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The Coronavirus and Changes in the FY2021 Budget: Keeping Cuts in American Defense Spending in Perspective

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The cost of dealing with the Coronavirus and its impact on the American economy have created a situation where the United States faces a potential crisis in restructuring the FY2021 federal budget and also probably in restructuring federal budgets for half a decade to come. The United States has already spent well over \$2.3 trillion dollars to fund emergency relief to mitigate the impact of the Coronavirus in the FY2021. This, however, may only be the start of much larger payments to come.

Only a small portion of the \$2.3 trillion will fund any kind of stimulus or recovery program. Given the real-world timelines involved, most will have to be spent to provide relief, medical services, and welfare/unemployment support. Moreover, the United States may have to spend substantially more on relief to cover the period in which the rising impact of the virus can be turned into a period of lasting decline, and possibly even in the later period when future levels of infection become so low that they are an acceptable part of life.

At some point, another major spending effort will almost certainly be needed to stimulate the economy and also to later help restructure and rebuild the economic aftermath. Moreover, the current FY2021 budget proposal again calls for massive cuts in foreign aid at a time when many of America's strategic partners will face far worse economic challenges than the United States.

Planning for the Impact of the Crisis on Federal Spending

This means that the United States should begin to act now to develop contingency plans to deal with the federal cost of dealing with the Coronavirus that could cost more than \$4 trillion over the next half-decade. At a minimum, the cost of coping with the Coronavirus will place a massive added burden on the federal budget in FY2021, and probably through FY2023-FY2025. It will do so at a time when the Congressional Budget Office (CBO) had projected a sharply growing budget deficit and national debt through FY2030 before the Coronavirus crisis even began.

As a result, the United States needs to examine every aspect of the President's FY2021 budget submission and estimated federal spending over at least the next five years. Difficult choices and trade-offs will have to be made in federal spending, trade-offs that involve budget cuts that would not have been needed – or have been politically acceptable – before the Coronavirus become a national and international crisis. Almost inevitably, these cuts will have to be made in national security spending as well as in spending on civil domestic programs.

Putting Federal Spending in Perspective

This analysis examines the relative size of past federal civil and national security spending as well as projected spending from FY2019 to FY2030. It shows that national security spending is a relatively small and declining share of total net federal spending, in spite of the recent rise in defense spending from the cost of the Syria-Iraq and Afghan wars.

The analysis also shows that virtually all of the past and projected rises in federal spending since 1950 have been driven by civil entitlement spending. Given the need to preserve national security, this means that most of the adjustments in the FY2021 budget and near-term budgets will have to come from the civil sector. It also shows that the recent and projected costs of the Syria-Iraq and

Afghan wars have dropped to relatively low levels, and that cutting funding for these wars will not release major funding to deal with the Coronavirus.

But, There are Many Areas Where Defense Spending Can be Cut and Needs to Be Restructured

The final part of this analysis does show, however, that the proposed FY2021 budget is more a reflection of the shopping lists of the military services than anything approaching a plan to meet U.S. strategic needs. There are areas where defense spending can be cut and there are also a wide range of areas where the Coronavirus imposes strain on other states, which indicates that the United States does need to restructure its national security spending.

These needs to restructure national security spending are summarized at the end of the analysis, including a need to modernize the U.S. defense budget and to adapt to the fact that the virus will increase instability in many other countries – including U.S. strategic partners. It will be several months before the full scale of the Coronavirus crisis is known, but – once again – it is already time to begin considering the options for reducing spending and the priorities for restructuring the FY2021 budget request.

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Putting National Security Spending in Perspective

It should be stressed, however, that America’s national security spending is only one of the areas of federal spending that will need to be reexamined to deal with the Coronavirus. Any effort to reduce national security spending that reduces U.S. capabilities to deter and defend must be weighed against cuts in civil spending and also with careful regard to their relative impact on the federal budget.

This makes it critical to put the FY2021 and future national security spending in a broader perspective, one that shows the relative trend in both defense and civil spending. This is particularly true because it is civil spending – especially on mandatory entitlements – that dominates the cost of federal and other government expenditure. Moreover, any form of “strategic triage” that leads to cuts in national security spending cannot ignore the fact that the United States faces very real security threats – not only in the form of terrorism, extremism, and possible major wars, but in the form of a much broader strategic competition with China, Russia, and lesser threats like North Korea and Iran.

The New Need for Strategic Triage: Re-examining Current Plans for National Security Spending Relative to Domestic Programs

Chart One helps to provide this perspective by displaying the past trends that federal national security and civil spending puts on the total federal budget, on all government spending including state and local funding, and on the U.S domestic economic or Gross Domestic Product (GDP). It displays the steadily declining share that national security spending has placed of federal spending and the U.S. economy since the end of World War II. It also shows that the peak impact of the Korean War, the Vietnam War, the Cold War, and America’s current wars as a share of the federal budget and GNP.

These percentages also show that costly as America’s recent wars in Syria/Iraq and Afghanistan have been since 2011, both costs of these wars – and the total costs of national security – have been a burden on total spending that that the U.S. economy and federal/state/local government spending could cope with – *at least until the full impact of projected long term rises in mandatory or entitlement spending takes effect at some point in the coming decade.*

Spending on the Coronavirus will change this situation, and it means that the Administration and the Congress should make a ruthless examination of both civil and national security spending and act to reduce them where necessary. Difficult as it may be at a time of deep partisan division and also in an election year, the government must act to find a new balance between national security and civil spending. It must make such trade-offs in reshaping the President's FY2021 budget request, and in reshaping near-term federal budgets until the United States achieves a stable form of economic recovery.

The United States will also have to accomplish this after a long period in which it has ignored the need for some overall national strategy that explicitly makes trade-offs between the different forms of federal spending. It has never really had to deal with these issues since the break-up of the former Soviet Union (FSU). The Budget Control Act was never a strategy, simply a largely arbitrary set of budget caps, and it limited – but scarcely controlled – the real-world growth of the federal budget, deficit, and debt. It led the Executive Branch and Congress to progressively exceed its budget caps, while avoiding serious reform of key aspects of mandatory and entitlement programs.

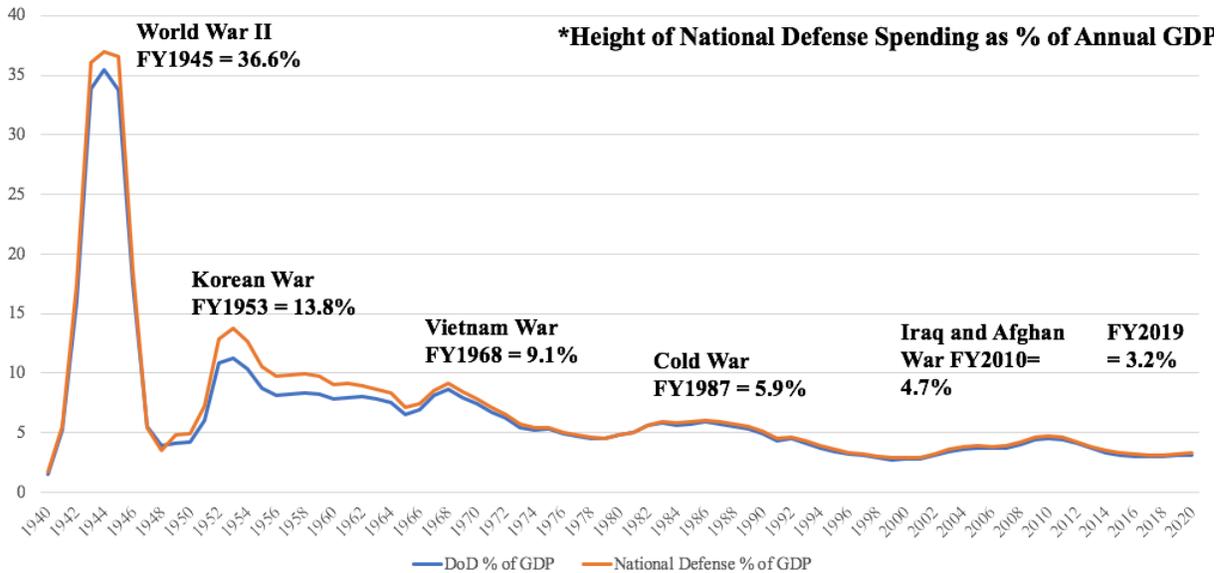
Setting New Post Coronavirus Budget Priorities

The United States must now establish different budget priorities in a very different world. It not only needs to create a new fiscal balance, but it also needs to deal with a world in which the cost of the Coronavirus will interact with the fact that there are two major powers – China and Russia – that pose major potential threats to the United States. It is a world where lesser powers like Iran and North Korea also pose important threats.

