⁰

4. Increasing competition for resources is a challenge. In particular, China and India will demand greater supplies of energy and other vital materials as time goes on. That has serious implications for Africa and the Western Pacific; and it means especially that increasing turmoil in the greater Middle East will have significant global consequences. The competition could be peaceful, but there is no guarantee of that; a rapidly changing environment, unless managed effectively by the United States in concert with its allies, could cause governments to take unilateral actions to secure resources, territory, and other interests.

5. A number of governments are weak and growing weaker around the world. The danger of political instability in these states is not limited to the effect on their populations; the potential of asymmetric warfare and the competition for resources means that conditions in failed or failing states can be exploited by outside forces in ways that present a danger to American security. Again quoting the Perry–Hadley panel:

As states break down and are overwhelmed by conflict, the immediate consequences are to the people living within their borders. Historically, however, contagious diseases, refugees, poverty, civil war, and transnational criminal networks spread to neighboring countries. The ability of diverse groups to exploit state failure and readily available advanced technology will enable them to employ asymmetric methods in global attacks, further endangering a global system made more vulnerable by the interdependence of globalization.²¹

The National Military Strategy: What Does America Need?

As discussed above, America's top civilian leadership has failed to adapt the strategic foreign policy of the United States to the post-Cold War world. That has been a tremendous handicap for the Pentagon. Defense planners use high-level strategic guidance to determine the "national military strategy"—the roles and missions that the military must be able to perform to play its role as the foundation of America's foreign policy. From the national military strategy, the Pentagon develops a "force-sizing construct"—the framework from which it plans the future size and shape of the military.

In the absence of strategic guidance, defense planners have had to deduce a national military strategy from the habits of the Cold War years and the actions of American Presidents since the fall of the Berlin Wall. To that end, the George H. W. Bush Administration developed the "two-war" force-sizing construct in the early 1990s; the Pentagon decided that America's military needed to be sized and shaped so that it could decisively defeat two nation-state adversaries in separate theaters nearly simultaneously without a general mobilization. The two-war construct was based on five relevant assumptions:

First, the primary purpose of American power was, as it had been since the late 1940s, to deter conflict or manage it at the lowest possible level. Maintaining a standing military with the capability of decisively winning two wars at once created the greatest probability that war could be deterred.

Second, the foundation of deterrence had been a robust nuclear force—since Reagan, in conjunction with missile defense efforts. While the two-war construct has served as a reliable benchmark regarding conventional forces, none of the nuclear posture reviews—by any Administration—has produced anything analogous. The size of the force has been simply a matter for negotiation with the Russians, with no real consideration of the requirements for deterrence in a "multipolar" nuclear world—a more complex strategic environment where many actors have nuclear capabilities of one kind or another, and may be in conflict with one another but not the United States.

Third, the two-war construct allowed room for secondary deterrence. If the United States did have to go to war the two-war standard meant that

America would still have the ability to prevent a second conflict from starting at the same time.

Fourth, there was a possibility that the United States would indeed have to fight two regional conflicts at the same time: Even in the 1990s, the Middle East, Southern Asia, and the Korean peninsula were potential sources of conflict. Since then, America *has* fought wars simultaneously in two of those theaters.

Fifth, the nature of conflict varies enormously depending on a host of factors, including geography, distance, and the strengths of the adversary. War in the Western Pacific would require substantial naval and air strength, for example, whereas war in Southern Asia or Korea would also require significant land power. The United States often does not have the advantage of knowing precisely when and where tensions will rise. As a result, to be fully prepared to fight even one regional conflict in all the places where it might occur, the United States must sustain different packages of force at a level that supports the two-war construct. These different packages create necessary redundancies. Unfortunately it is all too easy to mislabel these necessary redundancies as wasteful.

A force capable of winning two wars simultaneously or nearly so, would also be capable of carrying out the myriad standard peacetime missions, which would reassure the world that America intends to continue playing a global role.

