



National Security Report

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From the Chairman...

On May 6, the House National Security Committee favorably reported H.R. 3616 - the National Defense Authorization Act for Fiscal Year 1999 on



a bi-partisan 50-1 vote. Although this vote leaves the impression that crafting this bill was an easy task, the truth is far different. In fact, caught between an international geopolitical environment that requires an expansive U.S. national security strategy and a domestic political environment bounded by declining defense budgets locked in place by the Balanced Budget Act of 1997, the committee was left to figure out how best to manage risk. There should be no illusions about the level of risk associated with our military's ability to carry out its

Managing Risk: The FY 1999 Defense Authorization Act

mission — the Joint Chiefs of Staff recently assessed it as “moderate to high.” Thus, the committee’s actions with regard to the FY 1999 defense authorization bill were intended to protect those programs that will help lower the risks to U.S. national security interests by protecting core readiness, enhancing quality of life and increasing the pace at which rapidly aging equipment is modernized or replaced.

Central to these efforts are the committee’s initiatives related to force readiness. In recent months, the committee conducted a series of field hearings at military installations in addition to its traditional budget oversight hearings. These hearings confirmed an ongoing pattern of spare part shortages, a high

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Strategy versus Resources: The FY 1999 Defense Budget Debate in Context

For the first time, the President’s fiscal year 1999 defense budget request fully reflects the Pentagon’s recent review of defense strategy — the Quadrennial Defense Review (QDR). Fortunately, the QDR’s declared strategy more accurately reflects the true scope of America’s post-Cold-War defense strategy than did the previous Bottom-Up Review (BUR). Furthermore, its central strategic visions of shaping the international environment in ways that will protect and advance U.S. national security interests, preparing U.S. military forces for future challenges to those interests, and responding to current threats are reasonable. Unfortunately, the President’s budget does not support the demands of the nation’s strategy.

Ironically, the increased clarity of the QDR’s strategic vision only serves to highlight the disparities between requirements, forces and resources. While the QDR retains the BUR’s requirement to fight and win two nearly simultaneous regional theater wars, persuasively arguing that such a capability “is the *sine qua non* of a superpower and is essential to the credibility of our overall national security strategy,” it also requires that U.S. armed forces “be prepared to conduct successfully multiple, concurrent [smaller-scale contingency] operations worldwide, in any environment, including one in which an adversary uses asymmetric means, such [nuclear, biological, or chemical] weapons.” In addition, the QDR demands that DOD prepare now for an uncertain future that may include “significant” future threats from a rising China or a reinvigorated and aggressive Russia, and where military technologies, doctrine and organizations have changed radically. The QDR’s

strategic vision for the post-Cold War world is truly a demanding one.

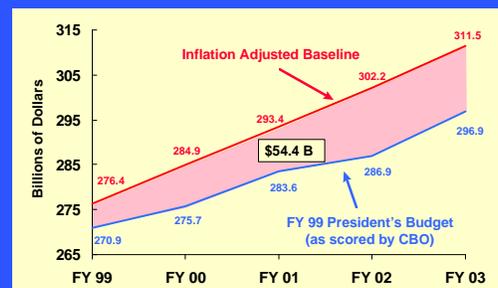
Despite this expansive strategy, the Administration’s fiscal year 1999 defense budget continues a 14 year real decline in defense spending. The President’s defense budget request of \$270.6 billion in budget authority is a 1.1 percent real decline from current defense spending levels, is more than \$54 billion short of keeping pace with inflation over the next five years, and is 39 percent lower than mid-1980s defense spending levels. Indeed, the fiscal year 1999 defense budget request represents the lowest real level of U.S. defense spending since before the Korean War. Today, the unofficial motto of the U.S. military is “doing more with less” for good reason: missions increase as forces and resources decline.

The gap between strategic requirements of the post-Cold War world and the levels of resources committed to U.S. national security continues to widen. As senior National Security Committee members of both parties recently wrote to the President and leaders of Congress, “[I]t is our collective judgment that, short of an unwise retrenchment and overhaul of U.S. national security strategy, fixing

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Eroding Defense Budgets

Between fiscal year 1999 and fiscal year 2003, the President’s defense budget falls \$54.4 billion short of keeping pace with inflation.





Shaping the complex and increasingly dangerous international environment is one of the central reasons the U.S. military is “doing more with less.”

the nation’s long-term defense program will require increased defense spending.” Measured by any of the QDR’s benchmarks – shaping, preparing, or responding – the current defense program is underresourced.