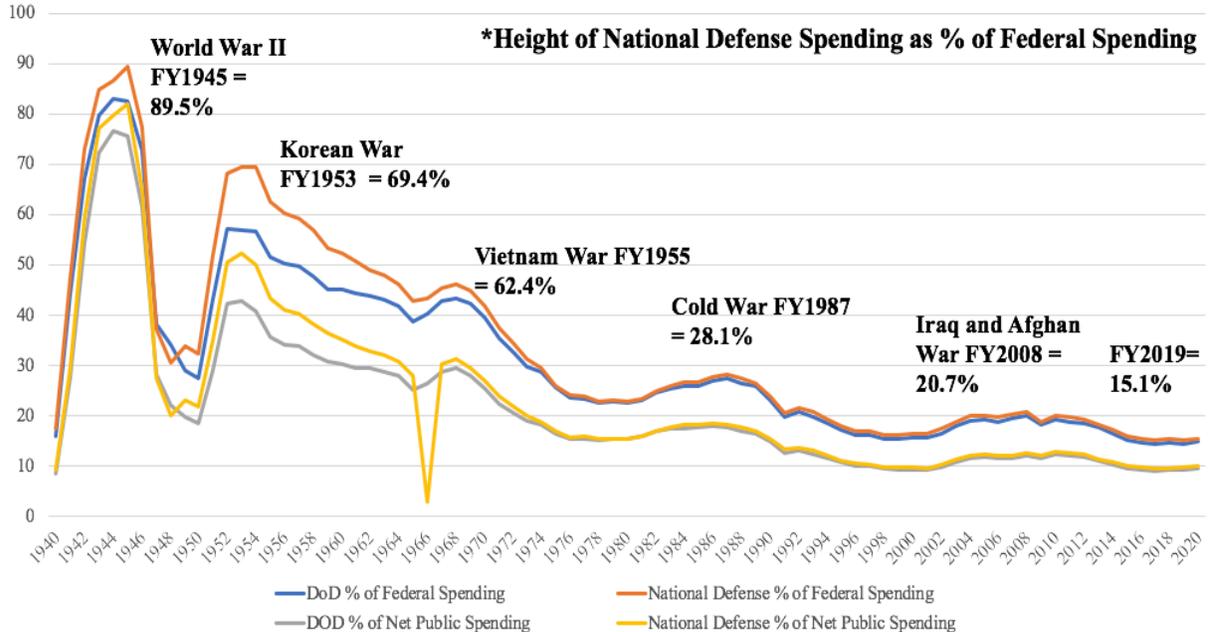
At the same time, it is a world where past hopes for some idealistic version of “globalism” bear no real resemblance to even the near-term reality. It is a world that was already filled with far too many terribly governed “failed” states before the Coronavirus began to take effect. States that failed to provide their people with either security or adequate economic development. Moreover, it is a world where many analysts warn that the American economy faces challenges to its post-Coronavirus recovery that may well exceed the challenges of the “Great Recession” in 2008 – and even possibly be as serious as the Great Depression.

The United States does not need to act now on “worst case” assumptions about the intensity and duration of the Coronavirus crisis, but it does need to plan for them in developing a range of contingency plans for reshaping the FY2021 budget request and the structure of near-term budgets. Finding the right balance of civil and military cuts as the full impact of the Coronavirus becomes clear also means focusing on real-world priorities and trade-offs, rather than focusing on the ideological and political divisions between those who focus on defense spending and those who focusing on civil spending. It also means looking beyond the election year and partisan posturing.

Chart One: Putting the Burden of DoD and National Defense (050) Spending in Perspective: FY1940-FY2020



DoD and National Defense Spending as Percent of Annual Federal Spending and as Percent of Annual Net Public Spending from 1940-2020



Source: Department of Defense, “National Defense Budget Estimates for FY 2020,” *Office of the Undersecretary of Defense (Comptroller)*, 260-266, May 2019.

Domestic Programs – Particularly Entitlement Programs – Drive Federal and Other Government Spending, Not National Security or the Cost of War

The United States does spend an immense amount of money on national security, but this spending needs to be kept in careful perspective. As **Chart Two** shows, the cost of national security spending has been comparatively modest in comparison with spending on domestic needs since the end of the Cold War, and national security spending has also declined slightly in constant dollars in recent years while domestic spending has continued to increase. It has been mandatory spending on entitlement programs like Social Security, health, and military spending that has driven the rising pressure that federal spending has put on the U.S. economy since 1950.

The most recent Congressional Budget Office (CBO) projections of the baseline on the federal budget – and on the deficit and debt cover the period between FY2019 and FY2030, and they were made in March 2020. They are shown in **Chart Three**. These projections were made before the Coronavirus became a crisis, but they did seek to correct for past under-costing and exaggeration of revenues in Presidential budget submissions. They also provide as good of an official picture of the pre-crisis trends in the budget as is now available.

As of yet, neither CBO nor anyone else has a reliable basis for estimating what all of the present and future federal programs created to deal with the Coronavirus will do to the actual cost of future federal spending and revenues in FY2021, as well as to the national debt and the deficit. There also are no meaningful data on the growing scale of state and local programs. It is simply too early to try to guess the future in detail.

Civil Discretionary and Mandatory Spending Dominates

Yet, some things are clear. The pre-Coronavirus crisis burden that national security spending was projected to place on the U.S. economy during FY2019-FY2030 was projected to remain relatively low compared to the rise in the GDP and to drop steadily relative to civil spending over time.

The CBO projection of the federal budget trends illustrated in Chart Three show the level of defense and civil spending by year as well as the percentages of military and civil spending as a percent of the total. Total defense spending (050) is projected to be 9.8% of the budget in FY2019, and drops by 1.8% between FY2019 to FY2030, to a total of only 8%.

In contrast, total civil discretionary and mandatory spending reached 87.5% of the federal budget in FY2019 and was projected to rise by 2.5% between FY2019 to FY2030, to a total of 90%. Almost all of this rise was projected to come from the rising cost of mandatory entitlements including Income Security, Major Health Care, and Social Security.

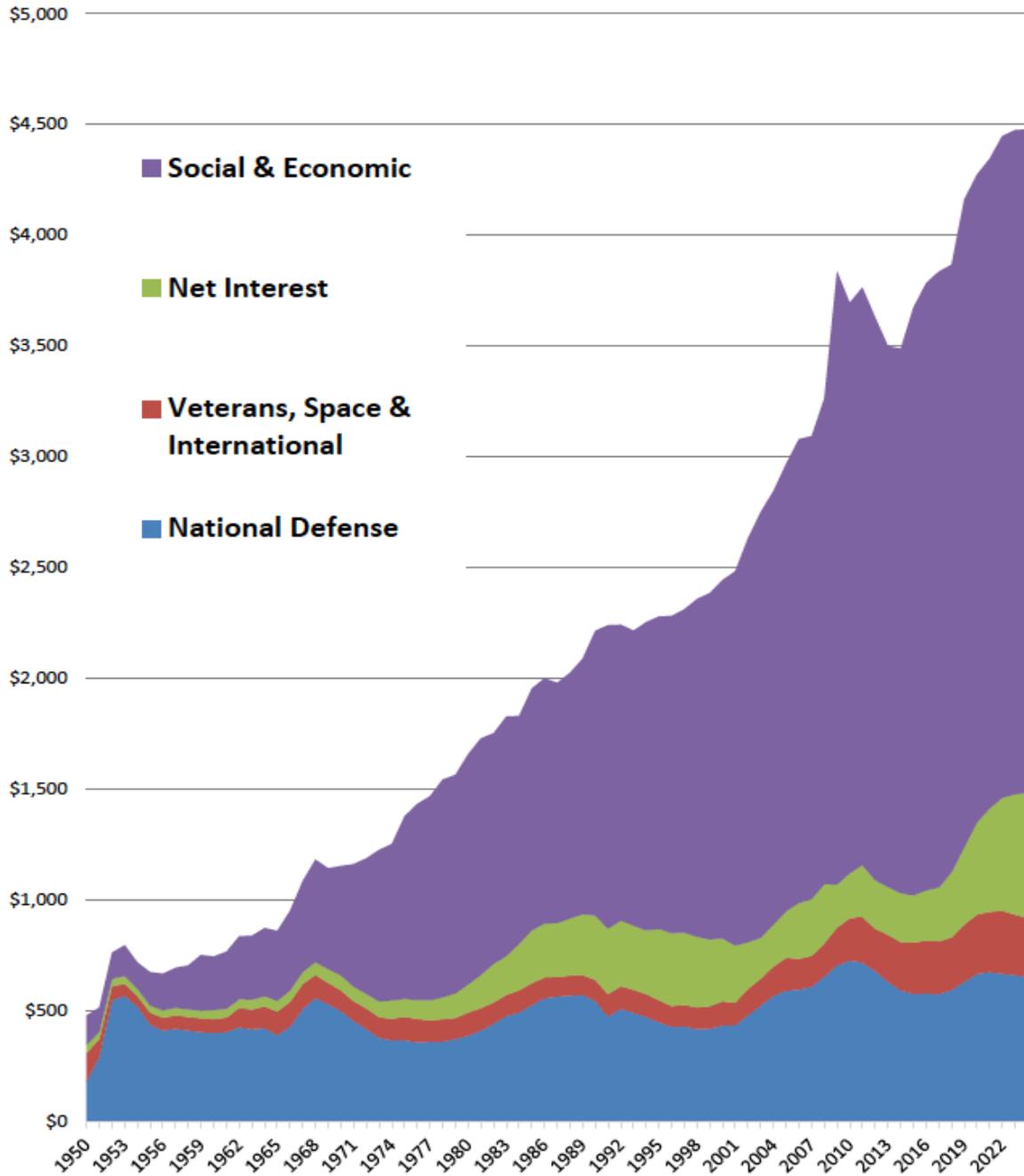
Defense Spending has Civil Benefits

Moreover, any effort to trade national security spending for benefits to the domestic economy presents some serious difficulties. One needs to be careful about assuming that national security spending comes at the cost of jobs and economic benefits. This is true even if one considers all of the expenditures that are actually outside the United States through spending on recent U.S. wars, foreign aid, and the overseas costs of the fight against terrorism.

Most defense spending occurs in the United States has a positive civil impact. It helps to increase the size and strength of the domestic economy. Defense spending on research, development, test, and evaluation (RDT&E), procurement, as well as operation and maintenance (O&M) spending is largely spent in the United States. It has a positive impact on the growth side of the U.S. economy.

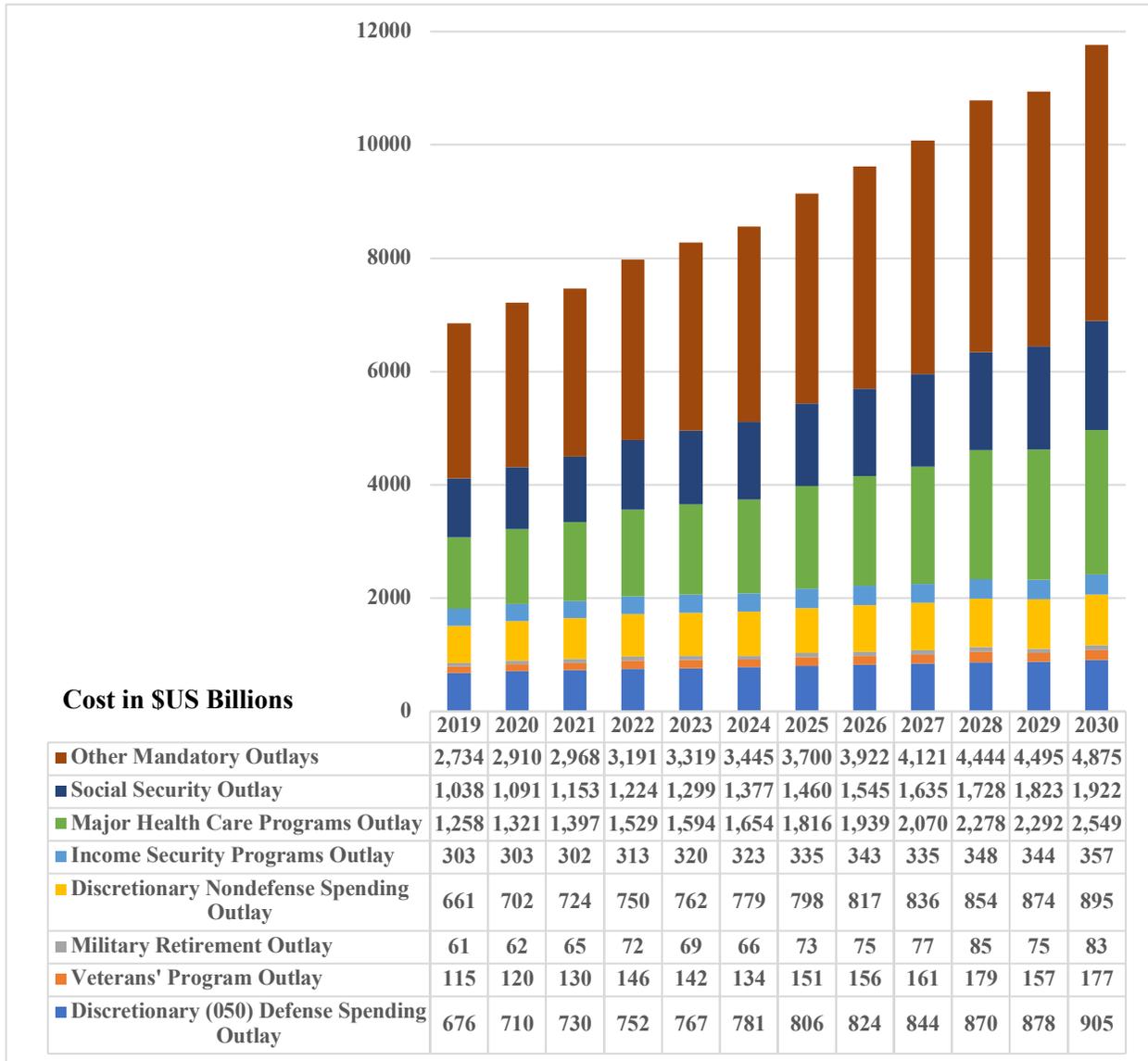
The rest of national security spending is dominated by the cost of military and defense civilian personnel, with overseas deployments now at near post-Cold War low. As a result, the vast majority of such personnel expenditures are also spent in the United States to promote the U.S. economy.

**Chart Two: The Costs Shaping Federal Spending: FY1950-FY2022
(In Constant FY 2012 Billions of \$U.S. Dollars)**



Source: OFFICE OF THE UNDER SECRETARY OF DEFENSE (COMPTROLLER), NATIONAL DEFENSE BUDGET ESTIMATES FOR FY 2020, MAY 2019, https://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2020/FY20_Green_Book.pdf, pp. 252-253.

**Chart Three: CBO Projection of Baseline Budget Outlays FY2019-FY2030
(In Current FY 2020 Billions of \$ U.S. Dollars)**



Percent of Total Budget

(050) National defense	9.8%	9.8%	9.7%	9.4%	9.2%	9.1%	8.8%	8.5%	8.3%	8.0%	8.0%	8.0%
Total Defense & Veterans	12%	12%	12%	12%	11%	11%	11%	10%	10%	10%	10%	9%
Total Civil Spending* **	87.5%	87.6%	87.6%	87.8%	88.1%	88.5%	88.7%	89.0%	89.2%	89.4%	89.8%	90.0%

*Includes Income Security, Major Health Care, Social Security and Other Mandatory and Civil Outlays

**Minor outlays from “Other Programs” have been admitted from the calculation of Total Federal Spending, and rounding may not total exactly 100%

Source: Congressional Budget Office, “Baseline Budget Projections as of March 6, 2020,” March 2020, <https://www.cbo.gov/publication/56268>.

Entitlements, Mandatory Spending, the Federal Deficit, and the National Debt

As for the impact of Federal spending on the projected deficit and national debt, the trends in the CBO's pre-Coronavirus budget projections for FY2019-FY2030 did reflect a serious increase in the federal budget deficit – and a doubling of the federal debt by FY2030. As the trends in Chart Three show, however, almost all of these rises were driven by civil entitlements programs – not by defense or national defense programs.

Increasing Deficits and Debt Before the Coronavirus

Past experience with such rises led many analysts to feel that these were levels of deficit and debt the economy might be able to live with. *This “affordability,” however, was heavily dependent on another set of projections – projections that a steady increase would take place in the U.S. GDP from \$21.2 trillion in FY2019 to \$32.0 trillion in FY2030.*

It was this smooth rise in the GDP over an entire decade that made a rise in the deficit and debt (which still came to equal the U.S. GDP by 2030) a problematic, rather than predictable, crisis. Given even the current spending due to the Coronavirus, the trends in the deficit, debt, and growth of the GDP may now be very different.

The CBO estimates also made it clear that defense spending was not projected to drive these trends. The March 2030 CBO baseline estimate of the trends in “Budget Outlays,” indicated that total defense spending in outlays was projected to rise from an actual baseline level of \$676 billion in FY2019 to \$905 billion in FY2030, a rise of \$229 billion or 33.9%. Total discretionary spending was projected to rise from an actual baseline level of \$661 billion in FY2019 to \$895 billion in FY2030, a rise of \$202 billion or 29.9%.

The CBO did not make an estimate of national security related foreign aid – so it is not possible to estimate total national security spending on all kinds – but these costs are minor by federal standards. Moreover, the Administration's budget submission called for major cuts in all forms of foreign aid.

The Impact of Veteran's Programs

Two areas outside the defense budget where defense did rise in ways that have impacted the budget were the rise in “Military Retirement” and the rise in the “Veteran's Programs” costs. Military retirement costs were projected to rise at the same level as civil service salaries. Accordingly, the rise was limited: from actual baseline outlays of \$61 billion in FY2019 to a projected \$83 billion in FY2030, a rise of \$22 billion a year or 36.1%.

Veteran's programs, driven largely by medical costs, were projected to rise from actual baseline outlays of \$115 billion in FY2019 to \$177 billion in FY2030, a rise of \$62 billion or 53.9%. If these costs are added to the total discretionary budget for defense, the total rise from \$852 billion in FY2019 to \$1,165 billion in FY2030 is an increase of \$313 billion or 36.7%.

Adding “Military retirement” and “Veteran's Programs” costs does have a major impact on total defense-related spending, but it is important to point out that the rise in veteran's programs has been driven more by domestic politics than national security. Moreover, Chart Three shows that the total is still relatively small compared to the rise in civil mandatory spending.

The total cost in outlays for “Social Security,” “Major Health Programs,” and “Income Security Programs” – which do not include civilian pay rises and a variety of other smaller programs – rose from \$2,599 billion in FY2019 to \$ 4,828 billion in FY2030, a rise of \$2,229 billion or 86%.

Offsetting receipts reduce these costs by \$207 billion in FY2019, and by \$418 billion in FY2030 – but the adjusted totals are still \$2,392 billion in FY2019 and \$4,410 billion in FY2030.

Accordingly, the three major federal entitlements programs – which do not include any funds for state and local spending – were projected an adjusted cost that is 2.8 times the adjusted total for defense in FY2019 (including for military pay and for veterans), and 3.9 times the total cost of in FY2030. If the Coronavirus is as serious as most experts project, every aspect of the estimated federal spending between the worst period of the virus and a serious recovery will need careful examination – even spending of entitlements.

The Changing Cost of the Wars in Iraq/Syria and Afghanistan

It is equally important to point out that the *current* costs of the wars in Iraq/Syria and Afghanistan are now only a small fraction of the total defense budget. Some critics of the war have produced total costs for the wars since 2011 that range from \$4 trillion to \$6 trillion. These estimates add costs to the official estimates which are not used for other part of the federal budget, and often add figures for which there is no explicit figure in the federal budget.

There are No Reliable Official Estimates

At the same time, neither the Executive branch nor Congress have produced consistent or reliable reporting on the cost of either war. Virtually every report on the cost of war and “Overseas Contingency Outlays” provide different numbers, different cost categories and definitions of these categories, and different parts of the war effort. To put it bluntly, neither the Executive Branch nor Congress have ever met one of their most basic responsibilities to the American people: to provide transparent, well defined, and consistent estimates of a key aspect of federal spending.

More than that, official estimates of the cost of these wars have failed to state the key details of how these costs are defined and estimated, to indicate how the money is actually being spent, or to list how well it is being audited and what levels of corruption exist.