The rationale of the two-war construct was laid out well in the Pentagon's 1997 Quadrennial Defense Review:

As a global power with worldwide interests, it is imperative that the United States now and for the foreseeable future be able to deter and defeat large-scale, cross-border aggression in two distant theaters in overlapping time frames, preferably in concert with regional allies. *Maintaining this core capability is central to credibly deterring opportunism—that is, to avoiding a situation in which an aggressor in one region might be tempted to take advantage when U.S. forces are heavily committed elsewhere*—and to ensuring that the United States has sufficient military capabilities to deter or defeat aggression by an adversary that is larger, or under circumstances that are more difficult, than expected. This is particularly

TABLE 3

Force Structure Comparison: Bottom-Up Review and Quadrennial Defense Review

BOTTOM-UP REVIEW, OCTOBER 1993		QUADRENNIAL DEFENSE REVIEW, FEBRUARY 2010	
U.S. Force Structure, 1999	Personnel AC/RC 1999	Main Elements of U.S. Force Structure, FY 2011–2015	Personnel AC/RC 2010
	Comparable Aircraft		Comparable Aircraft
Army	<ul style="list-style-type: none"> 10 divisions (active) 5+ divisions (reserve) 	<ul style="list-style-type: none"> 4 Corps (HQ) 18 Divisions (HQ) 73 Brigade Combat Teams (BCT) 21 Combat Aviation Brigades (CAB) 15 Patriot Battalion 	1,106
Navy	<ul style="list-style-type: none"> 11 aircraft carriers (active) 1 aircraft carrier (reserve/training) 45–55 attack submarines 346 ships 	<ul style="list-style-type: none"> 10–11 aircraft carriers 126–171 ISR/EW* land-based aircraft (manned and unmanned) 53–55 attack submarines 288–322 ships 	399K
Air Force	<ul style="list-style-type: none"> 13 fighter wings (active), 72 aircraft per wing 7 fighter wings (reserve), 72 aircraft per wing Up to 184 bombers (B-52H, B-1, B-2) 	<ul style="list-style-type: none"> 10–11 theater strike wing equivalents, 72 aircraft per wing 6 air superiority wing equivalents, 72 aircraft per wing 5 long-range strike (bomber) wings with up to 96 aircraft 8 ISR wing equivalents with up to 380 aircraft 30–32 airlift/air refueling wing equivalents, 33 aircraft per wing 3 command and control wings and 5 air and space operation centers with 27 total aircraft 10 space and cyberspace wings 	1,152–1,224 96 497K
Marine Corps	3 Marine Expeditionary Forces	3 Marine Expeditionary Forces	243K
Strategic Nuclear Forces (by 2003)	<ul style="list-style-type: none"> 500 Minuteman III ICBMs (single warhead) 18 ballistic missile submarines 20 B-2 bombers Up to 94 B-52H bombers 	<ul style="list-style-type: none"> Upper boundary of 1,550 deployed warheads Up to 700 deployed ICBMs, deployed SLBMs, and nuclear-capable heavy bombers Up to 800 deployed/non-deployed ICBMs and SLBMs Power and flexibility to determine composition of force. Department of Defense baseline for planning is: <ul style="list-style-type: none"> 240 deployed SLBMs, distributed among 14 submarines, each with 20 launch tubes Up to 60 deployed heavy bombers, including all 18 operational B-2s Up to 420 deployed single-warhead Minuteman-3 ICBMs at current three missile bases 	
Special Operations Forces	Not specifically listed	<ul style="list-style-type: none"> 660 Special Operations Forces teams (Special Forces, SEAL, Marine, Air Force, Operational Aviation Detachments) 3 Ranger battalions 165 tilt-rotar/fixed-wing mobility and fire-support aircraft 	
TOTALS	1,738	TOTALS	1,308–1,380
	2,259K		2,245K

* ISR—intelligence, surveillance, and reconnaissance; EW—electronic warfare; AC—active component; RC—reserve component
Source: William J. Perry and Stephen J. Hadley, "The QDR in Perspective: Meeting America's National Security Needs in the 21st Century," 2010, p. 57, <http://www.usip.org/files/qdr/qdrreport.pdf> (accessed May 1, 2013).

important in a highly dynamic and uncertain security environment. We can never know with certainty when or where the next major theater war will occur, who our next adversary will be, how an enemy will fight, who will join us in a coalition, or precisely what demands will be placed on U.S. forces.... A force sized and equipped for deterring and defeating aggression in more than one theater ensures the United States will maintain the flexibility to cope with the unpredictable and unexpected. *Such a capability is the sine qua non of a superpower and is essential to the credibility of our overall national security strategy. It also supports our continued engagement in shaping the international environment to reduce the chances that such threats will develop in the first place.*