The Strains of Shaping

The QDR asserts that DOD “has an essential role to play” in shaping the international environment to benefit U.S. national interests. Yet the review’s treatment of the military capabilities essential to this shaping effort understates the magnitude of the task. As recent trends indicate, the constant employment of military power strains today’s smaller military forces. The Administration’s propensity to use U.S. military forces in a multitude of nontraditional roles around the world has merely magnified the strains of downsizing.

To fully understand the challenges implicit in trying to shape the international environment, it is necessary to consider recent events in broad perspective. The collapse of the Soviet Union, almost a decade ago, was one of this century’s, and perhaps history’s, great turning points. The Red Army’s retreat left in its wake a security vacuum stretching from Europe to Africa to Asia, tossing dozens of nations, many of them tied to U.S. national interests in one way or the other, into a state of uncertainty — freed from Soviet tyranny

but unable to guarantee their own independence and security.

The result for the United States is both new opportunity and new challenge. In their desire for both freedom and security, many of these fledgling states have turned to the U.S. as their best hope. Nowhere is this more in evidence than the desire of the newly independent nations of Central and Eastern Europe to join the NATO alliance. While the challenges presented by NATO expansion are daunting and not yet well understood, similarly difficult challenges to shaping the international environment exist elsewhere around the globe. As indicated above, the demise of the Soviet Union has brought turmoil and uncertainty hand in hand with independence. The United States’ interests in protecting the world’s energy supplies and distribution network will be complicated as new supplies and routes are developed to deliver Caspian Sea and Central Asian gas and oil to market. Likewise, the loss of the common security goal of containment of the Soviet Union will continue to complicate American relations with China, which continues its aggressive policy of acquiring advanced military technologies. Moreover, even the financial crisis in East Asia could have unpredictable political consequences that might further complicate shaping of the international environment.

While the QDR’s requirement to “shape the international environment” is essential to the protection of American security interests, its implications are far from understood. Trying to achieve the QDR’s goal of “promoting regional stability” will require a continued global military presence. From protecting against threats to the American homeland; to projecting power to Europe, the Pacific Rim, the Gulf and the expanding region responsible for the world’s energy supplies; to defending the international system from a wide variety of transnational threats including proliferation and information warfare, shaping the complex and increasingly dangerous post-Cold War international environment is one of the central reasons the U.S. military is “doing more with less.”

Preparing for an Uncertain Future

Beyond shaping today’s security environment, the QDR recognizes that the se-

curity environment of the future will pose entirely new problems. The geopolitical uncertainties alone are remarkable; the United States’ status as the world’s only superpower is an anomaly of history — no single nation has ever enjoyed such unchallenged global influence. Yet, it would be a mistake to assume that American preeminence will last indefinitely.

Much of the basis for U.S. military superiority rests upon its technological edge, and the organizational and doctrinal advantages that this edge allows. Significant investments in defense made in the 1980s brought to the battlefield a generation of weapons systems without rival, as revealed so strikingly in Operation Desert Storm. Yet the “procurement holiday,” beginning in the early 1990s and continuing still, is eroding this U.S. technological edge. In some areas, lack of investment has allowed vulnerabilities to remain unaddressed. For example, Scud missiles of the kind that caused significant American casualties in the Gulf War have become even more of a threat to U.S. forces and American allies today than they were in 1991. This vulnerability remains today, and it is one that is well understood by our potential enemies.

Moreover, weapons platforms and systems procured during the 1980s, based on 1970s technology, are prematurely aging due to the high operational tempo associated with repeated extended contingency operations. The same M1A1 tanks and Apache helicopters, sophisticated F-15E strike fighters and carrier battle groups that defeated the Iraqi military are too often found today at checkpoints in Bosnia, flying figure-8s enforcing no-fly zones, or steaming from ocean to ocean to react to the crisis of the day. As a result, military equipment is getting older and wearing out faster than planned.

Finally, the battlefield advantages conferred by the application of information technologies and similar innovations to military systems will dramatically impact warfare in the near future. The United States has heretofore set the pace in the practical application of the so-called “Revolution in Military Affairs,” during the innovation in “smart” and “brilliant” munitions; battlefield surveillance, reconnaissance, and intelligence; and the rapid dissemination of information. But the U.S. military’s “innovation edge” is eroding as well. The overall advance and proliferation of high technology, much of it commer-

cially available, will certainly enhance the military capabilities of future enemies of the United States. The task for the United States is to retain its edge across the broad spectrum of military technology through modernization and innovation.