The Congressional Research Service (CRS) made an attempt to calculate the cost of the war several times, but it made independent estimates that have not been updated for years. The closest the government has come to an accurate estimation are in the reports of two special inspector generals. The first was the Special Inspector General for Iraqi Reconstruction (SIGIR) – whose last active report was in July 2011. (A lessons report was issued in October 2013). The second was the Special Inspector General for Afghan Reconstruction (SIGAR) – whose work continues. These reports, however, only cover aid efforts, not overall spending.

The Official Cost of War Report

The closest approximations of the *past* official costs of the war seem to be those presented in a report by the Defense Finance and Accounting Service called the *Cost of War Report* whose coverage begins in September 11, 2011. An open source version that that states it is current through the end of FY2019 is available online. That report states the following costs:

- War-related operational costs, such as operating tempo, training, overseas facilities and base support, equipment maintenance, and communications, and replacement of combat losses and enhancements.
- Support for deployed troops, which includes food, clothing, and health/medical services, special pay and benefits for troops in the field.

- Transportation of personnel and equipment, including airlift and sealift into and out of the theater of operations and support payments for the ANDSF and coalition partners.

The expenditures shown in the *Cost of War Report* do not include State Department or non-defense intelligence spending. The report does not break down the elements of the costs for each war, and it is unclear how much activity in Syria and in dealing with ISIS outside of Iraq, Syria, and Afghanistan the *Cost of War Report* actually includes. Although it is an unclassified report, it also only seems to be available through the websites of NGOs like the *Federation of American Scientists*.

The report does quote a number of different figures. The highest estimate for all the costs of war through the end of FY2019 are shown in **Chart Four**. If one ignores Noble Eagle – U.S.-Canadian homeland defense spending – the total costs for the Iraq- Syria and Afghanistan wars through the end of FY2019 come to \$1,835 billion in Budget Authority – including \$224 billion rather strangely labeled as non-war costs. The wars’ costs alone would be \$1,611 billion. Budget Authority, however, includes the cost of the one authority that will spend up to several years into the future.

When it comes to actual spending, the closest the *Cost of War Report* provides to actual annual expenditures are the numbers which are shown in **Chart Five**. These totals add up to \$1,547.1 billion, with \$776.0 billion for the entire war in Afghanistan and costs of \$8.2 billion in FY2018 and \$11.8 billion in FY2019. They add up to \$771.1 billion for the entire war in Iraq and Syria.

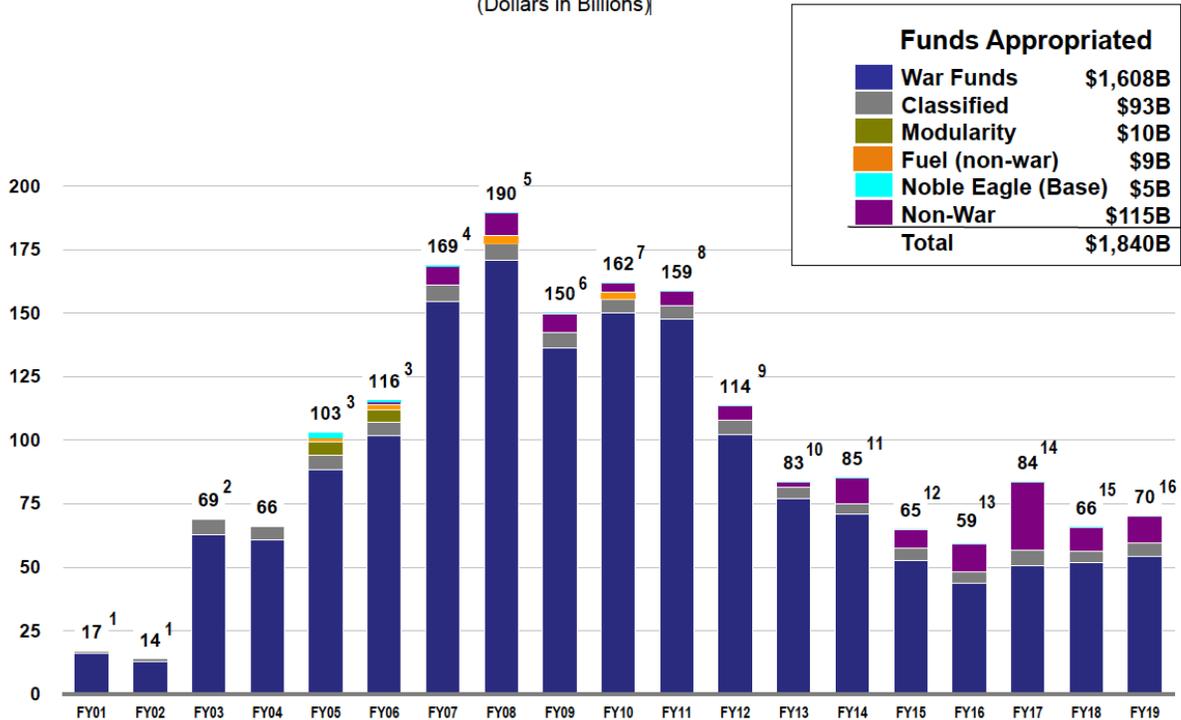
What is equally important is that the United States has made major shifts in its method of war fighting, and the U.S. role has shifted to precision strike airpower and limited train and an assist activities on the ground. As Chart Five shows, this shift to a reliance on host country ground forces had a massive impact on the reported cost of war:

- It cut annual peak spending for the Afghan War by roughly two thirds and from \$98 billion in FY2012 to \$36.0 billion in FY2018 and \$38.4 billion in FY2019.
- It cut the annual cost of the Iraq-Syria Wars to the Department of Defense from a peak of \$130 billion in FY2008 to \$8.2 billion in FY2018 and \$11.8 billion in FY2019 – less than 10% of the peak annual cost.
- The peak annual cost of both wars was \$168 billion in FY2008, but only \$44.2 in FY2018 (26% of peak), and \$50.2 billion in FY2019. These are impressive totals, but scarcely \$4 billion to \$6 billion (30% of peak).

This hardly justifies going to war for the wrong reasons in Iraq or the systematic failure to create a strategy for winning the Afghan War – but a sunk cost is a sunk cost. If the *Cost of War Report* is even approximately correct, the current budget of the cost of war was very limited relative to past costs by FY2018 and has since been further cut by the breakup of the ISIS “caliphate” in FY2019.

Chart Four: Funding Appropriated through War-related Requests FY 2001 – FY 2019 (\$1,840B)

(Dollars in Billions)



1/ FY 2001 includes \$3.5B of funds appropriated in the FY 2002 Supplemental (P.L. 107-117) as that is the year where the obligations were incurred. Authorization for the obligation of these funds was provided in the FY 2001 Supplemental (P.L. 107-38), which provided \$40B to OMB's Emergency Response Program for response to the 9/11 terrorist attacks on the United States

2/ FY 2003 reflects a rescission of \$3.5B of Iraq Freedom Funds enacted in the FY 2004 DoD Appropriations Act (P.L. 108-87)

3/ FY 2005 reflects \$25B appropriated in FY 2004 for FY 2005 war-related costs (Title IX Bridge) (P.L. 108-287); reflects \$3B appropriated in P.L.s 108-324, 109-61, and 109-62 for Hurricane Disaster Relief

4/ FY 2007 includes \$3B appropriated in GWOT Emergency Supplemental (P.L. 110-28) for BRAC

5/ FY 2008 includes \$16.8B appropriated for the Mine Resistant Ambush Protected Transfer Fund (P.L. 110-92 (\$5.2B)) and (P.L. 110-116 (\$11.6B)); also includes \$0.143B rescission enacted in the FY 2009 Supplemental but applicable to the FY 2008 OCO; does not reflect the \$3B rescission in P.L. 110-252 section 8003 applied to baseline programs

6/ FY 2009 does not reflect \$4.5B of rescissions enacted in the FY 2009 Supplemental that were applied to the Department's baseline programs; however, FY 2009 reflects \$0.1B of rescissions enacted in P.L. 113-6 (see note 10)

7/ FY 2010 reflects \$0.5B of rescissions enacted in the FY 2010 Supplemental, Education, Jobs, & Medicaid Assistance (P.L. 111-226), that were applied to the Department's FY 2010 OCO amounts; also, FY 2010 reflects \$0.6B of rescissions enacted in P.L. 112-74 (see note 9)

8/ FY 2011 reflects the FY 2011 Department of Defense and Full Year Continuing Appropriations Act (P.L. 112-10); also, FY 2011 reflects \$0.2B of rescissions enacted in P.L. 113-6 (see note 10) and \$0.1B of FY 2013 sequestered amount

9/ FY 2012 reflects the \$116B appropriated in the FY 2012 Consolidated Appropriations Act (P.L. 112-74) and does not reflect the \$0.6B of rescissions enacted in P.L. 112-74 that were applied to the Department's FY 2010 OCO programs; however, FY 2012 reflects \$1.7B of rescissions enacted in P.L. 113-6 (see note 10) and \$0.5B of FY 2013 sequestered amount

10/ FY 2013 reflects the Consolidated and Further Continuing Appropriations Act (P.L. 113-6) and does not reflect the \$0.1B, \$0.2B, and \$1.7B of rescissions enacted in P.L. 113-6 that were applied to the Department's FYs 2009, 2011, and 2012 OCO programs, respectively; however, FY 2013 reflects \$5.5B of FY 2013 sequestered amount

11/ FY 2014 reflects the Consolidated Appropriations Act (P.L. 113-76) and does not reflect the \$0.1B of rescissions enacted in P.L. 113-76 that were applied to the Department's FYs 2009 (\$0.05B) and 2013 (\$0.09B) in OCO programs, respectively

12/ FY 2015 reflects the Consolidated and Further Continuing Appropriations Act (P.L. 113-235) and does not reflect the \$1.2B of rescissions enacted in P.L. 113-235 that were applied to the Department's FYs 2014 (\$1.2B) and FY 2013 (\$0.007B) in OCO programs, respectively. Excludes Ebola emergency supplemental funds received in Title X for \$112 million

13/ FY 2016 reflects the Consolidated Appropriations Act, 2016 (P.L. 114-113) and does not reflect the \$0.4 of rescissions enacted in P.L. 114-113 that were applied to FY 2015 Afghanistan Security Forces Fund

14/ FY 2017 reflects the Continuing Appropriations and the Military Construction, Veterans Affairs, and Related Agencies Appropriations Act, 2017 (P.L. 114-223) September 29, 2016 (\$172 million), the Further Continuing and Security Assistance Appropriations Act, 2017 (P.L. 114-254), December 10, 2016, (\$5.8 billion), and the Consolidated Appropriations Act of 2017 (P.L. 115-31) May 5, 2017, \$76.8 billion -Title IX (\$62,676.324 million (excluding \$854.324 millions of rescissions) and Title X (\$14,752.267 million).

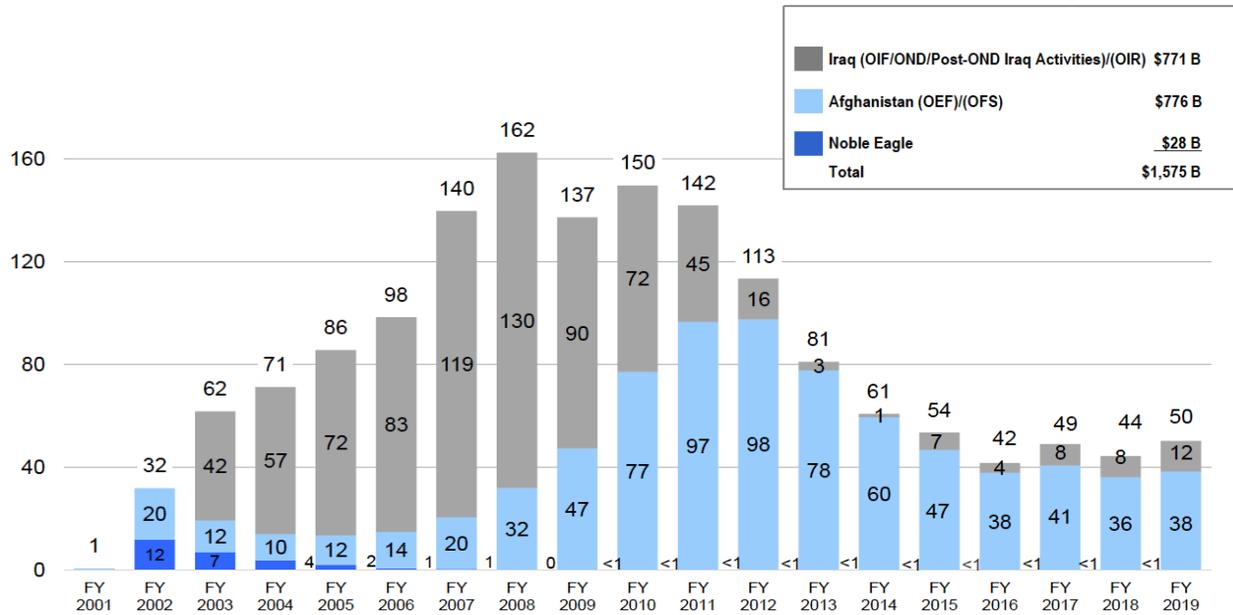
15/ FY 2018 reflects the Consolidated Appropriations Act of 2018 (P.L. 115-141), March 23, 2018, \$65.9 billion – Title IX

16/ FY 2019 reflects the Consolidated Appropriations Act of 2019 (P.L. 115-245), September 28, 2018, \$70.2 billion – Title IX; and the Military Appropriations Act of 2019 (P.L. 115-244), September 21, 2018, \$0.9 billion.

Source: Defense Finance and Accounting Service, "Cost of War Monthly Report Data as of September 30, 2019," p. 9.

Chart Five: Department of Defense Cost of War as of September 30, 2019 (All Years)

Department of Defense Cost of War: Total War-related Obligations by Year Incurred
(Dollars in Billions)



Cost by Conflict: FY2018-FY2019

By Operation	Obligations				Q4 Monthly Average		Total Since 9/11	
	Q4 FY 2018	Q4 FY 2019	Cumulative FY 2018	Cumulative FY 2019	FY 2018	FY 2019		
NEW DAWN (OND)/Post-OND Iraq Activities	-0.1	-0.3	-0.1	-0.3	< 0.1	0.0	730.6	46%
INHERENT RESOLVE (OIR)	2.4	2.4	8.3	12.1	0.7	1.0	40.5	3%
Subtotal OIF/OND/OIR	2.3	2.1	8.2	11.8	0.7	1.0	771.1	49%
ENDURING FREEDOM (OEF) ⁽¹⁾⁽²⁾	-1.4	-0.6	-5.1	-1.0	-0.4	-0.1	578.7	37%
FREEDOM'S SENTINEL (OFS)	11.2	12.0	41.2	39.4	3.4	3.3	197.3	12%
Subtotal OEF/OFS	9.8	11.5	36.0	38.4	3.0	3.2	776.0	49%
NOBLE EAGLE (ONE)	0.1	<0.1	0.2	0.1	< 0.1	<0.1	27.9	2%
TOTAL	12.2	13.6	44.4	50.3	3.7	4.2	1,575.0	100%

Totals may not add due to rounding

(1) The total in the Q4 FY 2018 column for Operation ENDURING FREEDOM (OEF) reflects the cumulative total of downward adjustments posted to prior year accounts and adjustments between operations (i.e., OEF transfers to OFS and OIR for proper alignment).
 (2) The OEF total in the Cumulative FY 2019 column reflects Army corrections posted in prior years and adjustments between operations (e.g., OEF transfers to OFS for proper alignment).

Source: Defense Finance and Accounting Service, Cost of War Monthly Report Data as of September 30, 2019

Source: Defense Finance and Accounting Service, "Cost of War Monthly Report Data as of September 30, 2019," p. 2, 13.

***The Estimated Cost of Overseas Contingency Operations (OCO) Costs in
FY2020 and FY2021***

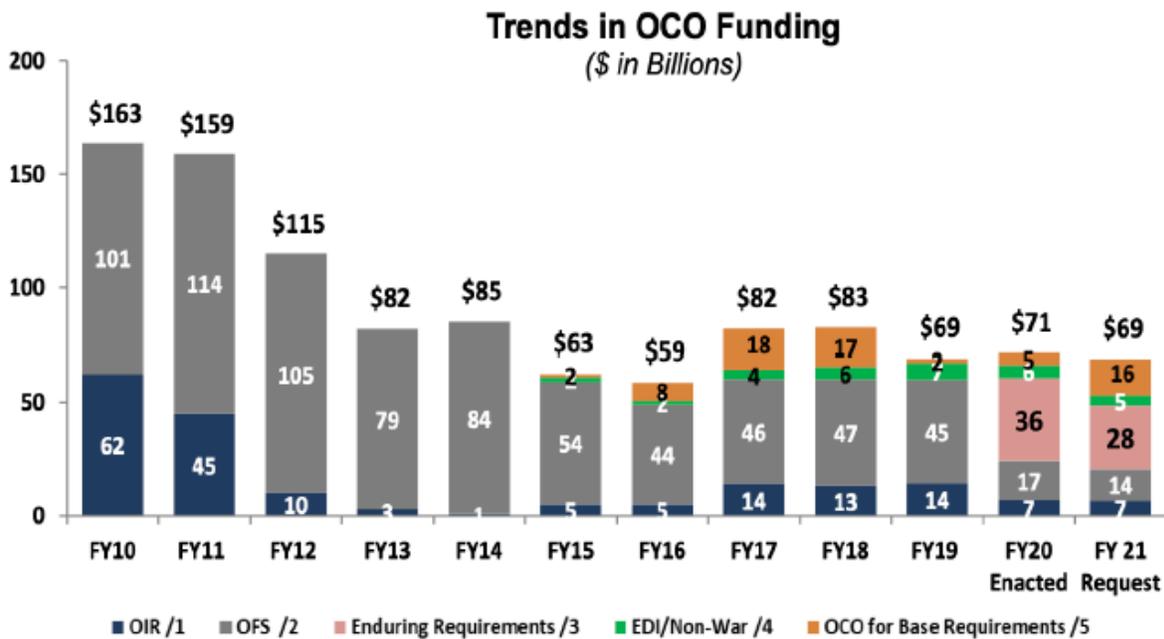
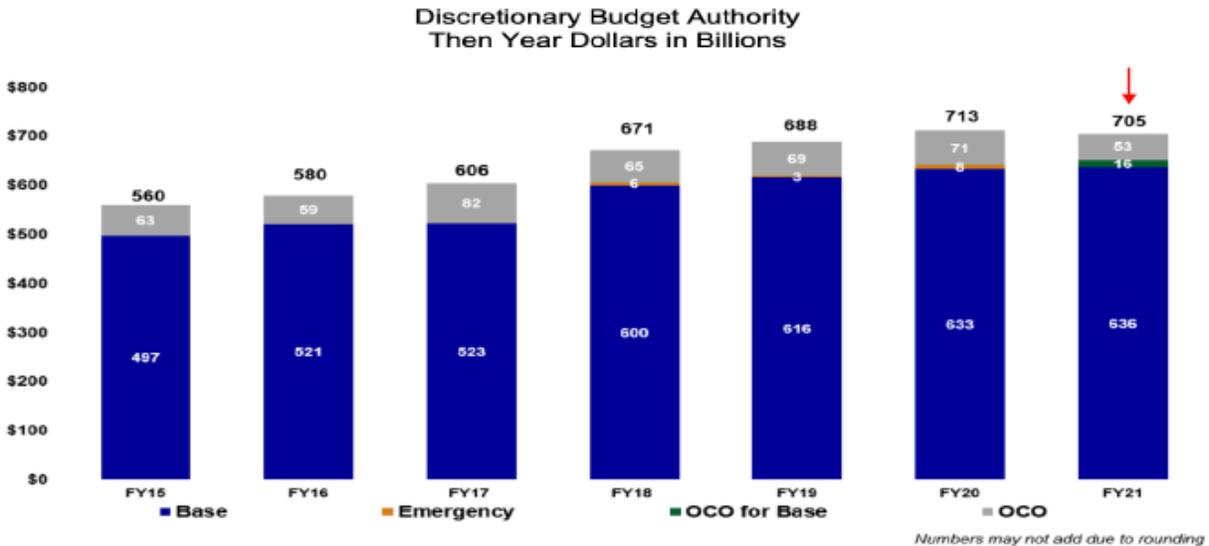
As **Chart Six** shows, the proposed budget for FY2021 makes this point even more clearly. There are serious problems with this reporting, the Department of Defense (DoD) never seems to cost either war the same way in its reporting, and the Administration keeps changing its position on what forces it actually deployed in Afghanistan and Iraq-Syria in FY2020 and will deploy in FY2021.

The trend, however, has generally been to cut the size of U.S. deployments and fighting efforts, rather than increase time, and this has affected total Overseas Contingency Operations (OCO) costs for each war. Chart Six shows a total OCO cost for the Iraq/Syria War of \$45 billion in FY2019, \$17 billion in FY2020, and \$14 billion in FY2021. It shows a total OCO cost for the Afghan War of \$45 billion in FY2019, \$17 billion in FY2020, and \$14 billion in FY2021.

To put these costs in perspective, Chart Five's data on the *Cost of War Report* showed a total cost for both wars in FY2019 of \$38.4 billion. Chart Six shows a total OCO cost of \$59 billion. The total OCO cost of both wars is \$24 billion in FY2020 and \$21 billion in FY2021 – less than half the cost of the wars in FY2019.

Short of a massive Government Accountability Office (GAO) or Congressional Budget Office (CBO) audit, the real cost of America's recent wars may never be known. There is little evidence that either the Executive Branch or any major element of Congress really cares. At the same time, there is no clear reason to tie the total past cost of the wars to current spending plans, or to any effort to create a balanced restructuring of the civil and military spending in the FY2021 budget and the following years.

Chart Six: The Projected Overseas Costs of Overseas Contingency Outlay (OCO) Costs for the Afghan and Iraq/Syria Wars in FY2010-FY2021



Trends in Force Levels

	FY 2019 Actual	FY 2020 PB Request	FY 2021 PB Request ¹
Total Force Levels	99,178	87,822	91,233

^{1/} FY 2021 includes Temporary Enabling Force (TEF) support for Afghanistan/Iraq/Syria

Source: Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer, “Defense Budget Overview,” United States Department of Defense, February 6, 2020, pp. I-3.

Setting Meaningful Strategic Priorities for Reducing and Restructuring Defense and National Security Spending

Keeping defense spending in perspective and focusing on the combined adjustments needed in both civil and national security spending does not mean that the FY2021 defense budget request should not be cut where possible or that it should not be restructured to meet the emerging new priorities of a post-Coronavirus crisis world.

This is particularly true because the FY2021 defense budget request was one of the worst drafted defense budget requests in modern history. While it talked about being a strategy-driven budget, it was largely a shopping list for each of the military services. It had virtually no justification in net assessment terms, did not meaningfully address the joint needs of most commands, and failed to set tangible strategic goals for the future and to present a meaningful Future Year Defense Plan.

As a previous Burke Chair study – *The FY2021 U.S. Defense Budget Request: A Dysfunctional Set of Strategic Blunders* – notes (<https://www.csis.org/analysis/fy2021-us-defense-budget-request-dysfunctional-set-strategic-blunders>) :

The President’s defense budget request for FY2021 does have some important virtues. It does contain a wide variety of important initiatives to improve the readiness and effectiveness of important elements pertaining to each military service, invest in force modernization, and support military personnel. At the same time, however, the *Defense Budget Overview* begins with the statement that the FY2021 request is a “Strategy Driven Budget” – but few things could be further from the truth.

The only “strategy” that is clearly reflected in the Department of Defense’s (DoD) FY2021 request is an effort to provide a justification for the separate spending goals of each military service. The end result turns the budget request into little more than an “Oliver Twist Strategy,” in which each military service asks for more money – a major component of the DoD’s defense-wide efforts – without meaningfully addressing the major strategic problems and challenges that the United States will face over the coming decade.

The DoD’s FY2021 budget request abandons virtually all of the past efforts to create an effective planning, programming, and budgeting system. It has devolved into a classic “input”-driven budget that focuses on meeting the spending goals of each military service without addressing the net assessments of threats, the role of strategic partners and allies, or the resulting levels of deterrence and war fighting capability.

To be specific, when it comes to strategy, it is a dysfunctional mess in each of the following nine critical areas. Worse, it does not address key interagency problems to develop an integrated civil-military approach to strategy, it has no meaningful future year plans and data, and it lacks any analysis on how defense spending relative to total federal spending compounds the broader problems in a total FY2021 budget request – components which make critical increases in the national deficit and the national debt.

1. It Does Not Address Its Strategic Impact on Joint Warfare or the Mission of Any of the U.S. Combatant Commands
2. It Has No Supporting Net Assessments of Threats for the United States and Competing National Security Efforts
3. It Sets the Wrong Priorities for Dealing with China and Russia
4. It Focuses on Transactional Strategic Bullying instead of Preserving and Strengthening Strategic Partnerships and Alliances
5. It Has No Strategy for Ongoing Wars or for Overseas Contingency Operations
6. It Does Not Have a “Whole of Government Approach” to Strategy – Defense Spending is Presented out of Context from the Civil Efforts of State, USAID, and other Government Agencies.
7. It Puts No Real Effort to Go Beyond Input Budgeting for FY2021 in order to Present a Meaningful Future Year Defense Program (FYDP)

8. It Fails to Tie Defense Spending to Its Impact on the Deficit and the National Debt
9. It Fails to Tie U.S. Defense Spending to the Efforts of China, Russia, and Our Strategic Partners

This analysis was made in a pre-Coronavirus world, with related additions to the FY2021 budget that already total \$2.3 trillion. In practice, it is already clear that many U.S. strategic partners will suffer at least as much economic damage that the United States will face. China and Russia will also have to make their own major adjustments in their national budgets and economies. And, many already unstable states – with “failed” levels of governance, economic development, and stability – will be far worse off and more likely to collapse or see outbreaks of internal violence. The world not only will have to “recover,” it will have to “restructure” – on both an economic and a security level.

Shaping Strategy-Driven Budgets for Each Major Command

While this future is unpredictable, two key changes seem almost certain that will require major changes in the U.S. strategy and defense plans as well as to defense spending. One is the need to rebuild alliances and strategic partnerships in Asia, NATO-Europe, and the MENA region. The United States will need to put an end to “burden sharing bullying,” and focus on how best to rebuild and create effective levels of defense and deterrence in each key command.

This focus must be on creating joint – strategy driven military capabilities – not service-by-service changes – in each regional command. It must address the situation in all six geographic combatant commands – Africa Command (USAFRICOM), Central Command (USCENTCOM), European Command (USEUCOM), Indo-Pacific Command (USINDOPACOM), Northern Command (USNORTHCOM), Space Command (USSPACECOM), and Southern Command (USSOUTHCOM).

It must also reshape the budgets of the four functional combatant commands to fund the best affordable mix of deterrence, defense, and support: Cyber Command (USCYBERCOM), Special Operations Command (USSOCOM), Strategic Command (USSTRATCOM) and Transportation Command (USTRANSCOM).

Equally important, the “jointness” in such strategies will depend as much on working with *individual* strategic partners – adjusting to the impact of the Coronavirus on their economies and budgets and working together to tailor the force mix and force plans in each case to achieve both the best bilateral and regional results. It means dialogue and flexibility with a key emphasis on allied as well as American interests. Simply bullying other states for more money – or to meet higher spending goals that are not tailored to the priorities to improve deterrence and defense – is precisely the wrong approach to effective partnerships.

Rethinking Nuclear Competition with China and Russia

It seems idealistic to assume that the shared experience with the Coronavirus will lead the United States, China, and Russia to cooperate more than they have in the past, but the United States should not assume that there are no major areas where military competition cannot be reduced or that there are some areas of political and economic cooperation that cannot be increased. If nothing else, simply moderating the rhetoric of military competition might at least reduce some aspects of the growing tensions between the United State and the world’s other two leading powers.

There are other areas, however, where the United States may need to rethink its strategy, programs and budgets as much out of general strategic necessity as a result of the impact of the virus. The

fist lies in the area of nuclear weapons, strategic weapons, and long-range conventional precision strike systems.

It seems unlikely that any of the three powers will give up on its major nuclear modernization plans, or that China will not make increases in its nuclear forces. Nuclear modernization is necessary to preserve confidence in each power's nuclear weapons and delivery systems and deal with limited life of existing systems.

At the same time, all three power seem to have been far too ready to abandon efforts at some form of arms control and limitations on these forces. It also seems clear that the end result will not materially alter the nature of mutual assured destruction or MAD in the event of any major escalation to countervalue strikes against civilian targets.

If the outcome of unlimited competition will accomplish nothing but make mutual assured destruction more expensive and more dangerous, it is at least possible that some form of arms control dialogue might prove productive. Certainly, as President Reagan demonstrated, it can be worth pursuing even if the chances of success initially seem limited and substantial savings may be possible.

Looking Beyond a Warfighting Focus on China and Russia

The *New National Strategy for a New Era* that President Trump announced on December 18, 2017 was so general in nature that it did little more than highlight strategic competition with China and Russia while emphasizing threats like North Korea, Iran, and terrorism/extremism. Its focus on China and Russia was broad, although it did focus on warfighting as well as deterrence and strategic competition:

China and Russia challenge American power, influence, and interests, attempting to erode American security and prosperity. They are determined to make economies less free and less fair, to grow their militaries, and to control information and data to repress their societies and expand their influence. At the same time, the dictatorships of the Democratic People's Republic of Korea and the Islamic Republic of Iran are determined to destabilize regions, threaten Americans and our allies, and brutalize their own people. Transnational threat groups, from jihadist terrorists to transnational criminal organizations, are actively trying to harm Americans. While these challenges differ in nature and magnitude, they are fundamentally contests between those who value human dignity and freedom and those who oppress individuals and enforce uniformity.

China and Russia are developing advanced weapons and capabilities that could threaten our critical infrastructure and our command and control architecture...China and Russia want to shape a world antithetical to U.S. values and interests. China seeks to displace the United States in the Indo-Pacific region, expand the reaches of its state-driven economic model, and reorder the region in its favor. Russia seeks to restore its great power status and establish spheres of influence near its borders. The intentions of both nations are not necessarily fixed. The United States stands ready to cooperate across areas of mutual interest with both countries.

For decades, U.S. policy was rooted in the belief that support for China's rise and for its integration into the post-war international order would liberalize China. Contrary to our hopes, China expanded its power at the expense of the sovereignty of others. China gathers and exploits data on an unrivaled scale and spreads features of its authoritarian system, including corruption and the use of surveillance. It is building the most capable and well-funded military in the world, after our own. Its nuclear arsenal is growing and diversifying. Part of China's military modernization and economic expansion is due to its access to the U.S. innovation economy, including America's world-class universities.

Russia aims to weaken U.S. influence in the world and divide us from our allies and partners. Russia views the North Atlantic Treaty Organization (NATO) and European Union (EU) as threats. Russia is investing in new military capabilities, including nuclear systems that remain the most significant existential threat to the

United States, and in destabilizing cyber capabilities. Through modernized forms of subversive tactics, Russia interferes in the domestic political affairs of countries around the world. The combination of Russian ambition and growing military capabilities creates an unstable frontier in Eurasia, where the risk of conflict due to Russian miscalculation is growing.

Since that time, a growing frustration with America's long wars, with the inability to decisively end the threats posed by extremism and terrorism, has led the U.S. military and many policy-level civilian experts to focus more and more directly on the prospects of a major conflict between the United States and China, United States and Russia, or both combined. In the process, the Administration has tended to pull back on U.S. deployments and bases that deal with terrorism and extremism, and the U.S. military has tended to focus on deterrence and warfighting capabilities for direct major conflicts between the United States and China or Russia.

Any restructuring of the U.S. strategy and forces to deal with the impact of the Coronavirus should halt and reverse these trends. China and Russia are certainly building up their capabilities for war fighting, but both are competing with the United States on a civil economic and gray area level.

If anything, these efforts dominate the day-to-day challenges both powers pose to the United States on China's civil belt and road policies or Russia's use of its energy exports – along with cyber and information warfare as critical gray zone operations in terms of the U.S. ability to limit such competition alongside U.S. direct warfighting capabilities. The risk of lower level clashes and confrontation is ongoing and far more real than some form of major conflict.

The worst thing the United States can do in the face of the Coronavirus is to continue to pull back and emphasize only one part of the Chinese and Russian military threats while ignoring both the other military threats and the broad level of civil competition. The United States needs a civil-military strategy and a global one. Not one that over-emphasizes a return to competition to win a major war. The United States must not shape its strategy and forces to win Clausewitz's concept of war when it confronts two powers that emphasize Sun Tzu's tactics.

Defense in a Gray Area/Hybrid/Irregular/Unconventional Conflicts

More broadly, the United States cannot ignore the fact that nations like Iran and North Korea place an equal emphasis on economic and ideological warfare, as well as on Gray Area/Hybrid/Irregular/Unconventional Conflicts. It cannot ignore the fact that many "failed states" are hostile to the United States, as are many non-state actors. The United States not only faces challenges from the world's other two leading military powers, it faces a host of other challenges – as do most of its strategic partners.

It needs to adapt its national strategy to maintain and expend the capability to deal with these threats. It also needs to carefully observe the long-term impact of the Coronavirus on population and economic pressures, as well as on internal tensions and conflicts in other states. Once again, the United States must be ready to work with its strategic partners to deal with these ongoing threats, and it cannot focus on a form of war that it may never fight.

NATO, Europe, and the European Command (USEUCOM)

The United States needs to reexamine its FY2021 defense budget and FYDP for all of its geographic and functional combatant commands, but this is especially true of European Command (USEUCOM), Indo-Pacific Command (USINDOPACOM), and Central Command (USCENTCOM).

In the case of USEUCOM, it needs to make a firm end to its burden sharing bullying and to setting meaningless generic goals for member country defense spending like 2% of GDP, and 20% of the total on procurement. It is already obvious that the Coronavirus will have a massive impact on most European economies, and it has long been clear that setting “one size fits all” for spending does not set functional priorities for individual country spending by NATO’s 30 members.

The United States needs to work with its allies to examine what their different defense budgets can now actually buy, to set clear priorities for force improvements that will increase deterrence and defense in a given area near or on the border of Russia, and to understand its capabilities in nations in the forward area to redeploy and support forward deterrence and defense. NATO has already made real progress in developing the right force goals in many areas. It now needs to prioritize and implement as many of these goals as possible – allowing for the major real differences between individual member countries.

As is the case on global level, the United States needs to approach this as a partner, not by using threats of leaving or focusing on efforts that emphasize spending over security.

Asia and the Indo-Pacific Command (USINDOPACOM)

The United States has talked about rebalancing its forces to Asia for nearly a decade. President Obama first made developing a new U.S. strategy and force plan for Asia a major public security goal in 2011, and President Trump made it part of his strategy in 2017. The FY2021 budget submission, however, did no more to define how it was going to implement these goals than any of its predecessors.

The United States needs to go from making this an objective to creating a clear strategy, plan, program, and area of budget activity for the Pacific and Indian Ocean area. It needs to look beyond China and set clear goals for working with its major regional security partners and other states – goals that combine both a military strategy and economic strategy, which takes the needs of key security partners like Australia, Japan, Singapore South Korea, and many other Asian powers into account. Once again, the goal should be partnership, not shifting the burden to its allies.

The key combatant command involved, USINDOPACOM, has already issued an Executive Summary of a report that illustrates these points. It is entitled *Regain the Advantage, U.S. Indo-Pacific Command's (USINDOPACOM) Investment Plan for Implementing the National Defense Strategy Fiscal Years 2022-2026*. It is a Section 1253 Assessment of the *FY2020 National Defense Authorization Act* (<https://mail.google.com/mail/u/0/#inbox?projector=1>)

It does not provide any net assessments or detailed justification of a strategy, but it does provide a *joint assessment* of the forces and force improvements needed in Asia through 2026, it addresses the need for working with strategic partners, and it lays out the kind of program needed to provide effective levels of deterrence and defense – including major procurement, force size, and readiness assessments. It also provides budget estimates of \$1,614.4 billion for FY2021 and \$18,468.1 billion for FY2022-FY2036. It highlights the costs needed to improve Joint Force Lethality; Force Design and Posture; Strengthen Allies and Partners; and also deals with Exercises, Experimentation, and Innovation; and Logistics and Security Enablers.

It is this kind of joint assessment that should be the basis of all U.S. strategic and planning, programming and budgeting (PPB) efforts and should expand in both classified and unclassified form to provide the full justification that is needed. It is also this kind of assessment that should be the basis for Coronavirus adjustments to the defense and national security budgets.

MENA, Central Asia, and the Central Command (USCENTCOM),

The United States needs to do far more in restructuring USCENTCOM than reach firm decisions about the future of the Syria/Iraq and Afghan conflicts – an issue discussed later in this analysis. There are few areas in the world where the Coronavirus had some many immediate economic impacts and interacted so quickly with other problems like the petroleum price and supply “war” between Saudi Arabia and Russia.

Oil prices have been cut to a fraction of their pre-Coronavirus level and one that sharply reduces the income of America’s Arab strategic partners in the Gulf – many of which were already spending high percentages approaching 10% of their GNP on defense at a time when their petroleum income was far higher. Iraq is a good example of the impact as of April 2020. Iraq's oil revenues fell steeply in March to a four-year low, even though countrywide exports held steady at over 3.87 million barrels per day (bpd). The Iraqi Federal Government earned just \$2.989 billion, selling its 3.390 million bpd of oil exports at an average price of \$32.73, according to the Oil Ministry. This total was down by \$2 billion compared to February and less than half of the January total

At the same time, Iran has emerged as a key center of the Coronavirus’ infections and deaths at a time when U.S. sanctions and Iran’s own failed economic policies had already caused massive unrest.

As is the case with NATO and Europe, the Gulf is no place for burden sharing bullying. The United States needs to work closely with its Arab partners to find ways to rebalance regional security spending and also with its European – as well as its regional allies – to see if there is some way to negotiate a reduction in regional tension and the current arms race. This will be particularly true if Iraq comes under even greater levels of Iranian influence. The U.S. goal cannot be arms sales, it must be regional stability.

Strategic Triage in the Iraq/Syria and Afghan Wars

The fact that the Iraq/Syria war and the Afghan war have become far more affordable, does not make them necessary or worth continuing. The same is true of the fact that the United States has put so much blood and money into Afghanistan in the past. A sunk cost is a sunk cost, and any form of combat must have far more justification in terms of strategic triage and priority than other forms of defense activity.

It is time to take a ruthlessly objective look at the priority for continuing both America’s major wars, and its more limited combat role in other fights against terrorism and extremism. This would be true even if the Coronavirus had never appeared, but it is even more true in a world where other countries and functional strategic partners are likely to need future U.S. aid.

Of the two wars, the Afghan war clearly has the least strategic priority. It is true that some extremist movement might emerge in Afghanistan that was actively hostile to the United States, but the relative level of risk seems no higher than in many other countries with radical movements that may become such a threat. Moreover, few countries are poorer, further away from continental United States (CONUS), and so geographically close to China, Russia, Iran and Pakistan that might force those neighbors to intervene once the United States is gone.

At a minimum, the United States should act on its stated policy in dealing with Afghanistan. It has no moral or ethical obligation to waste blood and money on a nation whose leaders are so divided that they make any peace or effort to support them a waste of resources. This is not only true of

Afghanistan. In a post-Coronavirus world, the United States should not provide aid or support to corrupt or dysfunctional governments unless there is an overwhelming national interest in doing so.

It should also act on one of the grim lessons of virtually every such case in modern times. The United States cannot transform countries and cultures. It cannot create effective new regimes. It can only help nations that show they are capable of helping themselves, and that also demonstrates they will use aid honestly and effectively. There are already more than enough government that have shown they have both real needs and can use aid effectively. *Put bluntly, a state that has failed to the point where it becomes a self-inflicted wound is a failed cause and a waste of resources.*

This applies just as much to Syria. The United States has no obligation to help Assad survive or to ease the strain on Russia and Iran. It has no obligation to try to provide humanitarian aid to a government that will use that aid to reinforce its control and power, and it certainly has no obligation to help Turkey support extremism movements in Idlib. It certainly has reason to try to negotiate some form of meaningful peace, but none to pay for one. The Kurdish-Arab enclave that supported the United States in fighting ISIS is a different story, but only if it poses a limited burden and can be tied to a broadly successful U.S. posture in Iraq.

Iraq does seem to still offer the United States real possibilities as a lasting strategic partner, but these opportunities may have disappeared by the time the Coronavirus stabilizes at a low and tolerable level. The U.S. government has not shown Iraq, since it invaded in 2003, that the United States can create an effective strategic partnership with Iraq or that it has a coherent strategy for doing so. It now still seems more focused on combatting ISIS than on Iraq and Iraq's broader strategic importance relative to Iran.

The United States seems to be reacting to the increased threat from pro-Iranian popular mobilization forces (PMFs) by lashing out with a few strikes and then leaving. It has no clear strategy for building Iraqi forces up to the point where they can enforce national unity, defeat extremism, and deal with threats like Iran. It seems to have no strategy at all for dealing with a grossly corrupt and ineffective government that has some good leaders but no structure where they lead, unite the country, or bring it out of near bankruptcy.

Ideally, the United States should focus on Iraq as a regional strategic priority, examine its options for making Iraq a real strategic partner in the face of the Iranian challenge, look at the potential costs and probabilities involved, and make a clear decision. In practice, it may be too little and too late. If so, the resources should go to aiding real strategic partners and dealing with extremist threats outside Iraq.

Using Defense Spending to Drive Technology and Industrial Policy

The United States has never developed a clear industrial policy for defense spending. It has supported some sectors – like ship building – but largely to support defense programs and without regard to the broader impact such spending has on the economy. It is time to reexamine this issue in the light of the damage the Coronavirus crisis will do to both industry and America's technological base.

There may be a number of areas where an investment in a key technology or aspect of the industrial base will help keep the U.S. competition to take the lead. Certainly, the steady growth of Chinese spending, Russia's drive to take the lead in key technologies, and the need to maintain both a civil

and military lead in key areas will all combine with the economic impact of the Coronavirus to increase the need for such an industrial policy.

Examining Key Procurement and Modernization Priorities

The previous analysis has already highlighted the need to tie procurement and force modernization to the needs of each geographic and functional combatant command. As part of that effort, the review should also address one of the key failings of the FY2021 budget request and other recent requests. With the possible exception of the Marine Corps, the military services have failed to make hard trade-offs in structuring their modernization and procurement programs, have underestimated technical risk or overstated existing capabilities, and have under-costed many major efforts as well as underestimated real-world timelines.

The Navy's carrier and ship building programs, the F-35 and other major aircraft program programs, and the Army's now cancelled Future Combat Systems program are all key cases in point. It will not be possible to make realistic trade-offs in defense spending unless they are based on more conservative and realistic plans and estimates.

GAO report after GAO report has made this clear, and the GAO's 17th annual assessment of the Department of Defense's (DoD) \$1.69 trillion portfolio of 82 major weapon systems acquisition programs shows how limited progress still is. (For example, see GAO, *Weapon Systems Annual Assessment: Limited Use of Knowledge-Based Practices Continues to Undercut DOD's Investments*, GAO-19-336SP: May 7, 2019.)

Reshaping Civil and Military Foreign Aid Priorities

More generally, the United States will need to comprehensively review its priorities and spending for both civil and military foreign aid. Some of its key strategic partners in each region may face critical economic challenges for very different reasons. Morocco, Egypt, Jordan, and Israel are cases in point in the Middle East, and every geographic combatant command will have its own cases to deal with.

Working with the IMF and World Bank to provide suitable loans may be enough, but there are likely to be cases where direct aid to strategic partners will be needed to maintain internal stability. There also will be cases which do not involve strategic partners, but where civil and/or military aid will be critical in achieving stability, in improving/maintaining strategic relation, and keeping a state from dividing into factions or face new threats from terrorism and extremism.

One thing is clear from America's warfighting experience since 2011, the broader patterns of political instability have emerged from those years and the history of terrorism and extremism throughout the world. It is far cheaper to help a country when it can still help itself, than wait until it has truly failed.

The last thing that the United States should do is to pursue the massive cuts in foreign aid that were called for in the FY2021 budget submission. This request would cut an already low level of foreign aid spending by 21% or more than four billion dollars, and from \$55.7 billion in FY2020 to \$44.1 billion in FY2021. These funding levels never made sense before the Coronavirus, and they can become acutely dangerous in the world that will have emerged by the end of this year.

There also is no reason to assume that civil aid will not serve national security purposes in many cases. Helping a nation achieve the kind of civil stability that keeps it functioning, unified, and

able to resist extremism is at least as important as using military aid to counter such problems once they become an active threat.

Reexamining Homeland Defense

Finally, the United States does need to reexamine the wide range of spending that past budgets have called Homeland Defense. The FY2021 budget request calls for a budget of \$49.8 billion in discretionary budget authority for the Department of Homeland Security (DHS). This, however, is only part of a widely scattered pattern of funding for homeland defense. The full DHS budget request reports that total discretionary and mandatory spending for all the elements of DHS was \$81.0 billion in FY2019, that that the budget the Congress enacted for FY2020 was \$88.4 billion. The pre-Coronavirus budget request for FY2021 totals \$75.9 billion – a drop of \$12.5 billion. (<https://www.dhs.gov/publication/fy-2021-budget-brief>)

These figures include spending on part of the border wall, and areas like cybersecurity where other departments and agencies also spend substantial funds. They also omit substantial spending in other department and agencies that OMB has called homeland defense in the past, but the FY2021 numbers are unclear. OMB uses to make an annual estimate of the total cost of such activities, but no longer does so for reasons it has not clearly explained in its budget documentation.

There is a clear need for some estimate of total homeland spending, a description of the strategies being pursued, and indications of any duplicate spending or gaps in that spending.

Focusing on Strategic Priorities and Looking Far Enough into the Future

The impact of the Coronavirus crisis on defense again highlights the fact that budgeting by military service and defense agency makes effective strategic planning difficult to impossible. As the FY2021 defense budget request showed all too clearly. Dividing the budget by Army, Navy, Marine Corps, and Air Force does not focus on key strategic tasks and priorities. It leads to dysfunctional net assessment efforts, and it isolates what is left of the defense planning, programing, and budgeting (PPB) effort from focusing on key strategic needs.

Even the Eisenhower Administration recognized that present military service-driven budget, with its focus on the coming fiscal year, belonged in a museum. It is time to go back and finish the reforms started by analysts Hitch and McKean, that were partially implemented in the McNamara era through Harold Brown's tenure as Secretary of Defense. Focusing on key mission areas – the combat and functional commands can correct for the mistakes made in the original list of major programs chosen by McNamara.

All of these efforts to tie spending firmly to strategy also need to look beyond the coming fiscal year and focus on the five-year period in the Future Year Defense Plan (FYDP). Long before the Coronavirus crisis, the United States lived in a world where it only needed to update its strategy, plans, programs, and budget on an annual basis. This never, however, has been an excuse for the kind of annual incrementalism where the strategy – if any – behind a key part of national security and defense spending that is not projected at least five years into the future. In fact, far too often, it has been an excuse for failing to actually have a strategy and to make decisions on plans that could have a consistent impact over time.

At the same time, blue sky projections too far in the future cannot be translated into consistent, detailed plans. They become goals that may be useful to articulate in describing a desirable end state, but where reality inevitably intervenes. The long, largely vacuous stream of *Quadrennial Defense Review's* has been all too clear a case in point.

The Coronavirus scarcely created these needs, but it certainly highlights them and gives them more urgency. Put simply, a strategy without plans, programs, and a budget is little more than a set of good intentions. A budget with no clear ties to a strategy, plans, and programs is even worse.