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“Terrorism and the New Age of Irregular Warfare:
Challenges and Opportunities”

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Let me begin by thanking Chairman Smith and the members of the Subcommittee for providing me with the opportunity to testify on this critical issue.

My main focus today will be on resources. As we were reminded by President Obama’s presentation last week regarding his administration’s new strategy for Afghanistan and Pakistan, counterinsurgency and counterterrorism can be expensive propositions.

We have already spent over \$173 billion on the war in Afghanistan, an average of over \$20 billion per year.¹ That number will rise significantly as we send more troops and spend more on training Afghan security forces. Military and economic aid to Pakistan will increase sharply. And additional civilian development aid to Afghanistan will be a crucial part of the mix as well. These will be long-term efforts, not the work of a year, or two years, or even five years. And while Afghanistan and Pakistan may be the central front, dealing with the threats posed by terrorism and irregular warfare will require investments on a global scale. Where will the funds to underwrite this new strategy come from?

The Congressional Budget Office has projected a deficit of \$1.8 trillion this year and \$1.4 trillion for FY 2010.² This suggests that we can’t simply put the costs of implementing a more comprehensive approach to terrorism on our great national credit card.

Contrary to popular belief, savings generated by reductions in U.S. forces in Iraq are also unlikely to be significant, at least for the next few years. The planned reductions are fairly gradual. Even after the end of 2011 we may leave a residual force of 50,000 or more military personnel, along with an expanded effort to train and equip the Iraqi armed forces. Finally, the military services are calling for tens of billions of dollars to reset our armed forces by replacing equipment lost or

damaged in the war. I question whether the costs of reset will be this high going forward, in large part because a lot of this money has already been included in prior emergency supplementals for financing the wars in Iraq and Afghanistan. But regardless of what estimate one chooses, reset funding will clearly diminish any savings we may expect from the winding down of the Iraq war. All of these factors suggest that the short-term personnel reductions in Iraq will not free up significant resources that can be applied to other objectives.

In the light of all of this, the best way to fund the Afghan buildup and other related objectives is by restructuring the Pentagon budget.

We must ensure that every defense dollar is spent as efficiently and effectively as possible. The days of a “both/and” approach to national security spending are over. We can’t afford to simultaneously fund Cold War era weapons, *and* equipment designed for use in current conflicts, *and* sophisticated systems destined to address distant threats that may or may not emerge decades down the road. Continuing to do so will have significant negative consequences on our ability to train, equip, and sustain forces designed to address the immediate threats posed by terrorism and other forms of irregular warfare.

In several recent speeches and interviews, Secretary of Defense Robert Gates has acknowledged the need to make choices within the military budget. He has suggested that we should place more emphasis on the wars of the present than on the potential conflicts of the future. In line with this approach, Secretary Gates has asserted that we may not be able to afford to continue buying expensive systems like the F-22 combat aircraft that are not being used in either Iraq or Afghanistan. President Obama reinforced this point in his recent address to Congress when he said that we need to “reform our defense budget, so that we're not paying for Cold War-era weapons systems we don't use.”

But before suggesting where cuts can be made in the current Pentagon spending plan, I would like to spend a little time discussing how we got to this point. During the eight years of the Bush administration, few choices needed to be made for the simple reason that the rapid increase in defense spending allowed real trade-offs to be kicked down the road, to be dealt with by a future administration. While a few systems were cut or cancelled – most notably the Crusader artillery system – the general approach during the Bush years was anything goes.

This tendency to buy virtually everything the Department of Defense asks for is evidenced by the fact that the Pentagon’s core budget has risen rapidly, even though it plays no role in funding the wars in Iraq and Afghanistan. Up until now these conflicts have been financed by separate emergency appropriations.

The Pentagon's baseline budget rose by 82% between FY 2002 and FY 2009, *after* adjusting for inflation.³ Add to that the costs of the wars, and we are now spending more in real terms than we have spent at any time since World War II – more than at the height of the Vietnam War, more than at the height of the Korean War, and more than at the peak of the Reagan buildup of the 1980s. In light of the current economic crisis and the competing demands to fund health care, alternative energy, civilian infrastructure, more robust diplomacy, and other domestic and foreign policy priorities, these levels of military spending are no longer sustainable.