Faced with these realities, the QDR calls for the Department of Defense to pursue a “focused modernization effort” and to “increase procurement spending now so that we can ensure tomorrow’s forces are every bit as capable as today’s.” However the attention being paid to preparing for a strategically and technologically uncertain future is, by any standard, inadequate. The shortfalls in resources committed to research, development and procurement are at least as great as the shortfalls in requirements for the shaping missions described above. The independent National Defense Panel’s (NDP) assessment of the QDR highlighted this point, stating that “the Panel considers the [QDR] modernization plan to have more budget risk than is acknowledged by the QDR. The funding necessary to attain the procurement goal...rests on several key assumptions...The Panel considers each of these assumptions to be somewhat tenuous. Collectively, they represent a budget risk which could potentially undermine the entire Defense Strategy.”

Even though the Joint Chiefs of Staff established that \$60 billion per year in constant-dollar procurement funding was the minimum amount required to modernize the force starting in 1998, the President’s fiscal year 1999 defense budget request, falling over \$1 billion short of the target, postpones attainment of this modernization funding goal for the fourth consecutive year. Whether in modernizing today’s military or preparing tomorrow’s force, the current level of investment is inadequate. Sustaining the techno-

logical advantages that give U.S. military forces an unquestioned edge wherever they operate is a keystone to U.S. national security strategy. Indeed, it is a central foundation upon which that strategy is built.

Unfortunately, the Administration is articulating a strategy for an uncertain future that is built upon an eroding foundation. The true uncertainty about the future is not whether there will be threats to U.S. national security interests, but what form these threats will take. Threats may come from rogue states like Iraq or Iran, newly armed with more accurate ballistic missiles, weapons of mass destruction and advanced conventional weapons; they may come from other large and powerful nations like a retrenched Russia or an ascendant China; they may come from terrorist groups, drug traffickers or other ruthless and well-resourced international organizations; they may come from ethnic nationalists for whom war can be an end as much as a means. Yet wherever these future threats originate, failure to prepare to meet them will only encourage America’s enemies.

Responding to a Crisis

In “shaping the international environment,” U.S. military forces are linked to American diplomacy, business, and political ideology. In “preparing for an uncertain future,” DOD is mortgaging its technological future by robbing long-term investment accounts to pay short-term operational bills and may, even under the best of circumstances, be hard pressed to keep pace with commercial enterprise. Yet some tasks remain unique to the military. The military’s most critical capability, indeed its *raison d’etre*, is its role in response to international crisis or the outbreak of war. The collapse of the Soviet Union has not changed this fundamental reality.

Today’s armed forces must be ready to respond to the full spectrum of crises, from deterrence, to coercion, to the conduct of an increasing number of “smaller-scale contingencies” or “military operations other than war,” and to fighting and winning the major theater wars

that would pose the greatest threat to U.S. national security interests. This crisis response requirement is the essential element of the QDR’s strategy, indeed of any appropriate U.S. national military strategy. As important as the QDR’s requirements are to “shape the international environment” and to “prepare for an uncertain future,” the primary responsibility of U.S. armed forces is to defend America and its global interests against present and future threats.

As the post-Soviet period has evolved, the number and duration of smaller-scale contingencies has increased. Yet the core of U.S. national military strategy remains, and must remain, the requirement to maintain the capability to fight and to win two nearly simultaneous major theater wars. This benchmark has served the United States military well during the post-Cold War era. Absent a well understood and precisely defined threat such as the Soviet military, the two-war standard has been the only means for preserving the kind of flexible and global military capability required for the vast array of security responsibilities that the United States maintains. According to the QDR, “If the United States were to forego its ability to defeat aggression in more than one theater at a time, our standing as a global power, as the security partner of choice and the leader of the international community, would be called into question.”

This two-war benchmark is also an appropriate peacetime force-sizing mechanism that follows clearly from an appreciation of the kinds of potential commitments and conflicts that confront the United States today. America’s adversaries are at all times acutely aware of the proximity and presence of U.S. forces. Gen. Anthony Zinni, commander-in-chief of U.S. Central Command, recently testified before the National Security Committee that Iraqi leader Saddam Hussein clearly times his provocative actions to those occasions when U.S. military force presence in the Gulf is lower. Likewise, the continuing economic and humanitarian crisis in North Korea, combined with that regime’s continuing investment in its military capability, could easily provide the spark to renewed conflict. In these and other vital regions, the presence of strong U.S. forces and their overwhelming conventional combat capability provide a convincing deterrent force, and a lethal fighting force.

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Wherever future threats originate, failure to prepare to meet them will only encourage America’s enemies.

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Unfortunately, the *de facto* motto of the U.S. military – “doing more with less” – has become today’s reality. American soldiers, sailors, airmen and Marines are in fact doing much more than protecting the nation’s interests and preparing to fight the nation’s wars. Indeed, the burdens of peacekeeping, peacemaking and the variety of other operations other than war that increasingly occupy our military’s time are *preventing* them from properly and adequately training.

This is the unspoken reality underlying the QDR’s recognition of smaller-scale contingencies; “the demand for [smaller-scale contingency] operations is expected to remain high over the next 15 to 20 years.” Yet even while acknowledging the burdens imposed by multiple, concurrent peacekeeping operations, the QDR underestimates the high political profile, import and even permanence they assume over time. The QDR’s assertion that “U.S. forces must also be able to withdraw from [such] operations, reconstitute, and then deploy to a major theater war in accordance with required timelines”

is an unrealistic, even naïve, expectation. A textbook example of the complexities of meeting both warfighting requirements and peacekeeping missions was clearly illustrated several weeks ago when the Army announced that the 1st Cavalry Division would be deployed from Fort Hood, Texas, to Bosnia as the U.S. follow-on force. The 1st Cavalry Division is the most modern, best equipped and best trained heavy division in the entire Army, and would be among the first two divisions to deploy in the event of a major theater war. Yet the debilitating demand of constantly rotating forces to Bosnia – resulting from the President’s commitment to an increasingly open-ended mission in the Balkans — is compelling the Army to beat its sharpest sword into a plowshare. The Army has yet to explain how it will meet its requirement to rapidly deploy heavy forces in the event of a major theater war while the 1st Cavalry Division is in Bosnia. What is true of the Army applies equally to the other services: to Air Force fighter squadrons employed in no-fly zones, to Navy aircraft carriers transferred from the Pacific, where they

would support a Korea contingency, to the Persian Gulf, to the Marine Corps which, in the recent testimony of Commandant Gen. Charles Krulak is “not a two [major theater war] force.”

In sum, the pervasive mismatch between strategic objectives and defense resources that undermines the QDR’s vision of shaping the international environment and preparing for an uncertain future most seriously affects the ability of the U.S. military to respond to current crises. This is a potentially catastrophic mismatch, and one with very real consequences, as foretold in the QDR: shortfalls in warfighting capacity “risk undermining both deterrence and the credibility of U.S. security commitments in key regions of the world. This, in turn, could cause allies and friends to adopt more divergent defense policies and postures, thereby weakening the web of alliances and coalitions on which we rely to protect our interests abroad.” Indeed, in Europe, in the Gulf, and in East Asia, the ability of America to defend its interests by responding to multiple crises remains an open question.

From the Chairman...

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operations and personnel tempo, and continued deterioration of military infrastructure and facilities. In fact, the service chiefs of staff have identified approximately \$10 billion in unfunded requirements in fiscal year 1999 alone. Tellingly, the largest portion of these unfunded requirements pertain to core readiness needs – training, spare parts, and other basics. Indeed, almost the entire Air Force unfunded requirements list reflected readiness shortfalls. In an effort to correct readiness failures, the committee did its best to increase spending in core readiness accounts at the expense of lower priority spending on administrative and support functions.

Likewise, the committee recognizes that quality of life is inextricably tied to force readiness. This is particularly true in today’s force projection environment characterized by its high pace of operations and the stress it places on both individuals and families. Thus, the committee took a five-part approach to maintaining a decent quality of life for service members and

their families: providing fair compensation; improving the military health care system; maintaining the value of retirement benefits; supporting key morale, welfare and recreation programs; and ensuring that military personnel and their families live and work in the best possible facilities.

Finally, the committee remains frustrated with its limited ability to manage risk within the modernization accounts. The President’s fiscal year 1999 procurement budget request of \$48.7 billion is over \$1 billion short of the requirement set by the Joint Chiefs. The research and development request – the key not only to robust modernization but to innovation in the next century – falls even shorter of the requirement to prepare for an uncertain future. Over the next five years, defense spending for research and development accounts are projected to fall by at least 14 percent. Thus, this year’s bill reflects an effort to protect critical modernization projects in an effort to limit long-term risk.

Unfortunately, the committee’s best efforts to manage risk will entail improvements at the margin only. The magni-

tude of the shortfalls is so great that they cannot be eliminated by a wiser allocation of resources alone. Nor can any foreseeable defense reform, including new rounds of base closures proposed by the Administration, provide sufficient savings to reapply towards critical shortfalls in a timely manner. In short, the committee attempted to ensure, within the severe constraints of a declining defense budget, the most effective U.S. military force possible. By reprioritizing the Administration’s budget request, the committee has provided DOD with additional tools and resources necessary to recruit and retain the best people, train them to the highest standard, equip them with the most advanced military technology and provide them with a standard of life more commensurate with that of the American citizens they are sworn to protect. Having done so, the committee nonetheless finds itself deeply troubled that the world’s sole superpower is running a “moderate to high” risk when it comes to its ability to promote and protect vital national security interests.