If the United States were to forego [the two-war construct], our standing as a global power, as the security partner of choice ... would be called into question. Indeed, some allies would undoubtedly read a one-war capability as a signal that the United States, if heavily engaged elsewhere, would no longer be able to help defend their interests.... This fact is also unlikely to escape the attention of potential adversaries. *A one-theater war capacity would risk undermining both deterrence and the credibility of U.S. security commitments in key regions of the world. This, in turn, could cause allies and friends to adopt more divergent defense policies and postures, thereby weakening the web of alliances and coalitions on which we rely to protect our interests abroad.*²²

Administrations over the past two decades have interpreted the two-war construct in different ways, and some have tried—because of budgetary pressure—to lessen the standard and thereby justify reductions in the force. But the logic underpinning the two-war construct is irrefutable, and in the end, every Administration has affirmed it. In 2012, the Obama Administration adopted strategic guidance to the following effect:

As a nation with important interests in multiple regions, our forces must be capable of deterring and defeating aggression by an opportunistic adversary in one region even when our forces are committed to a large-scale operation elsewhere.... Even when U.S. forces are committed to

a large-scale operation in one region, *they will be capable of denying the objectives of—or imposing unacceptable costs on—an opportunistic aggressor in a second region.*²³

When the two-war construct was developed in the 1990s, the Clinton Administration conducted a “Bottom-Up Review” (BUR) of the military to develop a force structure that would enable the armed forces to meet the two-war standard. This was a time of relative quiet around the world, when American planners did not foresee the near-term rise of Chinese power, the extent of Russia’s aggressive nationalist policies, or the uptick in global terrorism. The BUR force structure was criticized at the time for being too small and in particular for shrinking the size of the Army too much. Nevertheless, it was substantially larger than the end strength of the military today, and the force at that time was using equipment that was relatively newer and technologically more up-to-date than the current capital stock.

Since that time, the military has been deployed at a much higher rate, and has operated with a substantially smaller force than was projected as necessary by the BUR. As a result, in 2010, the Perry-Hadley panel warned that the military was facing a “train wreck” unless all the services, and particularly the Navy, were recapitalized with modern equipment. The panel recommended substantial additional funding, along with thorough acquisition and compensation reform, to enable the armed forces to carry out the national military strategy.

Immediately after the panel report, Secretary Gates submitted budgets that, while allowing for a modest increase in funding, were inadequate to carry out the panel’s recommendations. As discussed above, Congress and President Obama cut almost \$1 trillion from those budgets, with painfully little analysis of the impact on the military. If fully implemented, sequestration will cut another \$500 billion.

Two conclusions are inescapable. First, the Perry-Hadley panel was correct in concluding that America needs a military that, taken as a whole, is at least as strong as the Bottom-Up Review force of the 1990s. That force may well have been inadequate at the time, and—given the danger of terrorism, the surge in Chinese strength, North Korean and Iranian nuclear programs, the increasingly aggressive stance of Russia, the instability caused by the

Arab Spring, and the growing isolation of Israel—global risk is much higher today than it was in the 1990s. The shape of the force should be different than what was deemed appropriate 20 years ago, but its total strength should be at least as great.

Second, America’s armed forces today, despite the quality of their personnel, are not capable of meeting the two-war standard at the heart of the national military strategy. In fact, given the high operational tempo of the past 10 years, and the constant

emphasis on “low-intensity” conflict operations of the kind undertaken in Iraq and Afghanistan, it is questionable whether the force could decisively win even one major regional conflict, other than a counter-insurrectionary operation, within an acceptable margin of risk.

The “train wreck” of which the Perry-Hadley panel warned is happening, and sooner than the panel thought possible. America is on the cusp of a hollow national security posture.

The Next Steps

For the past several years, the government has not really been making defense policy; it has been responding to fiscal and political crises by plugging top-line numbers into different budget scenarios and then directing the Defense Department to adjust its plans and operations on the fly. This must stop. The President and his top team may wish to conduct a review of America's general approach to the world, based on their understanding of America's vital national interests and the primary risks facing the United States. Failing such a review, the Pentagon should be tasked with planning for a force that is capable of carrying out the existing national military strategy, including the two-war construct, with minimal risk. The exact contours of such a force are beyond the scope of this paper. However, there are immediate steps which should be taken, pending the development of such a plan.

1. The Pentagon's acquisition system must be fixed. Every one of the armed services has experienced huge cost overruns in crucial programming in recent years. When the Air Force first envisaged the F-22, it projected a fleet of 750. This requirement was pared down by 1991, when the service signed a contract with Lockheed Martin for 648 F-22s at a unit cost of about \$134 million per fighter.²⁴ The Congressional Research Service estimates that the F-22 ended up costing \$185 million per plane, and as a result the program was terminated with only 187 acquired.²⁵ The Army estimated that the Future Combat Systems (FCS) program would cost \$4 billion a year for three brigade sets of FCS equipment per year.²⁶ The price grew to \$117 billion for 15 brigade sets plus \$18 billion for the FCS spin-off program before the program was ended without any platforms having been produced.²⁷ The Navy thought its DDG-1000 Destroyers could be acquired at a price of roughly \$1 billion per ship, and planned to buy 32.²⁸ The program actually cost \$4.3 billion per vessel and was terminated after only three ships were commissioned.²⁹

As discussed above, the Pentagon's acquisition system is not the sole reason for these and other procurement disasters. Inadequate and inconsistent funding and the decline of the defense

industrial base are also to blame. But any reasonable plan for rebuilding the military must include comprehensively recapitalizing the inventories of all three services. Congress cannot be expected to provide the necessary funding without confidence that the procurement of new platforms will occur on schedule and at a reasonable price.

The Pentagon has been in a constant state of acquisition reform for 20 years, but most of the changes came in the form of additional regulations and personnel that compounded the problem. Three relatively simple steps will fix the system.

First, a clear chain of command and accountability must exist for each program. Currently, there are dozens of officials and entities that control program development and acquisition; each has input but none has clear responsibility. The Perry-Hadley panel identified this diffusion of authority and accountability as the chief problem with Pentagon acquisition:

The Panel believes that the fundamental reason for the continued underperformance in acquisition activities is *fragmentation of authority and accountability for performance*, or lack of clarity regarding such authority and accountability. Fragmented authority and accountability exists at all levels of the process, including identifying needs, defining alternative solutions to meeting the need, choosing and resourcing the solution, and delivering the defined capability with discipline on the agreed schedule and within the agreed cost. In the current system, the complex set of processes and authorities so diffuses the accountability for defining executable programs intended to provide the needed increment of capability that neither objective is achievable—either rapid response to the demands of today's wars or meeting tomorrow's challenges.³⁰

Fixing the system will require establishing a tight chain of command over programming. The key officials in the chain should be the three service

secretaries, each working closely with the chief of staff of their service. Those officials have the authority under the law to control acquisition in their respective services; that authority should be respected, and they should be responsible for all aspects of design, contracting, and production. They must be experienced and strong executives who can resist the demands from their services for changes in requirements or contracting that delay or increase the cost of programs.

The service chiefs should report to the Under Secretary for Acquisition, Technology and Logistics (AT&L) and then to the Secretary or the Deputy Secretary of Defense. Those nine officials—the three service secretaries; the three service chiefs of staff; and the Under Secretary for AT&L, the Secretary of Defense, and the Deputy Secretary—should constitute the chain of command for acquisition. The President and Congress should support their authority and hold them accountable for results.

Second, those in the chain of command should plan for new platforms that they reasonably believe can be delivered within five to seven years. That will discipline the process to minimize changes in requirements, reduce delays, and control costs. The primary need now is for new equipment with reasonable capability in the field as soon as possible. Technology older than seven years is likely to be obsolete upon delivery anyway. The platforms should be engineered so that they can be gradually upgraded with new technologies and capabilities.

This kind of “spiral development,” where the initial model of a platform is designed and built quickly and then upgraded after deployment over time, was common and successful during the defense buildup of the 1980s. The F-16 fighter aircraft was designed in the mid-1970s; the first F-16 was deployed in 1980. The aircraft has been continually upgraded and is expected to be operationally relevant through 2025. Over 4,000 F-16s have been procured. In contrast, the design and building of America’s most modern fighter aircraft—the F-22—took from 1991 to 2005, and its technology was obsolescent from the time it was deployed. The cost of the program soared so high

that production was cancelled; there will be no upgraded versions of the F-22, and all the initial research and development investment will result in fewer than 200 airplanes.³¹

Third, competition should be encouraged at both the design and production phases. Once a program is designed, production of key elements should be dual-sourced to ensure that no single contractor can hold the government hostage to delays and cost increases. Initially, it will be difficult to increase competition because the defense industrial base has declined, but once the government has a plan for recapitalization across the services, and it is clear that Congress intends to stick to funding targets for new programs, capital should flow into the defense sectors and the number of competitors will increase.

2. The All-Volunteer Force (AVF) has been a tremendous success, but it is expensive and growing more so. The annual cost per service member has grown from \$63,640 in 2001, to \$94,533 in 2009.³² This amount does not include health care costs.

In part, the growth in compensation costs was inevitable and reflects the quality of a force which, as discussed above, is consistently performing difficult missions while undermanned and depending on increasingly unreliable equipment. Today’s servicemen and women are highly skilled professionals who deserve good compensation, and people cannot be recruited or retained unless they are paid what they are worth.

But the military compensation package is not properly balanced. The chief problem is that service members are allowed to retire after 20 years regardless of age, pensions are generous, and retirees receive good medical coverage for life. The cumulative effect is that younger service members with families are often cash-strapped; they would like to receive greater compensation in the short term, especially if they are planning to serve for only one or two enlistments. At the same time, their senior colleagues have every financial incentive to retire in their early forties and begin a private-sector career, unless they are in the small cohort of officers who have a real chance

to be promoted to general or admiral. When that happens, the military loses good officers and senior non-commissioned officers, and the cost of retiree compensation grows geometrically.

The answer is not to renege on commitments to retirees or defeat the expectations of senior military personnel. The answer is to grandfather in those who have advanced on a career path in reliance on existing benefits, while rebalancing compensation for other current service members and future enlistees. Again to quote the Perry–Hadley panel:

Updating military compensation and redesigning some benefits does not necessitate cuts in pay or benefits for current service members. Moving toward more flexible compensation packages for future officers and enlisted would instead allow Congress to pay troops with more cash up front while grandfathering in those who are serving today. The compensation system should be dual-tracked: one path for those who serve one or two terms of enlistment, and another for those who intend or decide on a career in uniform. Compensation would be adjusted to meet the different needs of recruiting or retaining each group, and redistributed as required. Cash payments would make up a higher percentage of overall compensation for those seeking shorter lengths of service, when compared to deferred and in-kind benefits. For those who seek to serve longer terms of service, careers could be lengthened and the “up or out” system could be modified to extend the period of active service, reduce retirement costs, and gain the full benefit of investments in training, education, and experience.³³

The exact changes will need to be determined by consultations between the Pentagon and the House and Senate Armed Services Committees, perhaps after recommendations from a commission appointed for that purpose. Again, the purpose is not to save money in the short term—this is not feasible—but to help ensure that the volunteer military remains strong and affordable, with younger service members receiving the compensation they deserve and the military retaining its

best personnel throughout their useful careers. Defense planning *should* have a long horizon. If the changes are made promptly, the transition period can begin right away and the benefits will be substantial within 10 to 20 years.

3. No matter what the Defense Department decides regarding the exact size and shape of its future force, there are certain inventory needs that must be met, and Congress and the President should begin attending to them right away.

First, the United States needs to modernize and perhaps modify its nuclear arsenal, retaining the traditional “triad” of bomber, submarine-launched, and land-based ballistic missiles. Even though the number of deployed warheads will remain historically low, new platforms are critical to ensure the survivability and relevance of U.S. deterrent systems in the multipolar nuclear environment sketched above. Such modernization must begin with a substantial reinvestment in the aging nuclear infrastructure, both to ensure the reliability and safety of current systems, and to have options for the future. For example, current designs are very much the legacy of the Cold War—high-yield warheads that, paradoxically enough, have less deterrent value because they are in danger of appearing too awful to be credible.

Second, the Navy needs more ships. Twenty years ago, the Bottom-Up Review stated a requirement of 346 ships.³⁴ In the middle of the past decade, and under severe budgetary pressure, the Navy estimated it would need 313 ships to perform its global missions. Approximately 10 new ships a year are required to sustain a 300-ship Navy.

Today the Navy has 283 ships; the current plan is to build around eight ships per year for the next five years.³⁵ Even if that plan is attainable—and if sequestration stays in force it will not be—the Navy is headed down to a size of 240 to 250 vessels. At that level, America will not have a global Navy.

The Navy faces shortfalls of cruisers/destroyers, submarines, and small surface combatants, but

more important than the particular make-up of the inventory is the need for additional hulls in the water. The shipbuilding program should be increased as soon as possible to an average rate of 15 vessels per year.

Third, the inventory of the Air Force is older than at any time since the inception of the service. As a result, the Air Force is hemorrhaging existing aircraft while also losing modernization funding under recent budgets. For the first time in its history, the Air Force has neither an active air superiority fighter line nor such a fighter under design. The bomber and tanker fleets are archaic—nearly half of the bombers are more than 50 years old—and its space and satellite assets need upgrading.

Congress and the President should commit to buying out the requirement for the F-35 (the Air Force's new strike fighter and the only active fighter line currently in production) and should increase the annual purchase because buying in volume saves money. The Air Force should design and build a new nuclear-capable bomber, and it will need to fully fund its new tanker program. New programs should be acquired in a manner consistent with the reforms discussed above.

- 4. The Army and Marine Corps should be held to their current end strength until the Afghanistan mission is completed.** The Army and Marine Corps have been fighting two long and grueling engagements in Iraq and Afghanistan for the past 12 years. Even if the current timetable for withdrawing from Afghanistan can be kept, that mission will last until the end of 2014. With no military analysis whatsoever, the Administration plans to cut the size of the Army and Marine Corps by 100,000 service members in addition to whatever cuts may occur because of sequestration. Unless plans are changed, the Army will be at, or more likely below, 1990s levels—which experience has shown were too low.

It is at best premature, and at worst dishonest, to conclude that the U.S. Army will not play a vital role in managing risk around the world. The existence of failed and failing states and instability in the Middle East both suggest that there may be need for ground missions even if the Afghanistan

drawdown proceeds on schedule. In addition, the Army is needed in the Pacific to conduct joint exercises, train allied ground forces, support American presence and strengthen ties with allies, and deter adversaries, such as North Korea.

The top equipment priorities for the Army are enhancing network integration and interoperability, replacing aging combat vehicles, such as the Bradley M2/M3, and enhancing its aviation fleet—in particular, modernizing an aging inventory of Black Hawk, Chinook, Apache, and especially Kiowa helicopters, while also purchasing new unmanned aerial vehicles (UAVs).

The Marine Corps has lost much of its amphibious capability in recent years. Its top priority is modernizing and increasing its organic air power, particularly for close air support and vertical assault, which will require the acquisition of new manned aircraft as well as UAVs.

- 5. While the Obama Administration has recently reversed its decision to cut funding for missile defense, a thorough review should be conducted to determine whether more interceptors are necessary.** During the second Bush Administration, the United States made great progress in developing a global missile defense system. When fully deployed, the missile shield would be an integrated system of sensors and interceptors—operating in air and space as well as on land and sea—that could detect and destroy nuclear missiles around the world. The system is entirely defensive and conventional in nature. The interceptors are kinetic rather than explosive. In effect, the system operates by “hitting a bullet with a bullet.” The technology of missile defense, while not mature in every respect, has proven effective; it is too late to argue that the missile shield cannot be built.

The Bush Administration succeeded in deploying a piece of the missile defense system that provided rudimentary protection to the American homeland. Then, during President Obama's first year in office, the Missile Defense Agency's funding was cut by over 12 percent.³⁶ The Administration terminated or cut a number of important missile defense programs, including the Airborne

Laser, Kinetic Energy Interceptor, advanced kill vehicle, and space-based surveillance system. In addition, the Administration abandoned the missile defense bases in Eastern Europe, which were designed to protect against a launch from Iran.

The decision to develop a missile shield was made during the 1980s. It was a classic and far-sighted example of integrating tactics with the risk-management strategy that has served the United States so well. Ballistic missile defense is, above all else, a tool of deterrence. Once fully operational, it could have eliminated or, at minimum, substantially negated, the usefulness of nuclear missiles to potential aggressors. This would contain

Iranian and North Korean aggression, stabilize Pakistan and Southern Asia, reduce incentives for Russia and China to build up their nuclear arsenals, prevent a nuclear cascade, and deny terrorists and other radicals a major asymmetric threat.

The cuts to missile defense saved only a few billion dollars per year—at the cost of endangering the most important single defensive system the United States can produce. The cuts should be reversed, and Congress and the President should make it a national priority to complete the missile defense system as soon as possible.

Budgets

In America's federal system, the first priority of the national government is to provide for the common defense of the country. Article One, Section Eight of the Constitution lists 17 separate powers that are granted to Congress. Six of those powers deal exclusively with the national defense—far more than any other specific area of governance—granting the full range of authorities necessary for establishing the defense of the nation as it was then understood. Congress is given specific authority to (1) declare war, (2) raise and support armies, (3) maintain a Navy, (4) establish the rules for the operation of American military forces, (5) organize and arm the militias of the states, and (6) specify the conditions for converting the militias into national service.

Article Two of the Constitution establishes the President as the government's chief executive officer. Much of that article relates to the method of choosing the President and sets forth the general executive powers of his office, such as the appointment power. The only substantive function of government specifically assigned to the President relates to national security and foreign policy, and the first such responsibility granted him is authority to command the military: He is the "Commander in Chief of the Army and Navy of the United States, and of the Militia of the several States, when called into the actual Service of the United States."

Moreover, the power to provide for the national defense is the *only* mandatory and exclusive function of the federal government. Most of the powers granted to Congress are permissive in nature. Congress is given certain authorities but not required by the Constitution to exercise them. For example, Article One, Section Eight gives Congress power to pass a bankruptcy code, but Congress did not enact bankruptcy laws until well into the 19th century.

Yet the Constitution requires the federal government to protect the nation. Article Four, Section Four states that the "United States *shall* guarantee to every State a republican form of government and *shall* protect each of them against invasion." In other words, even if the federal government chose to exercise no other power, it must, under the Constitution, provide for the common defense.

Finally, national defense is *exclusively* the function of the federal government. Under the Constitution, the states are generally sovereign,

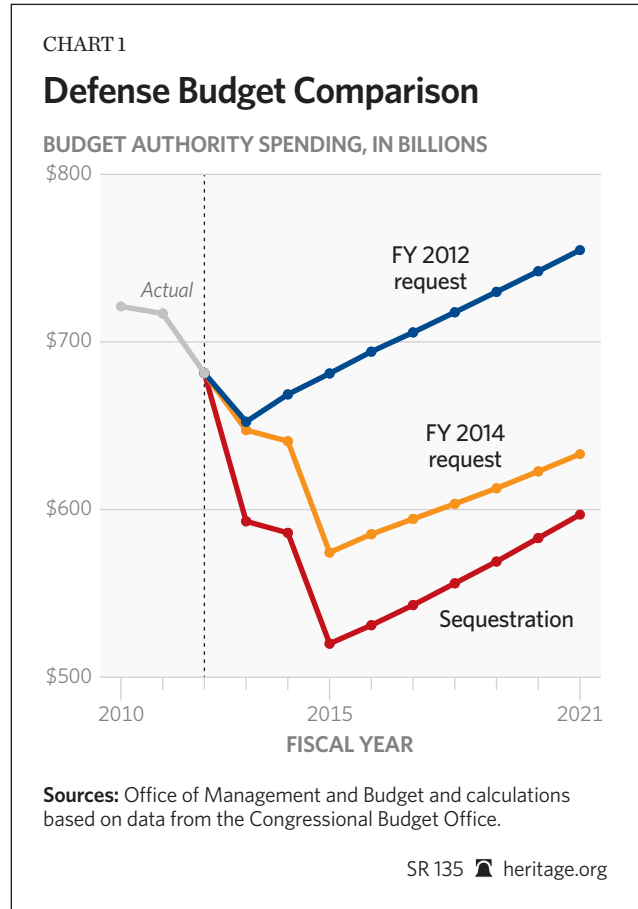
which means that the states retain those functions of government not specifically granted to the federal government. But Article One does specifically give power over defense to the federal government. To confirm the fact, Section Ten of Article One specifically prohibits the states, except with the consent of Congress, from keeping troops or warships in time of peace, and from engaging in war, the only exception being that states may act on their own if actually invaded. This exception was necessary because, when the Constitution was written, primitive forms of communication and transportation meant that it could take weeks before Washington was even notified of an invasion.

For 20 years, the spending of the federal government has failed to reflect the priorities of the Constitution or the practical national security needs of the country. In recent years, the failure has been spectacular. The "stimulus" bill of 2009 designated almost \$800 billion in an effort to revive the economy; only a few million dollars went to the defense budget, and none at all for modernizing or recapitalizing the military. In 2009, 2010, and 2011, Secretary Gates cut nearly \$478 billion. His budget submission in early 2011 contained modest real increases in defense spending. The President and Congress cut nearly \$500 billion from those budgets and then agreed on sequestration, which will reduce military spending by a further \$500 billion over 10 years.

Although defense spending accounts for about 12 percent of the total budget, half of the cuts are from the military. The actual budget for the current fiscal year, even before sequestration takes effect, is \$50 billion less than Secretary Gates proposed as necessary. To make matters worse, Congress has largely failed in the past two years even to pass defense appropriations bills. The Pentagon has been funded largely through continuing resolutions, which means the Department of Defense has for long periods been without adequate contracting authority to continue on a timely basis the contracts that are funded.

Under current sequestration projections, the government will spend roughly \$138 billion less on defense in 2020 than it spent in 2010, and almost \$160 billion less than Secretary Gates, in his fiscal year 2012 budget request, thought would be needed in 2020.

Chart 1 compares the budget proposed by Secretary Gates with the Administration's budget for fiscal year 2011, projected spending from 2013 onwards under the Budget Control Act, and the budget under sequestration.



Conclusion

The budget cuts of the past two years, made with no pretense of military analysis, can only be understood as the final and terrible consequence of a generation of strategic drift. America's leaders do not want America to be unsafe; they simply do not understand America's "risk management" global mission or the vital connection between the strength of the military and the security of the American people. As a result, they have lost the sense that there *is* a connection; they have acted as if decisions have no consequences—as if sustaining the tools of power in a dangerous world is of little importance.

It is impossible to reverse the current situation overnight. The answer is not to throw money at the problem; after two years of continuing resolutions and indiscriminate budget cuts, and given the problems with the defense acquisition system, the Pentagon is not capable of absorbing huge budget increases right away.

It is essential that the Pentagon be tasked to develop a realistic plan to rebuild the force. The plan should not be heavily influenced by the current budget crisis. Congress and the President need to understand the real needs of the military; once they face the situation honestly, it will be up to them to decide how much additional risk to accept in the name of short-term affordability. As discussed above, the plan should include, at a minimum, increasing the size of the Navy, building and deploying a missile defense system as quickly as possible, modernization of the strategic arsenal, and recapitalizing all three of the armed services. In addition, steps should be taken as outlined above to fix the acquisition system and begin rebalancing compensation for service members.

All of this will certainly cost money but will just as certainly save money in the long run. The cuts in defense spending have been a false economy. They have simply pushed expenses for maintenance, training, and capital stock into the future, though everyone knows they cannot be delayed forever. A trucking company in financial distress that does not buy new vehicles or maintain those it has would not thereby become solvent; it would simply mask its underlying fiscal issues at the cost of guaranteeing its eventual collapse.

The same is true for the defense cuts of the past few years. The problem with the federal budget is

a structural gap between the amount collected for the entitlement programs and the cost of those programs. The gap can be closed only by lowering the cost of those programs, or by increasing the revenue to support them, or both. The failure of the government to address that reality is the proximate political cause of its budgetary dilemma. Cutting defense is not the solution to that dilemma but a symptom. It is how Congress and the President have made the deficit lower in the short term, while continuing to ignore the real budget challenge and increasing the cost of defense in the future.

There is another reason why cutting defense will not solve the budget problem. As explained, America's "grand strategy" since World War II has been to prevent both aggression and war by deterring risk before it rises to the level of unmanageable conflict. The tools of power, both hard and soft, are essential to the success of that strategy. It is no coincidence that, as American power has eroded, the global threats to America's vital national interests have grown.

No tactic for addressing those threats is likely to be successful if the American military continues to decline. In the context of growing weakness, America's warnings will be ignored; U.S. gestures toward peace will be taken as signs of appeasement; allies will doubt America's commitment, and enemies will question American resolve. All of this is manifestly happening now, and if tensions continue to grow—even if they do not escalate into a costly war—the danger of conflict and global instability will suppress the economic growth without which fiscal solvency is impossible.³⁷

The opposite is also true: In a fundamental sense, defense policy *is* foreign policy. The least provocative way for the United States to improve its global position, and increase the chance for peace, would be to announce, develop, and pursue a plan to renew its power. That would strengthen America's diplomacy, reassure its partners, and channel its competitors and even enemies toward the peaceful resolution of disputes. There would be a sigh of relief around the world. Public threats and "red lines" would be much less necessary. Strength carries a message of its own: A nation that wants peace can afford to walk softly—if it carries a big stick.

Over the past 20 years, despite the best efforts of Presidents from both parties, the national security

policy of the United States has become more and more chaotic. Today, America is less united, and less prepared to meet the challenges of the future, than at any other point since the end of the Cold War. It does not have to be that way. In the same way that poor decisions in the past have limited America's current options, good decisions will expand the options available in the future. That should be the object of U.S. policy now. There are limits to

American resources, and there will always be debate and division over the proper way to deal with challenges like Iran and Syria. But on the basics—on the importance of leadership, clarity, and capability—there should, and can, be a consensus. If that consensus is achieved, the inherent strengths of the United States are more than enough to protect American citizens and dispel the storms of war that are gathering around the globe.

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