Thankfully, there are early signs that the Obama administration is prepared to make some real choices. Most notable in this regard is the administration's proposed top-line budget for the Pentagon for FY 2010, which is \$534 billion.⁴ Although this represents a modest increase of about 3% over the Bush administration's Pentagon budget for FY 2009, it is \$50 billion less than the Pentagon requested.⁵ The Pentagon's number was a "wish list" budget that was designed to test the new president. Would he dare to say no to a request made by the military services and the Department of Defense during wartime? If he did so, wouldn't he be labeled "soft on defense"?

President Obama did say no to the Pentagon's wish list, and thus far he has paid no political price for doing so. Aside from articles by a few conservative commentators, there has been no suggestion that imposing some fiscal discipline on the Pentagon undermines our national security. This is particularly true with respect to funds that are not destined to be used for the wars in Iraq and Afghanistan.

A second sign that the Pentagon is going to be required to put its budgetary house in order is the administration's decision to subject war spending to the same level of scrutiny that applies to the regular Department of Defense appropriations, starting with the FY 2010 budget. Rather than rushing through huge spending packages worth tens of billions of dollars without demanding detailed line items or careful vetting by the budget, appropriations, and armed services committees, the Obama administration has proposed that we demand the same level of accountability and transparency for war funding that we do for the rest of the Pentagon budget.

Perhaps most importantly of all, the administration has indicated that it will seriously consider deep cuts in or elimination of a number of major weapons projects. Some press reports have suggested that as many as six major programs may be cut. Doing so will make it easier to accommodate the costs of adding

92,000 personnel to the Army and Marines, while leaving leeway to spend on new weapons systems more suited to counterinsurgency or counter-terrorism operations, or to invest in diplomacy and foreign economic assistance, key non-military tools of security that have been chronically underfunded.

My recommendations for six weapons systems that can be cut without undermining our security are as follows:

The F-22 “Raptor”: Designed to engage in air-to-air combat with a Soviet fighter plane that was never built, the F-22 – officially designated the Raptor – is the most expensive fighter plane ever developed. Counting R&D expenditures, each F-22 costs over \$350 million. While considerably lower, the marginal cost – the immediate cost of adding one new aircraft to the inventory, not counting R&D costs already incurred – is still \$143 million per plane.⁶

The F-22 is a plane in search of a mission. In an era in which current adversaries like the Taliban and the Iraqi insurgency have no air forces and potential future adversaries like Russia and China cannot match the capabilities of current U.S. fighter planes, whatever new capabilities the F-22 may bring with it are not worth the cost. As for recent efforts to re-purpose the Raptor as a ground attack aircraft, they beg the question of why one would use a \$143 million plane for this mission when we have aircraft that can carry out the same mission at one-third to one-half of the cost.

Counting the four aircraft likely to be included in the FY 2009 emergency supplemental on Iraq, the Air Force has already purchased 187 F-22s at a cost of over \$65 billion. Any decision to stop funding the plane now would not strictly speaking be a cancellation of the program, but rather a termination that would leave a considerable number of F-22s in the arsenal. Until it was instructed to stop speaking publicly about the number of F-22s it would like to procure – a number far beyond what the Pentagon considers necessary – the Air Force routinely suggested more than doubling the force to 381 aircraft. In late February, without mentioning any specific numbers, Air Force Chief of Staff Norton Schwartz said he planned to ask Defense Secretary Gates for more F-22s, but that the request would fall short of the service’s oft-stated goal of 381 fighters.

Over the past few years, it has cost the Pentagon an average of \$4.2 billion per year to purchase about 20 F-22s. Ending the program now would free up that \$4 billion-plus for other purposes.

The F-35 Joint Strike Fighter: The Joint Strike Fighter was designed to be a versatile, affordable aircraft that would be produced in large quantities for the

United States and its key allies. In an effort to simplify logistics and benefit from economies of scale, variants of the plane are being developed for the Army, the Navy, the Marines, and the Air Force. As a next-generation fighter and attack aircraft it will fill a real need, but the Pentagon and the prime contractor should take the time to get the design right before going into full-scale production.

Current plans call for the military services to buy over 2,400 F-35s at a total cost of \$240 billion, or about \$100 million per plane. Although it is still at the very early testing stage, the cost of the program has already increased by nearly 20 per cent, even as the number of aircraft to be purchased has decreased by over 400 planes. The Government Accountability Office (GAO) has suggested that the cost overruns thus far are attributable in significant part to the Department of Defense's rush to buy production models of the aircraft while development and testing activities are still in their very early stages. