

CSIS

**Center for Strategic and International Studies
1800 K Street N.W.
Washington, DC 20006
(202) 775-3270**

Trends in US Military Forces and Defense Spending: Peace Dividend or Underfunding?

Anthony H. Cordesman

CSIS

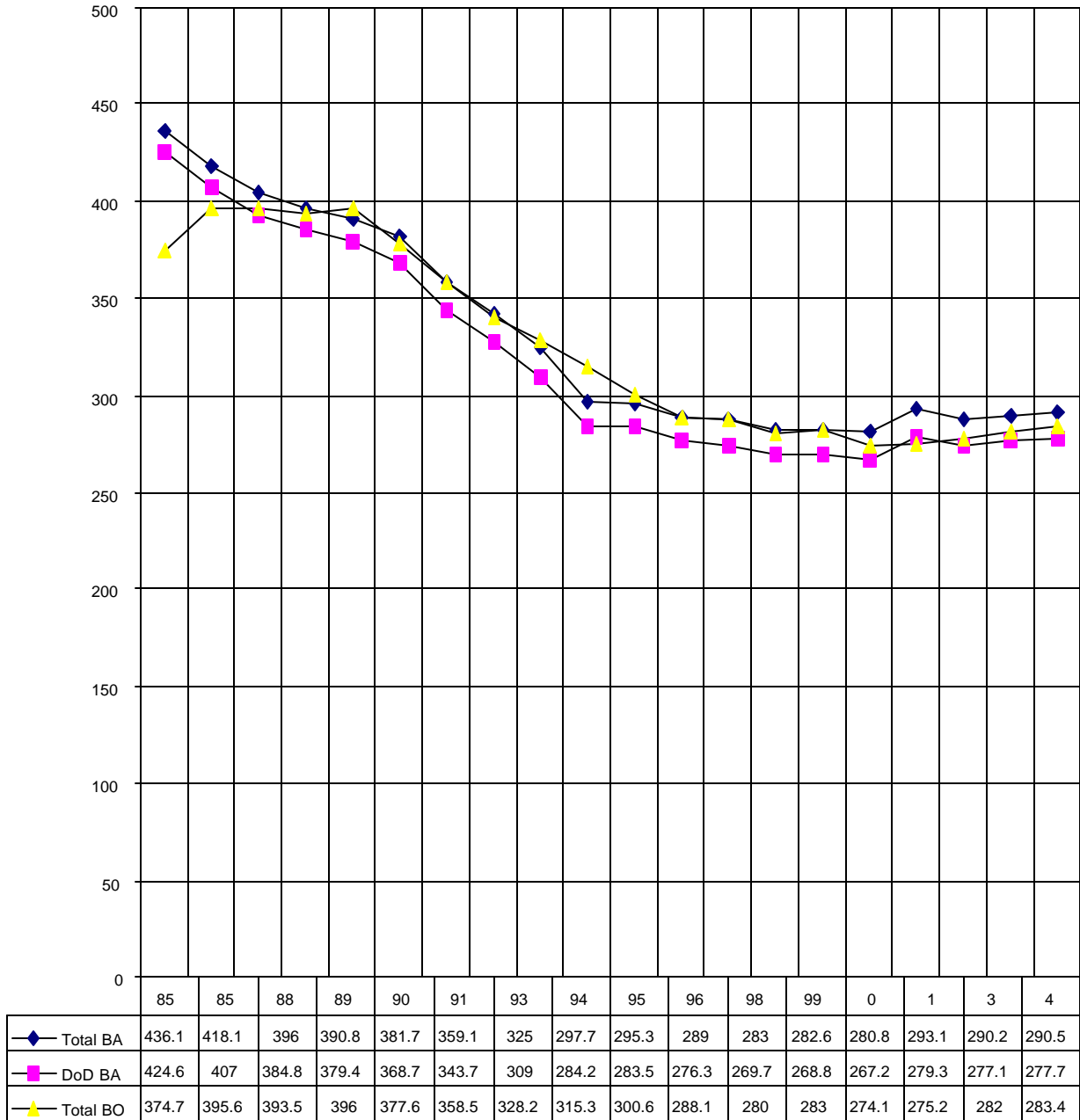
July 26, 1999

Table of Contents

THE DECLINING LEVEL OF US DEFENSE SPENDING.....	1
<i>Steady Cuts in US National Defense Spending Since the End of the Cold War.....</i>	<i>2</i>
<i>National Defense Spending as a Sharply Declining Percent of GNP: 1916-2004.....</i>	<i>3</i>
<i>National Defense Spending as a Percent of GNP and the Federal Budget Since the End of the Cold War.....</i>	<i>4</i>
<i>Defense Spending versus the Total National Budget.....</i>	<i>5</i>
THE “PEACE DIVIDEND”.....	6
<i>Defense Spending Drops versus Other Federal Expenditures: FY1986-FY2004.....</i>	<i>7</i>
<i>The US “Peace Dividend” Since the End of the Cold War.....</i>	<i>8</i>
<i>Bush versus Clinton Future Year Defense Plans (FYDPs) for Comparable Years.....</i>	<i>9</i>
SHARP CUTS IN US FORCES.....	10
<i>Drop in Active US Military Manpower Since the End of the Cold War.....</i>	<i>11</i>
<i>Drop in Major US Military Combat Units Since the End of the Cold War.....</i>	<i>12</i>
THE QUADRENNIAL DEFENSE REVIEW AND UNCERTAIN US FORCE PLANS.....	13
<i>The Impact of the Quadrennial Defense Review on US Strategy.....</i>	<i>14</i>
<i>The Quadrennial Defense and Service Strategic Concepts.....</i>	<i>15</i>
<i>The Impact of the Quadrennial Defense Review on US Force Structure - Part One.....</i>	<i>16</i>
<i>The Impact of the Quadrennial Defense Review on US Force Structure - Part Two.....</i>	<i>17</i>
<i>Bottom Up Review Recommended US Force Levels for FY1998/99 to "Win in 2 Nearly Simultaneous Major Regional Conflicts.....</i>	<i>18</i>
<i>Evolving US Force Plans and the QDR - Part One.....</i>	<i>19</i>
<i>Evolving US Force Plans and the QDR - Part Two.....</i>	<i>20</i>
<i>Warnings from the National Defense Panel on Strategy (12/97).....</i>	<i>21</i>
<i>Recommendations of the National Defense Panel for Force-Wide Change.....</i>	<i>22</i>
<i>Recommendations of the National Defense Panel on Individual Services.....</i>	<i>23</i>
<i>Warning That New Asymmetric Threats where Adversaries will seek to Exploit Their Strengths and US Weaknesses.....</i>	<i>24</i>
MAJOR PROBLEMS IN READINESS AND PROCUREMENT SPENDING.....	25
<i>The Key Problems Faced by the US Military.....</i>	<i>26</i>
<i>What is Needed: The Warnings of the Joint Chiefs in Testifying to the Senate Armed Services Committee: September 29, 1998 – Part One.....</i>	<i>27</i>
<i>Chief of Naval Operations, Admiral Jay L. Johnson.....</i>	<i>27</i>
<i>What is Needed: The Warnings of the Joint Chiefs in Testifying to the Senate Armed Services Committee: September 29, 1998 – Part Two.....</i>	<i>28</i>
<i>Commandant of the Marine Corps, Charles C. Krulak.....</i>	<i>28</i>
<i>Chief of Staff of the Air Force, General Michael E. Ryan.....</i>	<i>28</i>
<i>Promises that Do Not Meet the Need:.....</i>	<i>29</i>
<i>The President’s January 2, 1999 Speech on Increased Defense Spending</i>	
<i>Promises that Do Not Meet the Need:.....</i>	<i>30</i>
<i>The December 21, 1998 Promise of More Spending on Personnel and Retirement.....</i>	<i>30</i>
<i>The Procurement and Modernization Squeeze: Decline in US Defense Spending By Major Spending Category Since the End of the Cold War.....</i>	<i>31</i>
<i>The Decline in US RDT&E and Procurement Spending Since the End of the Cold War in Constant Dollars: FY1985-FY2002.....</i>	<i>32</i>
<i>Shortfalls in Procurement Budgeting are the Rule and Not the Exception.....</i>	<i>33</i>
<i>The Recapitalization Problem: Deficit Relative to the Joint Staff Annual Spending Goal of \$75 billion and the OSD Goal of \$60 Billion.....</i>	<i>34</i>

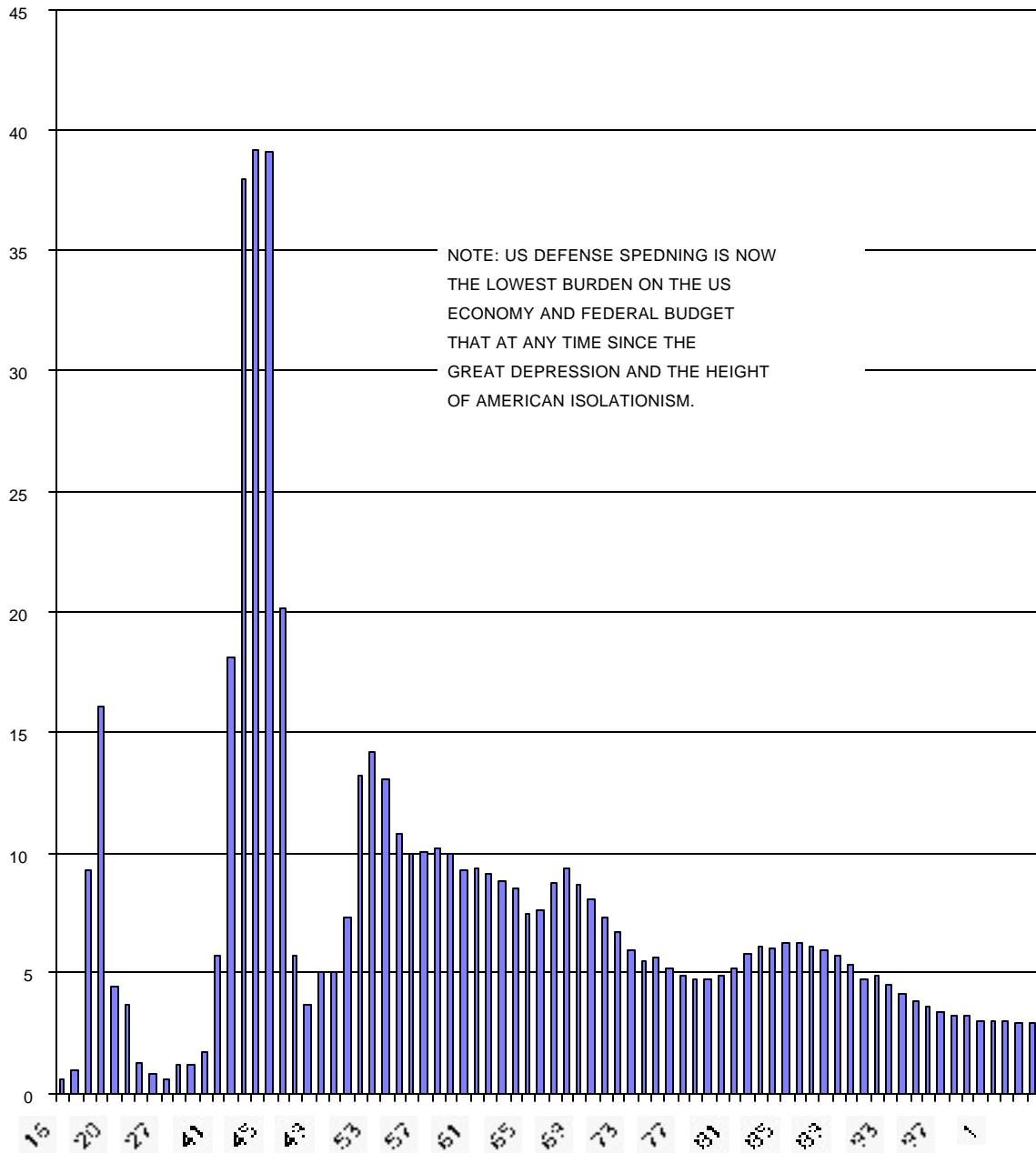
The Declining Level of US Defense Spending

Steady Cuts in US National Defense Spending Since the End of the Cold War (\$US billions in constant FY2000 dollars)



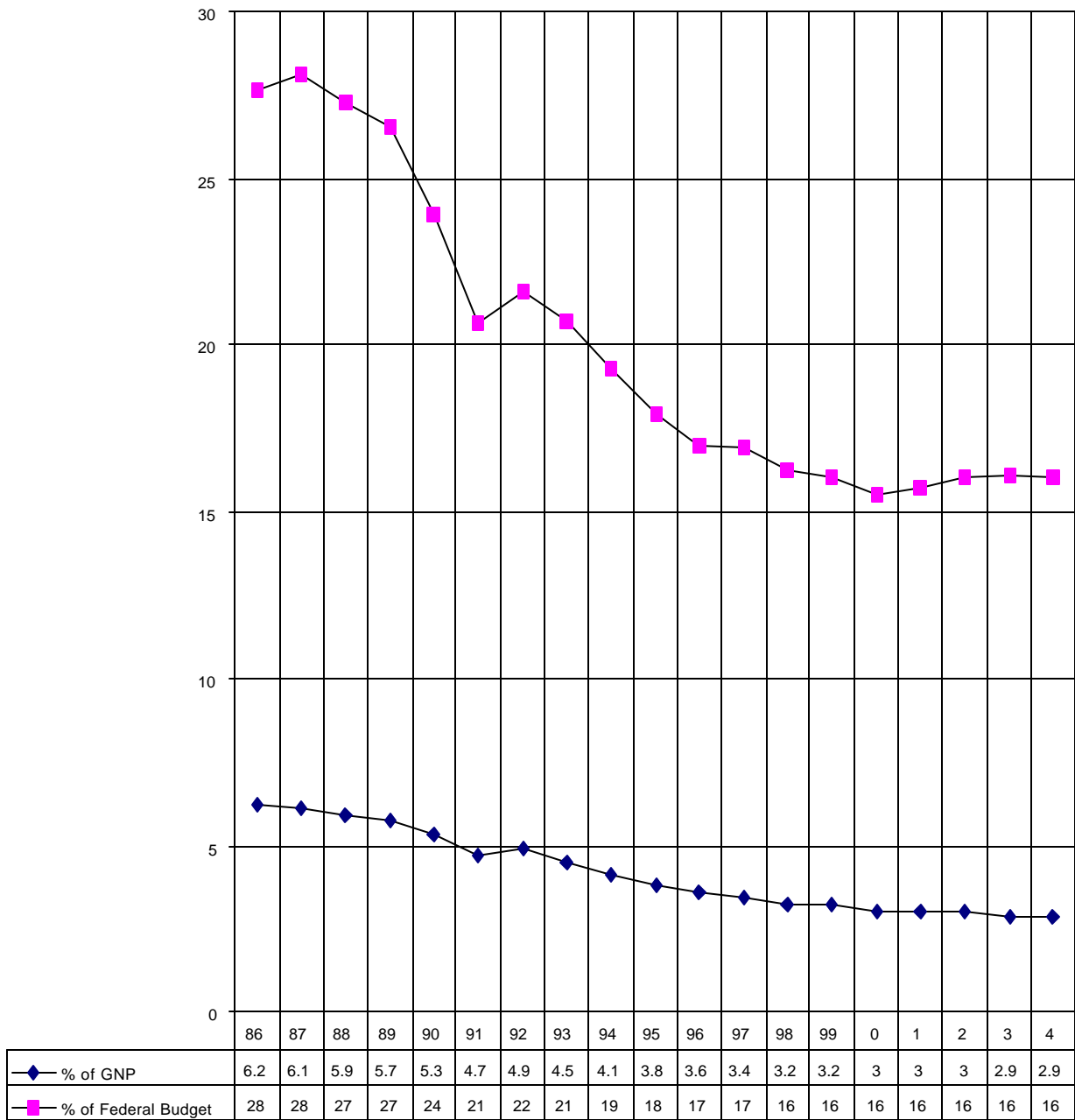
Source: Adapted by Anthony H. Cordesman from data provided Stephen Dagget and Mary T. Tydzkiewicz, "Defense Budget for FY2000, Data Summary," CRS RL30061, February 16, 1999.

National Defense Spending as a Sharply Declining Percent of GNP: 1916-2004



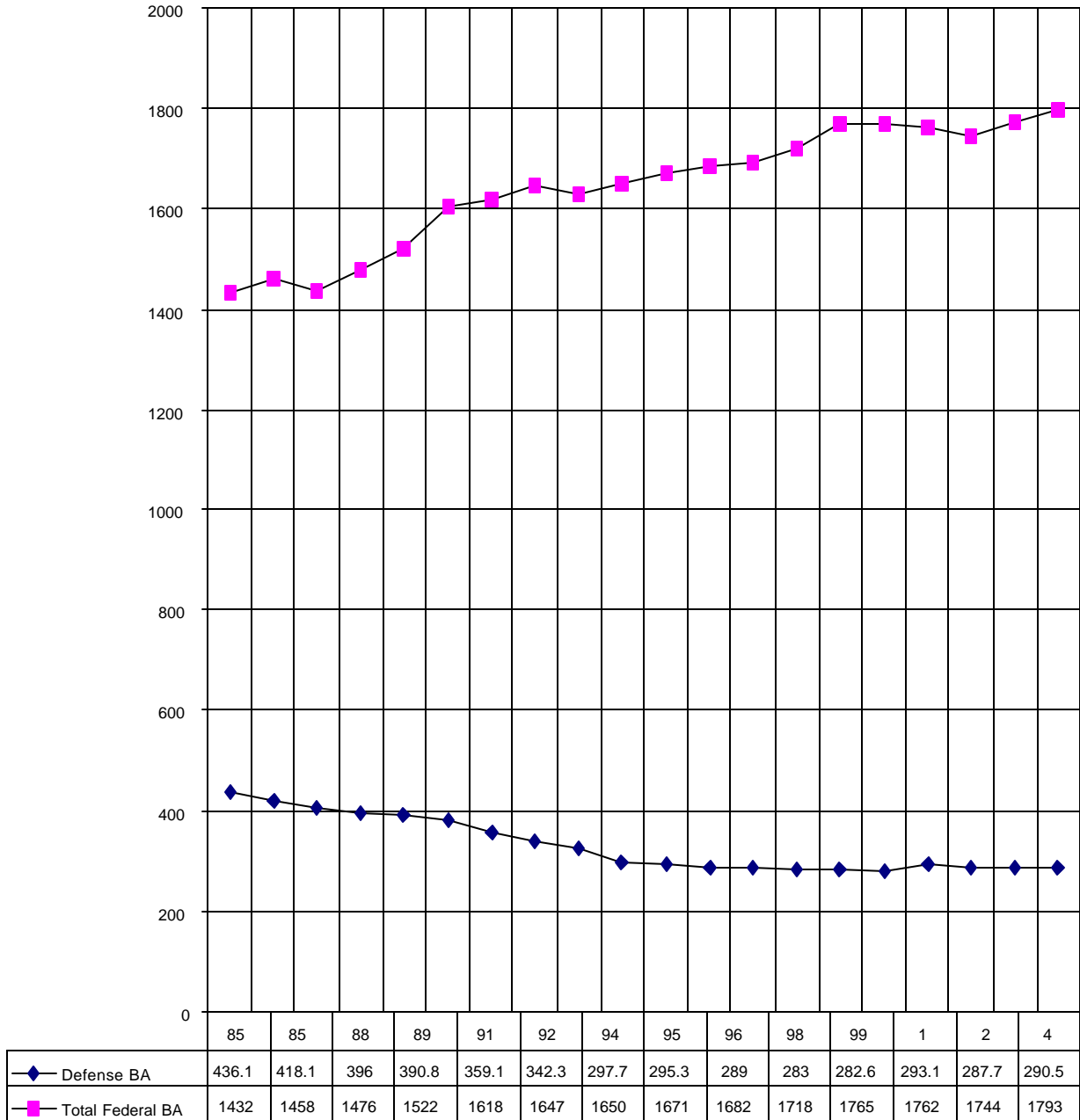
Source: Adapted by Anthony H. Cordesman from data provided Stephen Dagget and Mary T. Tydzkiewicz, "Defense Budget for FY2000, Data Summary," CRS RL30061, February 16, 1999.

National Defense Spending as a Percent of GNP and the Federal Budget Since the End of the Cold War



Source: Adapted by Anthony H. Cordesman from data provided Stephen Dagget and Mary T. Tydzkiewicz, "Defense Budget for FY2000, Data Summary," CRS RL30061, February 16, 1999.

Defense Spending versus the Total National Budget (\$US billions in constant FY2000 dollars)

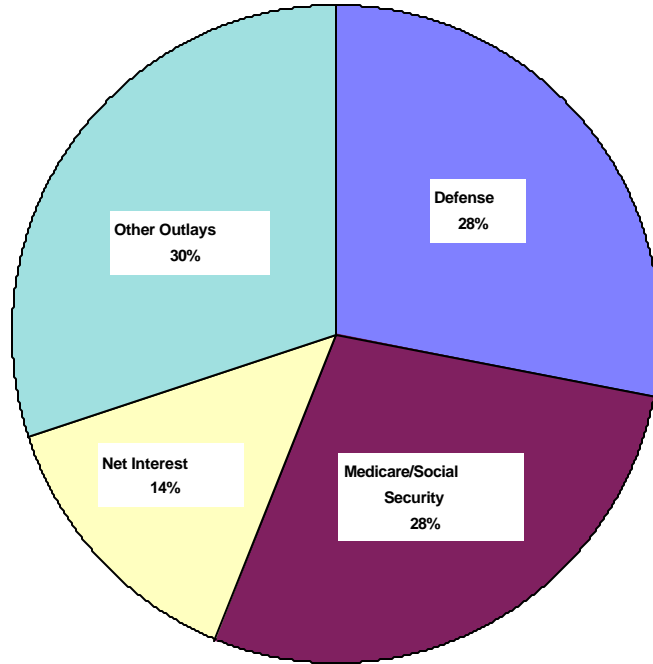


Source: Adapted by Anthony H. Cordesman from data provided Stephen Dagget and Mary T. Tydzkiewicz, "Defense Budget for FY2000, Data Summary," CRS RL30061, February 16, 1999.

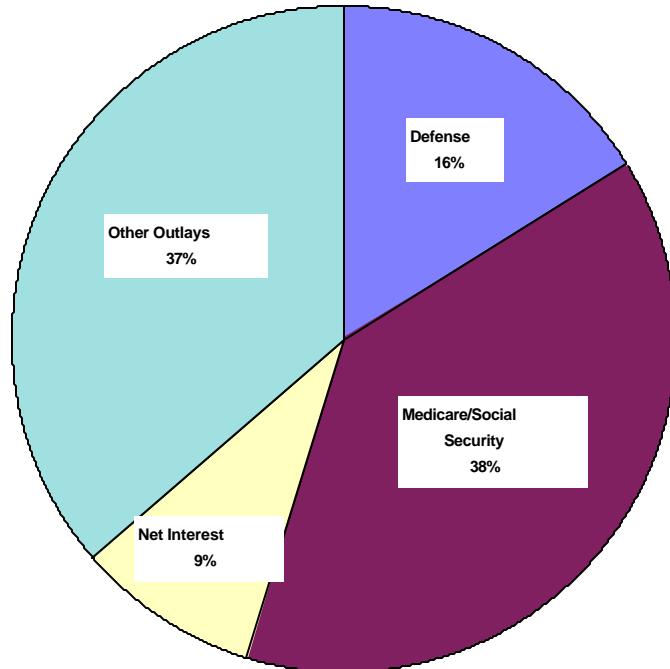
The ‘Peace Dividend’

Defense Spending Drops versus Other Federal Expenditures: FY1986-FY2004

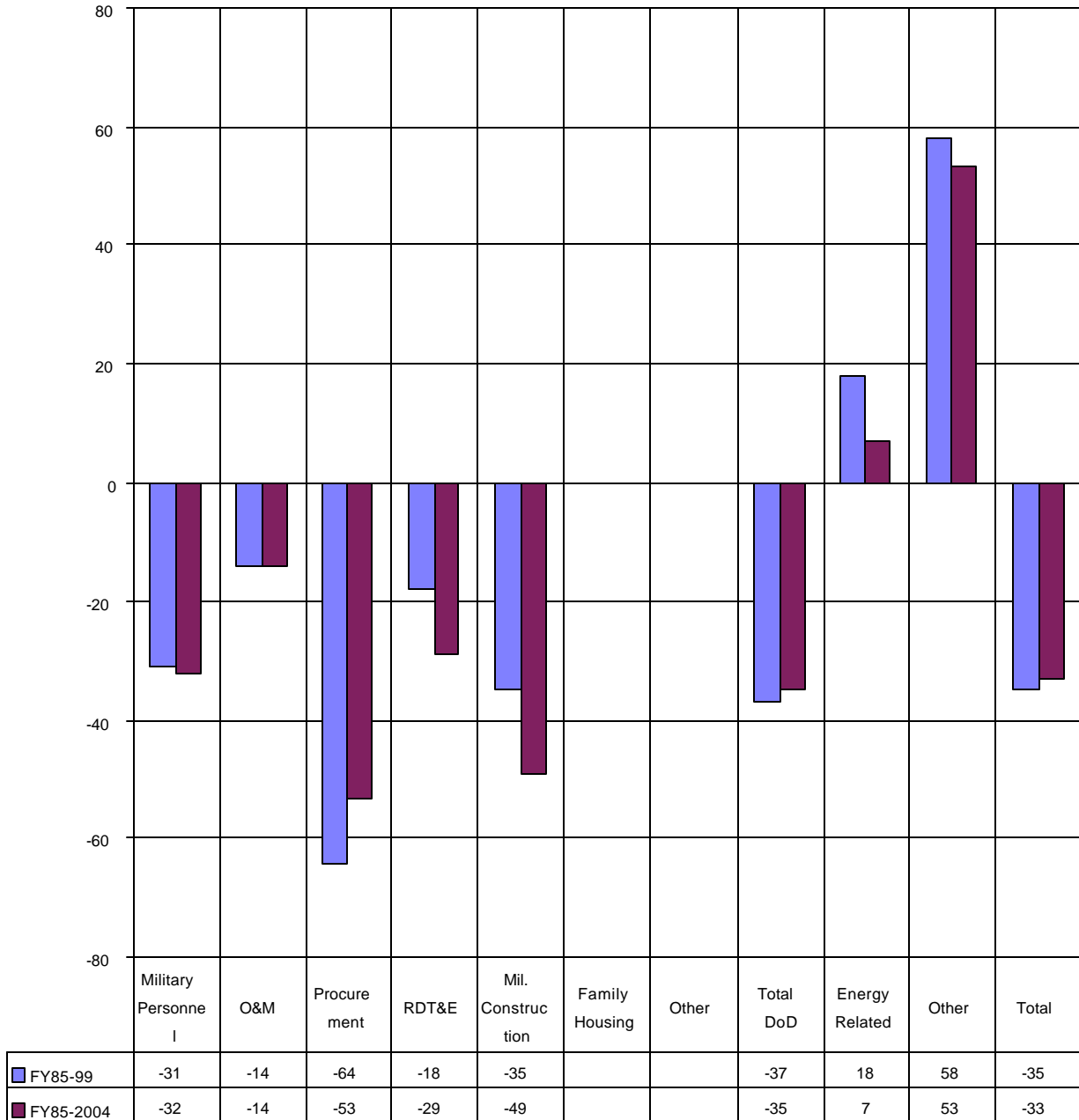
FY1987



FY2004

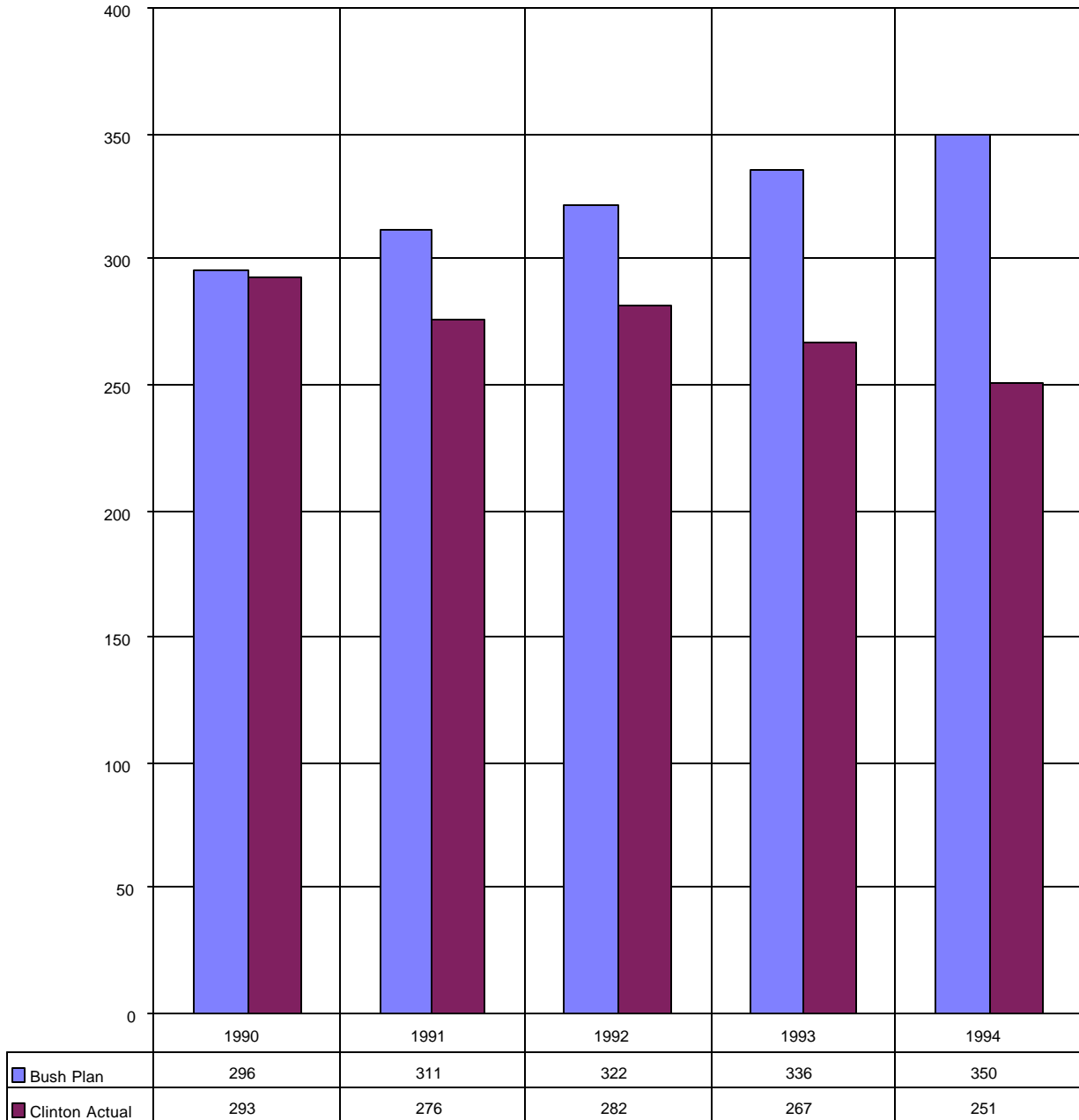


The US “Peace Dividend” Since the End of the Cold War
 Cut in Defense Spending in Percent in Constant FY2000 \$US))



Source: Adapted by Anthony H. Cordesman from data provided Stephen Dagget and Mary T. Tydzkiewicz, “Defense Budget for FY2000, Data Summary,” CRS RL30061, February 16, 1999.

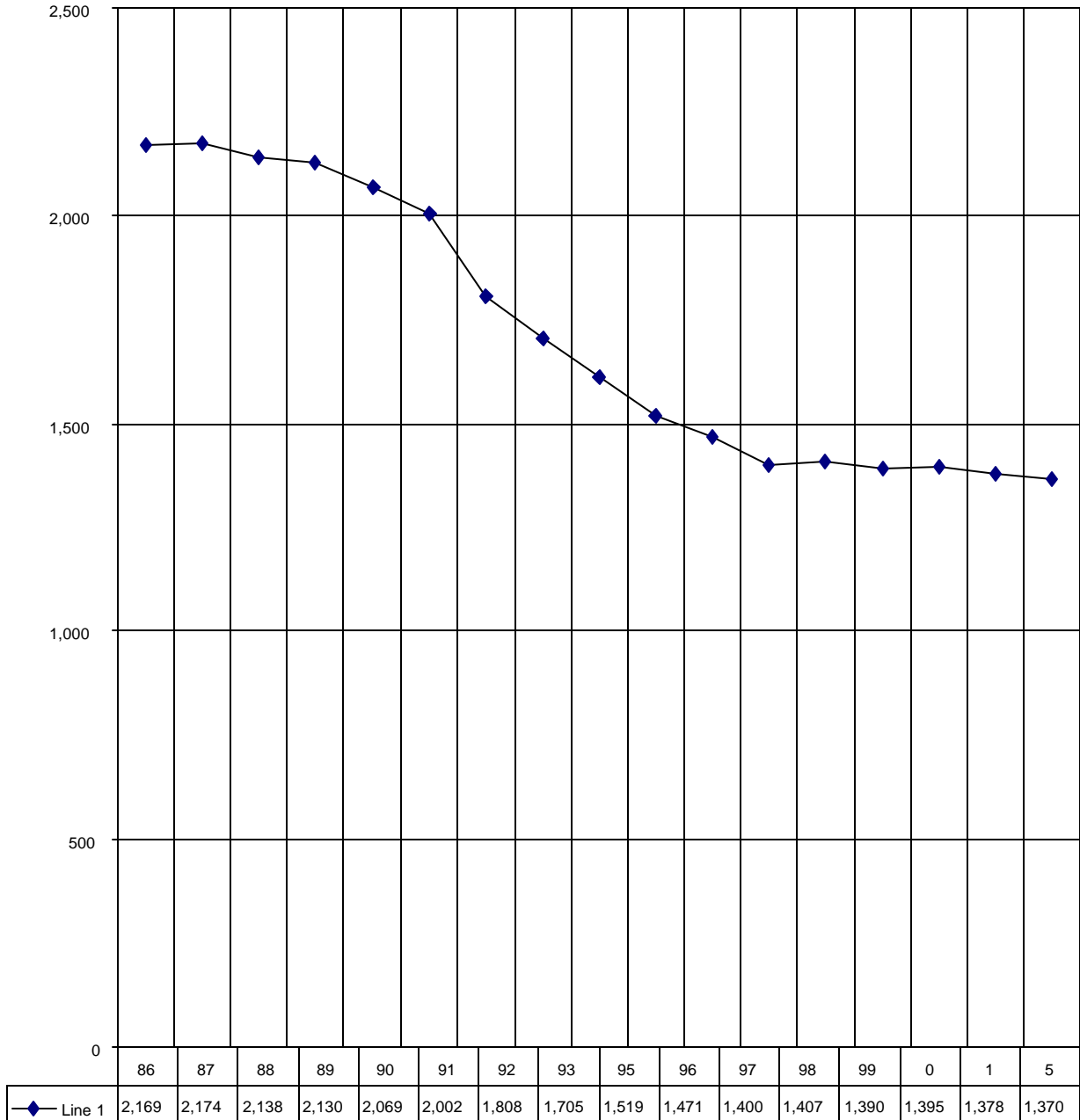
Bush versus Clinton Future Year Defense Plans (FYDPs) for Comparable Years
 (Bush FY1990 Plan versus Clinton Actual Spending in Current Year Billions)



Source: Adapted by Anthony H. Cordesman from data provided Stephen Dagget and Mary T. Tydzkiewicz, "Defense Budget for FY2000, Data Summary," CRS RL30061, February 16, 1999.

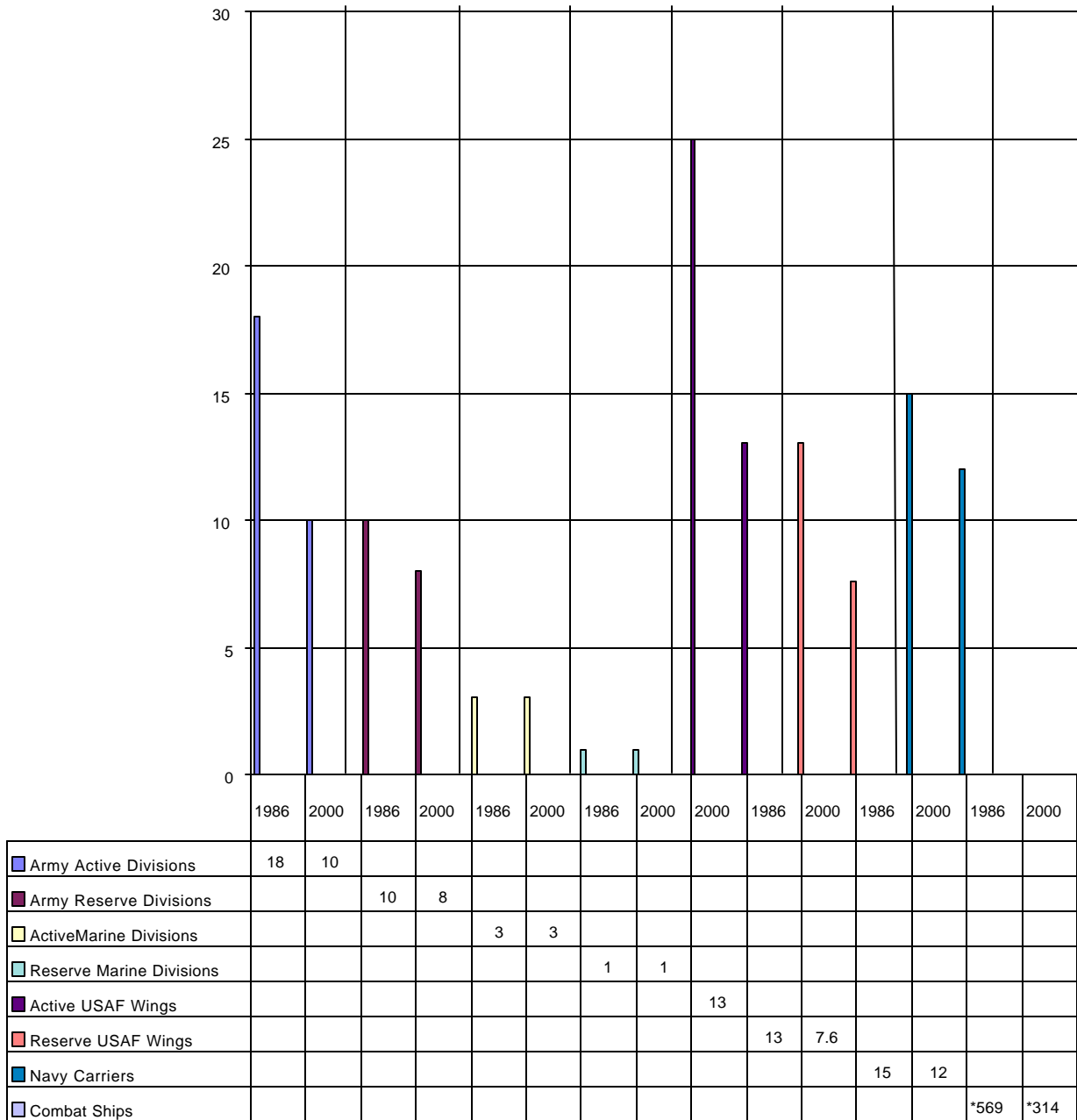
Sharp Cuts in US Forces

Drop in Active US Military Manpower Since the End of the Cold War (In 1,000s)



Source: Adapted by Anthony H. Cordesman from data provided Stephen Dagget and Mary T. Tydzkiewicz, "Defense Budget for FY2000, Data Summary," CRS RL30061, February 16, 1999.

Drop in Major US Military Combat Units Since the End of the Cold War



Source: Adapted by Anthony H. Cordesman from data provided Stephen Dagget and Mary T. Tydzkiewicz, "Defense Budget for FY2000, Data Summary," CRS RL30061, February 16, 1999.

The Quadrennial Defense Review and Uncertain US Force Plans

The Impact of the Quadrennial Defense Review on US Strategy

Implement Joint Vision 2010 through:

Information Superiority

Robust multi-sensor information grid providing dominant awareness of the battlespace to commanders and forces.

Advance battle management capabilities that allow global deployment faster and more flexibly than potential enemies.

Information operations capability to penetrate, manipulate or deny an adversary's battlespace awareness and unimpeded use of his own forces.

Joint communications grid with adequate capacity, resilience, and network management capabilities.

An information defense system.

Dominant Maneuver

Implement Army's strategic meeting engagement and USMC operational maneuver from the sea concepts.

Provide advanced strategic and theater lift systems like C-17, LMSR, MV-22/CV-22, AAV.

Precision Engagement

Precision engagement from the joint to the soldier level.

Procure F/A-18E/F, F-22, Joint Strike Fighter, Comanche and Apache Longbow and Crusader artillery system.

Develop a common C4I/SR (Strategic Reconnaissance) backbone.

SC-21 family of new surface combatants.

Improved standoff weapons like the JASAM and JSAW, JDAM, and new generation of brilliant anti-armor weapons like the Brilliant Anti-Tank and Skeet submunitions.

Full Dimensional Protection

Provide advanced sensors and C4I/BM systems for all levels of warfare.

Improve biological and chemical protection.

Develop and deploy a multi-tiered protection system.

BMD systems range from local defenses such as PAC-3 Upgrade and Navy Area Defense to THAAD, Airborne Laser, and Aegis-based Navy Theater-Wide System.

Focused Logistics

Restructure system to use radically more efficient integrated and service systems.

Possible elements include:

Joint Total Asset Visibility.

Global Combat Support System.

Air Expeditionary Force package.

Marine Corps Asset Tracking Logistics and Supply System.

The Quadrennial Defense and Service Strategic Concepts

US Army

“Force XXI:” Enabling soldiers with information technology. Experimental Force (EXFOR) acts as test bed.

“The Army After Next:” Test concepts for army 30 years from now through annual war games and workshops to determine research concepts for increased mobility, lethality and maneuver, leveraging radical advances in information technology, weapons, and platform speeds.

“Future Combat System:” Leap-ahead concepts for a ground combat vehicle.

US Air Force

“Global Engagement:” Build on six core competencies.

Integrated global battle space awareness and advanced command and control.

Air and space superiority to allow freed from attack and freedom to attack.

Rapid global mobility.

Ability to attack anywhere in the world.

Precision engagement competency to reliably apply selective force against specific targets simultaneously to achieve desired results with minimal risk and collateral damage.

Air and space assets for information superiority.

Agile combat support

Six battle laboratories to focus on UAVs, information warfare, air expeditionary forces, space capabilities, battle management command and control, and force protection.

US Navy

“From the Sea, Forward From the Sea, Navy Operational Concept” identify five fundamental and enduring roles: Sea control and maritime superiority, power projection from sea to land, strategic deterrence, strategic sealift, and force naval presence.

“Network-centric warfare:” The ability of widely dispersed, but robustly networked sensors, command centers, and forces to have significantly massed effects. Close timelines, decisively alter initial conditions, and seek to head off undesired events before they start.

Precision engagement, full-dimensional protection, sea-based focus logistics.

Sea-Based combined joint task forces using advanced C4SIR.

US Marine Corps

“Marine Corps Operational Maneuver from the Sea:” Tactical adaptive, technologically agile, opportunistic and exploitative forces; Joint Warfighting Center, Joint C4ISR Battle Center.

Marine Corps Combat Development System

“Hunter Warrior:” Examine naval power projection in a disperse, non-contiguous littoral battlespace, enhanced fires and targeting, C4I, and “single battle.”

“Urban Warrior:” Explore operations in urban, near urban, and close terrain.

“Capable Warrior:” virtual and live forces using operational level deception and maneuver in response to crisis to contain or obviate a major theater war.

The Impact of the Quadrennial Defense Review on US Force Structure - Part One

Force-Wide

Must continue to prepare for e two nearly simultaneous theater wars

Still require 10 active army divisions and 20 air force fighter wing equivalents to execute two nearly simultaneous theater wars with moderate risk.

Active duty end strength will be reduced to 1,360,000 (down 36% from 1989), with 835,000 in the reserve force (down 29% from 1989). Civilian Personnel will decline to 640,000 (down 42% from 1989.)

Keep roughly 100,000 active military personnel forward deployed in both Asia and Europe.

US Army

US Army will retain its 10 active, combat ready divisions.

It will accelerate its Force XXI modernization plan to revolutionize combat capability by enhancing battlefield awareness through modern information technology.

It will reduce the army by some 15,000 personnel through deactivation, consolidation, and realignment.

The Army will restructure its reserves to shed combat structure that provided strategic depth in the Cold War, and accelerate conversion of units from combat to combat support and combat service support roles to aid the active forces. It will cut some 45,000 personnel.

Complete and maintain 15 National Guard enhanced separate combat brigades. Convert 12 other National Guard brigades to combat support and service support units before 2013.

US Navy

Retain 12 carrier battle groups and 12 amphibious ready groups.

Reduce attack submarines from 73 to 50.

Reduce procurement of F/A-18E/F aircraft from 1,000 to 548 and transition to Joint Strike Fighter as soon as possible with goal of initial production for Navy in 2008. Raise F-18E/F production to 785 if JSF requires more time.

Transfer some combat logistics ships and functions to Military Sealift Command. Reduce number of tenders and early withdrawal of the SH-2 helicopter from service.

Cut active strength by 27,000 and reserves by 4,100.

US Marine Corps

Maintain a three MEF force capability.

Take modest reductions in end strength.

Procurement V-22 to replace CH-46 medium lift, but reduce number of current aircraft to 360 V-22s.

The Impact of the Quadrennial Defense Review on US Force Structure - Part Two

US Air Force

Force goal of 12 active and 8 reserve fighter wing equivalents, giving all reserve squadrons 15 combat aircraft

Cut active manning by 27,000

Consolidate fighter and bomber units to streamline command structure.

Shift one active component fighter wing to reserve component.

Outsource more support functions.

Reduce force structure for continental air defense. Convert six air defense squadrons to general purpose squadrons, and retain four. Transfer more modern combat aircraft into these units from active force.

Proceed with the F-22 to replace the F-15. Cut total number of F-22s to be procured from 438 to 339.

Strategic and Nuclear

Maintain Congressional mandated force of 18 Trident SSBNs, 50 Peacekeeper ICBMs, 500 Minuteman III ICBMs, 71 B-52H bombers, and 21 B-2 bombers through FY 1999 at cost of additional \$64 million.

Begin to reduce to START II levels when Russian Duma ratifies and aggressively seek to negotiate START III.

Theater and National Missile Defense

Slow deployment of THAAD because of technical problems from 2204 to 2006

National missile defense remains a high priority. Prepare for deployment decision as early as FY2000..

Counterproliferation and Anti-Terrorism

Improve defense against asymmetric threats like chemical and biological warfare.

Improve defense against terrorism and information warfare

Mobility Forces

Reach an airlift capability of 50 million ton-miles per day.

Reach a sealift surge capacity of 10 million square feet, made up of fast sealift ships, large medium-speed roll-off (LMSR) vessels and Ready Reserve Force.

Four million square feet of prepositioned cargo capacity for Army and Marine Corps.

Six sets of prepositioned equipment (three in Europe, one in Korea, two in Southwest Asia, plus Marine Corps Brigade in Norway.)

Force Readiness

High OPTEMPO rates will continue and the US must prepare for them.

Tiered readiness does not work and is not cost effective. Facilities are not designed to surge readiness, and cost savings are limited, while penalty in effectiveness and contingency capability is high.

Infrastructure

Force structure has dropped 33% and will drop by 36% by 2003. Domestic infrastructure will only drop 21% by 2003 under past plan.

Must make major additional cuts to bring back in balance.

**Bottom Up Review Recommended US Force Levels for FY1998/99 to "Win in 2
Nearly Simultaneous Major Regional Conflicts**

<u>Force Requirement</u>	<u>May 8, 1993</u>	<u>September 7, 1993</u>
Active Army divisions	12	10
Army Reserve Units	8 Divisions	15 Enhanced Brigades
Carrier battle groups	12	11+1
Marine Expeditionary Forces (MEFs)	3	3
Marine Reserve Divisions	1	1
Active Fighter Wings	14	13
Reserve Fighter Wings	10	7

Source: Washington Times, September 3, 1993, p. A-8 and Office of the Joint Chiefs of Staff.

Evolving US Force Plans and the QDR - Part One

<u>Force Element</u>	<u>Gulf War FY1990</u>	<u>Bush Base Force Plan</u>	<u>FY1995</u>	<u>FY1998</u>	<u>FY1998 Clinton Goal for 2003</u>	<u>QDR for 2003</u>
Active Military Manpower	2,143	1,400-1,6400	1,583	1,495	1,420	1,360
Reserve Manpower (1,000s)	-	-	-	900	892	835,000
Army						
Active divisions	18	12	12	10	10	10
Active Separate Brigades	8	-	3	3	-	-
Reserve brigades *	57	34	46	42	42	?
Active personnel (1,000s)	751	-	510	495	495	480
Reserve personnel (1,000s)	736	-	629	603	-	558
Marines						
Expeditionary Forces **	3	3	3	3	3	3
Active personnel (1,000s)	197	-	174	174	174	?
Reserve personnel (1,000s)	45	-	41	42	-	?
Active Divisions	3	3	3	3	3	3
Reserve Divisions	1	1	1	1	1	1
Active Combat Aircraft	368/24	-	332/23	332/23	-	-
Reserve Combat Aircraft	84/8	-	60/5	48/4	-	-
Navy						
Active personnel (1,000s)	583	-	439	402	394	376
Reserve personnel (1,000s)	149	-	101	99	-	94.9
Navy Aircraft Carriers	15/1	13	11/1	11/1	11/1	11/1
Carrier Air Wings	13/2	11/2	10/1	10/1	10/1	10/1
Active Combat Aircraft	662/57	-	504/37	420/35	-	-
Reserve Combat Aircraft	97/9	-	38/3	38/3	-	-
Battle Force Ships	546	430	373	357	346	-
Major Surface combatants	-	-	-	128	131	116
Attack Submarines	-	-	-	73	52	50
Amphibious Ready Groups	12	12	12	12	12	12
Support Forces Ships	66	-	29	25	-	-
Reserve Force Ships	31	-	18	18	-	-
Ballistic Missile Submarines	34	16	16	17	14	-
Air Force						
Active personnel (1,000s)	539	-	400	381	382	355
Reserve personnel (1,000s)	45	-	41	42	-	-
Fighter Forces						
Active Wing Equivalents	24	15.3	13	13	13+	12
Active Combat Aircraft	1722/76	-	936/53	900/51	-	-
Reserve Wing Equivalents	12	11.3	8	7	7	8
Reserve Combat Aircraft	873/43	-	567/38	489/38	-	-
Reserve Air Defense Sqn.s	-	-	-	10	6	4
Total Bombers	-	-	-	202	187	187
Strategic Bombers ***	268	176	141	127	150+	-
Conventional Bombers	33	-	0	0	-	-

Evolving US Force Plans and the QDR - Part Two

<u>Force Element</u>	<u>Gulf War FY1990</u>	<u>Bush Base Force Plan</u>	<u>FY1995</u>	<u>FY1998</u>	<u>FY1998 Clinton Goal for 2003</u>	<u>QDR for 2003</u>
Strategic Lift						
Intertheater aircraft	400	-	374	376	-	-
Intratheater aircraft	460	-	416	428	-	-
Active Sealift Ships						
Tankers	28	-	18	18	-	-
Cargo	40	-	51	51	-	-
Reserve Ships	96	-	77	80	-	-
Selected Reserves	-	-	946	901	893	835
Civilians (1,000s)	1,073	-	849	807	772	640

* An approximate equivalent and numbers are not comparable in the outyears. The BUR plan calls for 15 enhanced readiness brigades, a goal that DoD will begin to reach in FY1996. Backing up this force will be an Army National Guard strategic reserve of eight divisions (24 brigades), two separate brigade equivalents, and a scout group.** A MEF includes a Marine division, air wing, and force service support group.*** Numbers differ from the BUR. They only include primary aircraft inventory and exclude aircraft in depot maintenance.

Source: William J. Perry, Annual Report to the President and the Congress, Department of Defense, Washington, February, 1995, pp. 274, and briefing aids for FY1997 budget submission, Figure 4, March 5, 1996; Secretary of Defense, Report of the Quadrennial Defense Review, May, 1997.

Warnings from the National Defense Panel on Strategy (12/97)

Two MRC strategy is suitable for force-sizing only. Need to shift to more flexible strategy for wide range of smaller contingencies.

Maintaining regional stability is probably the foremost mission.

Need to foster a stable international system through full interaction with regional partners and alliances through diplomatic activities as well as the full integration of US diplomatic, economic, and military activities.

Need larger homeland defense by 2010-2020. Threats include attacks by super power with weapons of mass destruction, terrorism, information warfare, ballistic and cruise missiles from smaller powers, transnational threats, and attacks on critical infrastructure.

Deterrence of nuclear attack must be supplemented by ability to manage -- identify, account for, and safeguard against -- proliferation and possible use of weapons of mass destruction.

On the cusp of a military revolution stimulated by rapid advances in information and information-related technologies with growing potential to detect, identify, and track far greater numbers of targets over a larger area for a longer time, and provide information much more quickly and effectively than ever before, dissipating the "fog of war."

Must adopt a "transformation strategy" with a much greater emphasis on jointness, new approach to alliances, reorganization of intelligence.

Focus on coalition operations and reinforce alliances through cooperative relationships, free market arrangements, free flow of information, and interoperability.

US information superiority is a critical national priority.

The defense of information systems is also a critical national priority requiring the redefinition of alliances and both national and international action.

Transnational threats such as state and non-state terrorists present major new problems such as environmental disruptions, pandemics and mass migrations. Threat includes criminal enterprises such as drug trade.

Must prepare for the steady erosion of traditional national borders.

The Department of Defense must be prepared to provide support in anti-terrorism.

Must prepare for sustained urban operations and warfare in built-up areas.

Requires preparation for urban control, urban defense, eviction operations, and targeting and strikes.

Special conditions include noncombatants, skyscraper jungles, vital infrastructure, and government institutions.

Recommendations of the National Defense Panel for Force-Wide Change

Must be able to project military power and conduct combat operations into areas where do not have forward-deployed forces or forward bases; be able to put capable, agile, and highly effective shore-based land and air forces in place with a vastly decreased logistic footprint.

Smaller force structures will be the norm.

Maintain information superiority and lead in space by deploying new systems while exploiting commercial technology.

Need new Unified Command Plan:

Americas Command to meet challenges of homeland defense and Western Hemisphere.

Joint Forces Command to be force provider to regional CINCs, address standardization, overseas joint training, and manage networked service battle labs.

Logistics Command to merge service and agency support functions.

Space command to absorb the domain of information.

Greatly expand joint field testing, create Joint Forces Battle Lab, Joint Urban Warfare Center, Joint Doctrine Center, Joint Warfare Analysis Center, Joint Concept Development Center, integrate service battle labs, establish joint national training centers, and place under Joint Forces Command.

US forces must prepare for homeland defense. Army Reserve and National Guard must prepare to find weapons of mass destruction and deal with consequences, Coast Guard and Department of Defense must reconfigure new classes of cutters to deal with transnational threats, and possibly cruise missile defense.

Restructure forces for alliances and regional warfare:

Restructure some forces for smaller operations such as stability operations. Seek to prevent crisis escalation.

Seek broader interoperability in R&D, training, doctrine, and operational techniques, incorporate Coast Guard into regional security planning, develop integrated inter-agency approaches.

Urban warfare requires new specialized weapons, tailored intelligence and communications, new operational concepts, civil-military and interagency coordination and joint and allied force integration. Need dedicated R&D effort.

Adapt space operations to emphasis civil-military coordination, add commercial practices and use commercial assets, improve surveillance of other's space assets, protect US space assets, develop robust new R&D program, train commanders and decision makers to use space assets.

Improve intelligence to emphasize both integration of space-based systems and greatly strengthen HUMINT.

Greatly strengthen integration of interagency activity and provide joint training and exercise, fully integrated national crisis center, unified multi-media communication system.

Procurement and Defense Spending

Need an annual budget wedge of \$5 to \$10 billion to fund a true transformation strategy with initiatives in intelligence, space, urban warfare, joint experimentation, and information operations.

Fund through infrastructure and acquisition reform, and if this is not possible, cut OPTEMPOs, reduce force structure, and cut other procurement programs.

Recommendations of the National Defense Panel on Individual Services

US Army

Become more expeditionary, fast, shock-exploiting forces with greater urban operations capability.

Move beyond Force XXI to incorporate concepts in Army After Next.

Evolve smaller operational elements with equivalent or greater lethality.

Destructive disunity among components, specifically regular army and National Guard.

Need integrated structure emphasizing support functions and convert some Guard units to support functions.. Make other National Guard combat and combat support elements part of Active Army combat units. Reorganize Guard units for Army After Next.

Create enhanced Guard brigades reporting directly to an active Army command with early deploying units built around line-of-sight anti-tank, high mobility, and artillery rocket forces.

Reorganize other Guard elements for homeland defense and transnational defense, including WMD and information warfare roles.

Create smaller Strategic Reserve out of regular Army reserve with clear peacetime missiles and slower modernization than active units. Reduce PERSTEMPO problem for more active units.

US Navy and US Marine Corps

Go to CVX-class carriers versus more Nimitz-class. Create follow-on carriers with STOL, UAV, and UCV capabilities to reduce size and personnel requirements.

Consider sea-based mobile off-shore bases.

Provide insertion vehicles with latest technologies to extend range.

US Air Force

Ensure proper mix of short and long-range forces for strike operations.

Warning That New Asymmetric Threats where Adversaries will seek to Exploit Their Strengths and US Weaknesses

Attack will to fight. seek high US military civilian casualties.

Employ imaginative tactics and techniques.

Deny access to forward locations,

Exploit weapons of mass destruction.

Target fixed installations and massed formations -- ports, bases, prepositioned assets, coalition and allied forces and assets. Use stand-off weapons and weapons of mass destruction.

Use terror as a weapon to deter, limit, and terminate US operations.

Attack information systems.

Move the fight to urban areas.

Counter control of sea by seeding key straits and littorals with mines and attacking with missile salvos.

Seek speed of light anti-air weapons and deploy massive air defenses.

Combine approaches for greater synergy.

Major Problems in Readiness and Procurement Spending

The Key Problems Faced by the US Military

- **Procurement is funded at an average of a little over \$40 billion a year. The requirement is \$65-75 billion.**
- **US Forces and defense spending have been cut by around 40% since the end of the Cold War. The active force is so small that it is constantly over-deployed overseas, creating serious retention and recruitment problems.**
- **Military pay has fallen about 13% behind civilian pay. The retirement system is unfair and underfunded.**
- **The US does not budget for cases like Bosnia, Iraq, etc. The money has to be taken out of readiness and training, and quality is dropping to critical levels.**
- **Readiness and maintenance are only funded at about 60-70% of the needed levels.**
- **Housing and facilities are badly underfunded.**

What is Needed: The Warnings of the Joint Chiefs in Testifying to the Senate Armed Services Committee: September 29, 1998 – Part One

Chairman of the Joint Chiefs of Staff, General Henry H. Shelton

- Far more military activity than anticipated during the Quadrennial Defense Review.
- Higher than Anticipated Wear on Equipment.
- Significant increases in shortages of spare parts and maintenance backlogs.
- Growing problems in recruiting and retention.
- Pay gap for military pay relative to civilian pay of 8.5% to 13.5%.
- Different retirement system for most junior two-thirds of force because Congress cut retirement benefits in 1986.

Chief of Staff, US Army, General Dennis J. Reimer

- 40% cut in funding since end of Cold War, down 650,000 personnel and in 13th year of declining buying power.
- Army is underfunded to adequately meet all competing demands.
- Army alone underfunded by \$3 to \$5 billion a year.
- Too many undermanned and unmanned squads and crews, and shortages in officer and noncommissioned officer positions.
- Serious modernization problems. Fund only highest priority program and continue to mortgage our future.
- Fund base operations at 85% of need and real property maintenance at 58% in FY1999.
- Some divisions with no battalion-level field training in last two years.
- Major overdeployments. FOSCOM deployments have increased from an annual rate of 26% to 68% of last 12 years.
- Serious recruiting and retention problems.
- Satisfaction with retirement benefits down for officers from 61.8% to 39% since 1992, and from 44.8% to 28.1% for enlisted personnel.
- Value of retirement package has dropped by 25% since 1986.

Chief of Naval Operations, Admiral Jay L. Johnson

- One-third of navy forward deployed.
- Defer ordering of parts, maintenance, and training so that additional funds can be made available for deployers.
- Condition and readiness of non-deployed aircraft is on downward trend.
- Reversed long-term decline in aviation accidents: Rate increased by 82% in 1998.
- Unable to afford the reliability and capability upgrades required for our ships and aircraft, improvements that respond to evolving threats, enhance readiness, and reduced life-cycle support costs.
- Need to increase the shipbuilding rate from today's 6-7 ships per year to 8-10 ships per year. Construction backlog continuing to grow.
- Will not attain and acceptable aircraft procurement rate until FY2002. Have delayed funding of the Common support aircraft for two years, and have aging aircraft for anti-submarine warfare, airborne early warning, and carrier on-board delivery.
- We need to increase recapitalization and modernization now; we are at a critical juncture.
- Serious problems with the inventory level of critical munitions, particularly the Tomahawk Block III missile.
- Waste on surplus bases because of Congress: Have reduced the number of ships, aircraft, and personnel by twice as much as infrastructure. Could save \$3 billion a year with proper base closings.
- Grossly over-deployed. Surface warfare community is about to extend sea duty for department heads by 6-8 months, aviation and submarine community will follow in FY2000.
- Retention and recruiting short of goal. Short 7,000 sailors this year. Shortfalls in skilled E-1 to E-3s. Short about 5,200 general detail personnel at sea, and manning at sea is only 78% of requirement.

What is Needed: The Warnings of the Joint Chiefs in Testifying to the Senate Armed Services Committee: September 29, 1998 – Part Two

Commandant of the Marine Corps, Charles C. Krulak

- Present defense budget does not meet the needs of the Marine Corps. We are effectively mortgaging the readiness of tomorrow's Marine Corps..
- Over 23,000 Marines deployed overseas away from families. Average work hours approach 14 hours a day, six days a week.
- Cannot afford constant deployments: We continue to shortchange modernization, base infrastructure and quality of life. Spend more and more time maintaining aging equipment.
- Lack funding for modernization in 2000-2010 time frame.
- Spend money on maintenance and spares need for new equipment. Approaching end of planned service life for many items without new equipment coming into service. Has raised maintenance costs by \$309 million. See 46% increase in the number of repairs required for some critical equipment.
- Major problems in maintaining aging ground equipment and aircraft. Have had to take \$3.6 billion out of modernization for ground equipment over the last seven years and spend it on current readiness. Have an urgent requirement for \$1.2 billion more in equipment spending. Need to double planned funding of \$900 million a year and need at least \$500-6050 million.
- Overall reserve readiness down to 81% of requirement. And have only 70% of need engineer assets and 61% of motor transport assets. HMMWV numbers only 52% of need.
- CH-46Es about to reach end of service life, and CH-53Ds operating seven years beyond planned service life. Flying airframes 47 years old.
- Age increases aircraft maintenance costs. Up 49% in average cost of flight hours from FY96 to FY98 -- \$2,341 to \$3,481 per hour.
- Maintenance backlogs becoming critical. Has at cost of less than \$200 million in FY1980 and below \$400 million in FY1990. Now in excess of \$800 million with much smaller force and will reach \$1 billion in FY2003.
- Maintenance funding is \$125 million a year under requirement, and construction is \$75 million. Meeting normal industry standards would require \$275 million a year more. Have 12,000 family housing units needing urgent rebuilding.
- Training underfunded.
- Retention and recruiting efforts threatened.

Chief of Staff of the Air Force, General Michael E. Ryan

- Slow but steady decline in readiness and project continued decline in key areas.
- 90,000 uniformed personnel forward deployed.
- Mission capability rates have dropped 9% since 1991 and 2% since January 1998. Force has gone from 16% not-mission capable in FY1991 to 27% in FY1999.
- Overall major unit readiness has declined by 14% during the last two and one-half years, and stateside combat readiness by 49%, with half of the decline during the past seven months.
- Cost of spares outstrips funding. Cannibalization rate is up 50% since 1995.
- Average age of fighters is up from 8 years in FY1990 to 16 years now, and will reach 20 years in 2010.
- Average age of entire air fleet is up from 12 years in FY1990 to 20 years now, and will reach 30 years in 2010
- Recruiting becoming a major problem. Retention rate down in many critical specialties from nearly 90% in FY94 to well below minimum goal of 75%. Is about 52% for F-15 avionics specialists, 70% for F-15 and C-130 crew chiefs, and 52% for air traffic control experts.
- Pilot retention is in crisis state. Project 12,000 pilots for FY2002, short 2,000 of goal – shortfall of 15%. Retention rate well below goal of 50%.

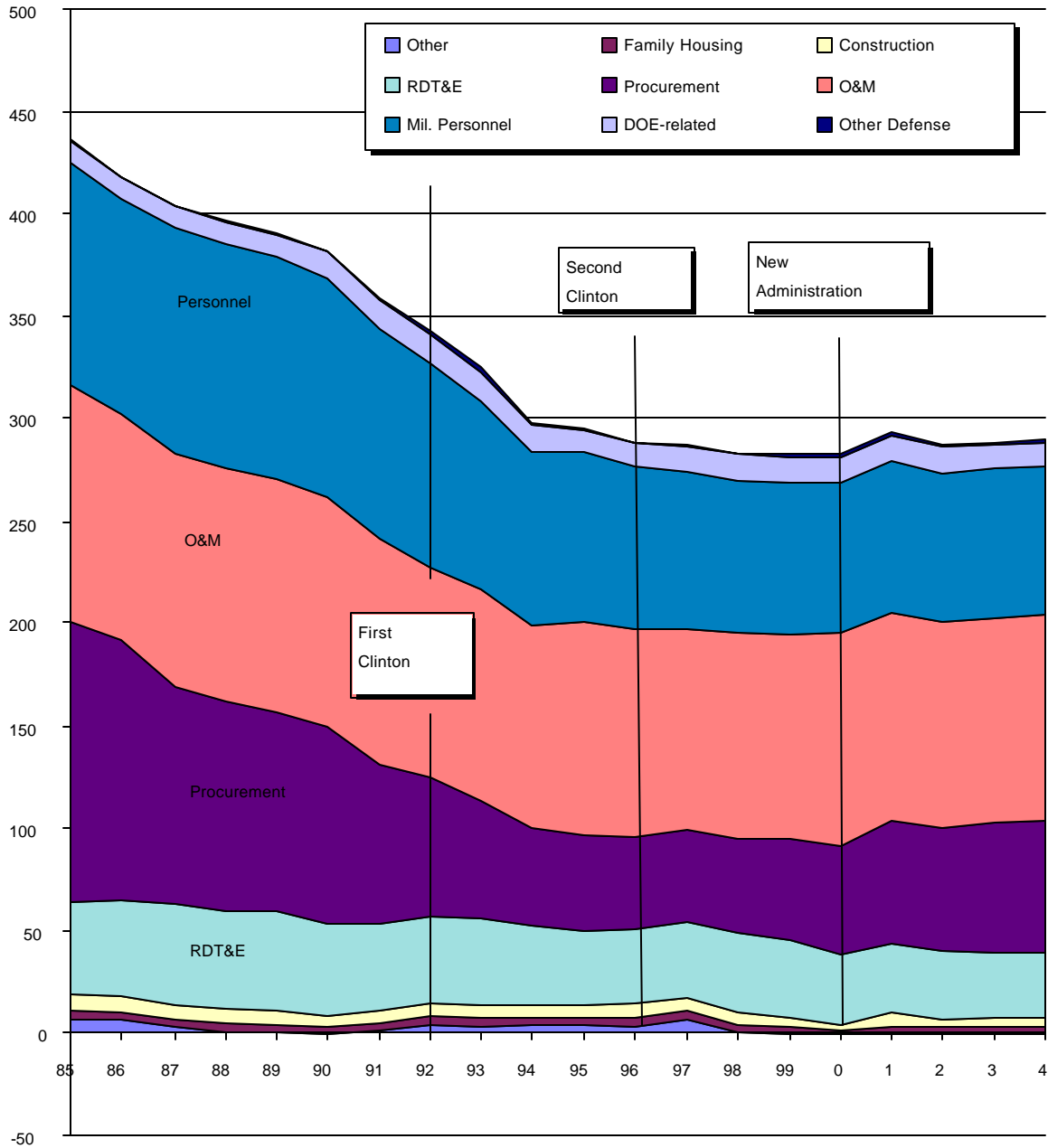
**Promises that Do Not Meet the Need:
The President's January 2, 1999 Speech on Increased Defense Spending**

- “This is the start of a six-year effort that will represent the first long-term sustained increase in defense spending in a decade.” It is to be financed ,”through a combination of new spending and budgetary savings.”
- The money is to go for more joint exercises, flight training, spare parts, replacement of aging equipment and for the next generation of ships, planes and weapons systems.
- The increase would also provide for a 4.4 percent military pay increase for military personnel. “to make certain their service is not only rewarding but well-rewarded, from recruitment to retirement.”.
- Clinton did not provide any a total dollar figure for the six-year program. It is sources like the New York Times that have said the figure would be about \$100 billion over a six year period.
- The proposal is still well below the \$17 billion increase requested by the joint chiefs. The Joint Chiefs said the \$270 billion defense budget for fiscal 1999, which began in October, will fall short of needs for FY 2000.
- The chiefs said at a Senate Armed Services Committee hearing in September that the:
 - Army wants \$5 billion more,
 - Navy about \$6 billion,
 - Air Force between \$4 billion and \$5 billion and
 - Marine Corps about \$1.1 billion more,
- The tentative fiscal 2000 budget agreed to in last year's balanced-budget agreement is about \$275.9 billion, including the Department of Energy.
- About 1.4 million Americans are currently on active duty, with about 250,000 of them overseas.

**Promises that Do Not Meet the Need:
The December 21, 1998 Promise of More Spending on Personnel and Retirement**

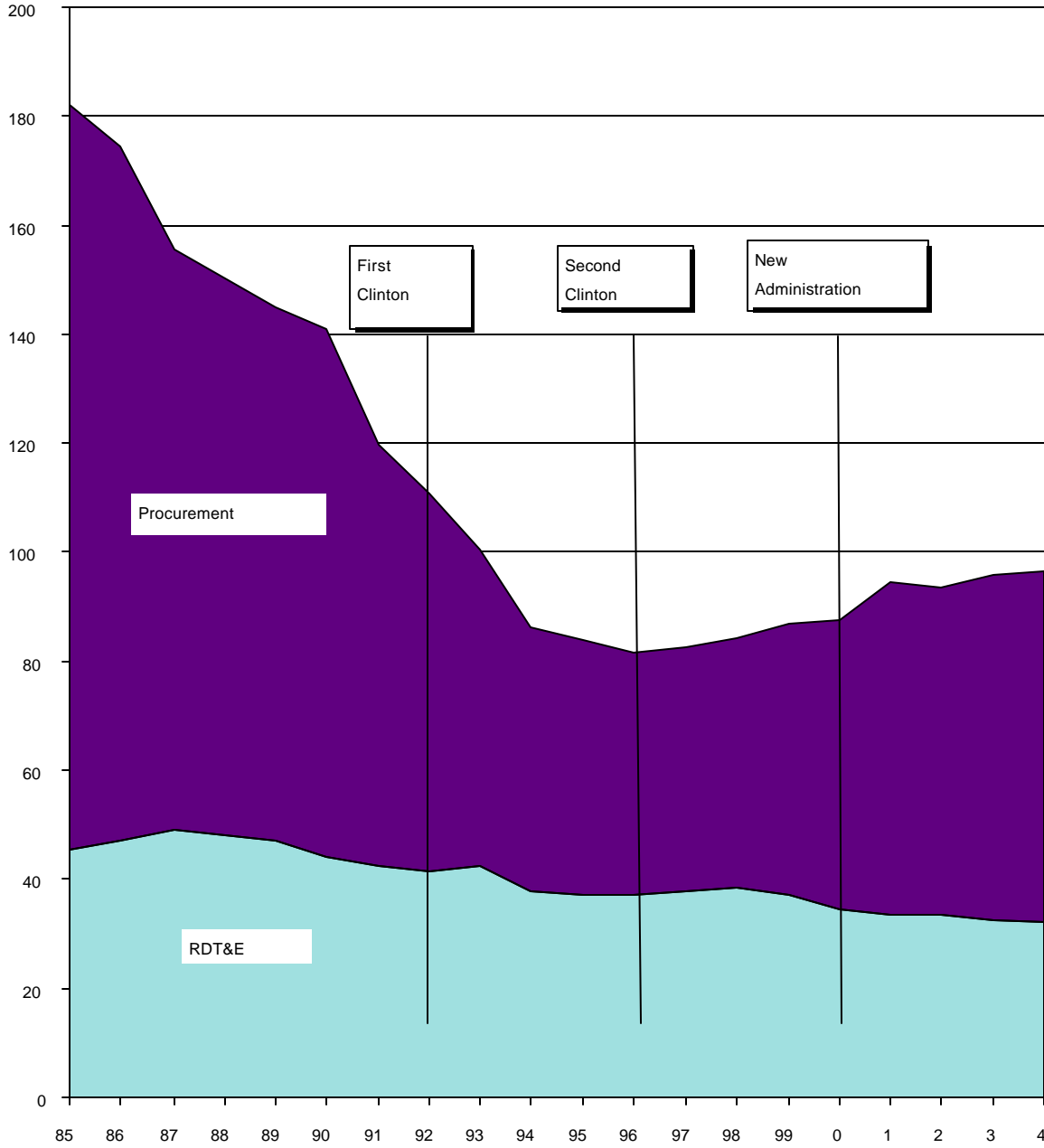
- President Clinton proposes a new personnel package, costing an estimated \$30 billion, which includes an across-the-board military pay increase of 4.4 percent beginning next summer, followed by annual 3.9 percent increases for the following five years.
- Clinton says, “These improvements will enhance the quality of life for our men and women in uniform, will encourage long-term service by the most talented servicemen and women, and will increase the armed force's military readiness to engage fully, at any time, to protect the security and interests of the United States.”.
- Defense Secretary William Cohen says the that the proposal will be sent to Congress as part of the Clinton administration's fiscal year 2000 defense budget.
- The initial pay increase would take effect next July 1.
- The package would also include targeted additional pay increases for experienced non-commissioned officers and mid-level officers and a boost in retirement pay so that all personnel would retire at half pay after 20 years of service.
- The problem is that:
 - The current gap between military and civilian pay averages 13 percent and in some fields is much greater, making it difficult to recruit and to retain experienced troops. The proposed increase would still leave a 9% gap.
- In addition to the raises, the package will include:
 - Special pay increases ranging from one-half percent to 5.5 percent on top of the new increases for experienced non-commissioned officers and mid-level officers.
 - Changing current retirement benefits so that all personnel would receive 50 percent of their base pay annually on retiring after 20 years. Congress rejected such a move in 1996, saying it would cost too much. This will only start, however, on January 1, 2000. It does not address past underfunding or the problem that only base pay is counted, but the forces are so overdeployed that their real pay consists of substantial additional allowances.

The Procurement and Modernization Squeeze: Decline in US Defense Spending By Major Spending Category Since the End of the Cold War (BA in Constant FY2000 \$Millions)



Source: Adapted by Anthony H. Cordesman from data provided Stephen Dagget and Mary T. Tydzkiewicz, "Defense Budget for FY2000, Data Summary," CRS RL30061, February 16, 1999.

The Decline in US RDT&E and Procurement Spending Since the End of the Cold War in Constant Dollars: FY1985-FY2002
 (BA in Constant FY2000 \$Millions)



Source: Adapted by Anthony H. Cordesman from data provided Stephen Dagget and Mary T. Tydzkiewicz, "Defense Budget for FY2000, Data Summary," CRS RL30061, February 16, 1999.

Shortfalls in Procurement Budgeting are the Rule and Not the Exception

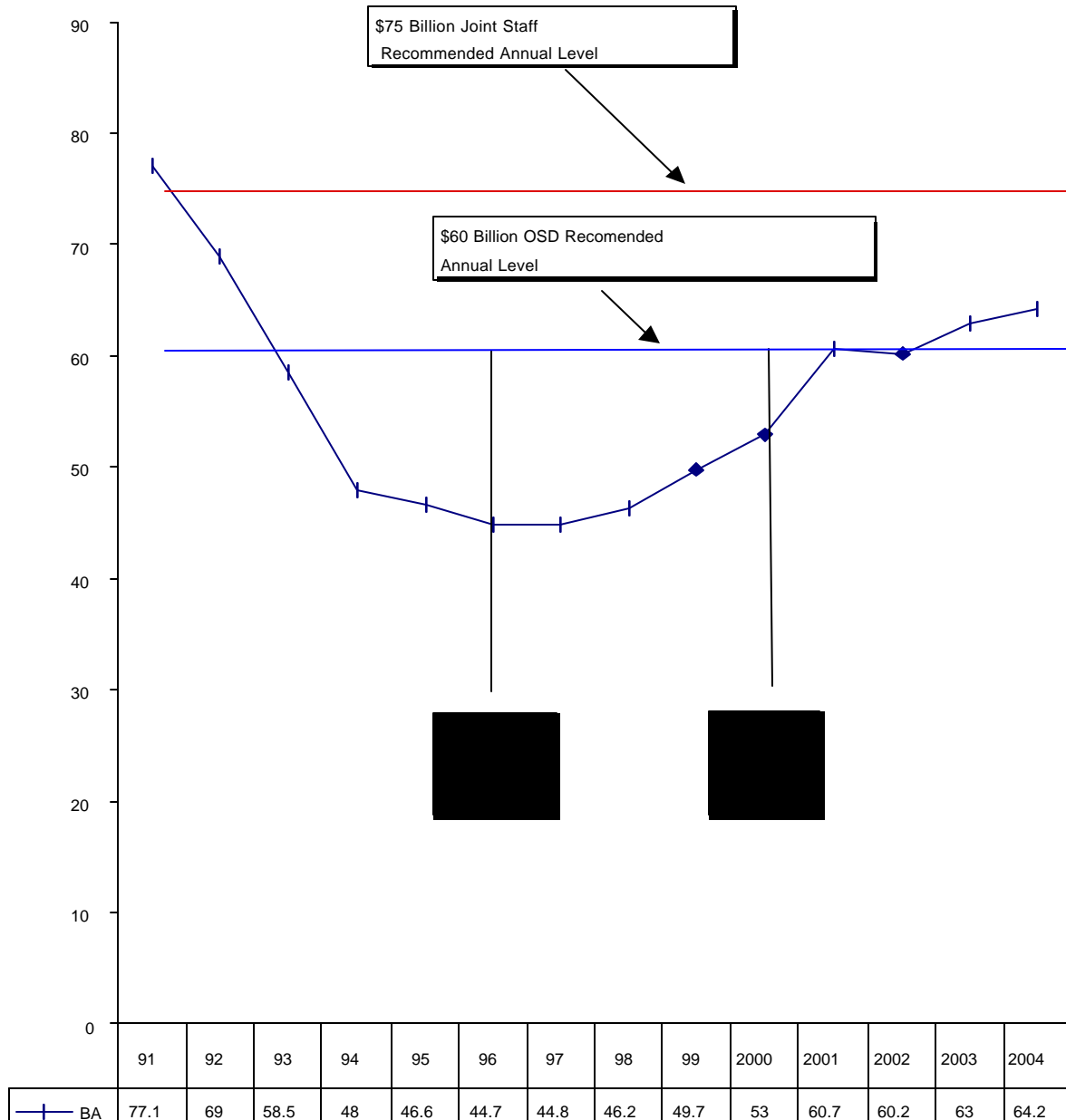
“Each new defense program since the completion of the Bottom Up Review in 1993 has had to postpone the previous year’s plan to begin increasing defense procurement spending. As a result with each successive budget, through in the Department’s procurement plans has shifted one year into the future and the cumulative amount of the procurement planned in each program has declined.

“For example, whereas the FYDP associated with the FY1995 budget developed after the Bottom-Up Review had planned an increase to procurement in FY1998 to \$54 billion, the budget submitted in February of this year requests procurement funding of \$42.6 billion. In addition, in the budgets for FY1996-1998, there was a cumulative loss of \$18 billion in procurement funding relative to the BUR plan.”

Report on the Quadrennial Defense Review, May, 1997, p. 60

The Recapitalization Problem: Deficit Relative to the Joint Staff Annual Spending Goal of \$75 billion and the OSD Goal of \$60 Billion

(O1 BA in Constant \$US FY2000 Millions)



Annual Deficit between Projected Actual Spending and the \$75 Billion or \$65 Billion Annual Spending Goal at

\$75B +2.1 -6 -16.5 -27 -28.4 -30.3 -30.2 -28.8 -28.3 -22 -14.3 -14.8 -12 -10.8

\$60B +17.1 +9 -1.5 -12 -13.4 -15.3 -15.2 -13.8 -10.3 -7 +0.7 +0..2 +3 +4.2

Source: Adapted by Anthony H. Cordesman from data provided Stephen Dagget and Mary T. Tydzkiewicz, "Defense Budget for FY2000, Data Summary," CRS RL30061, February 16, 1999.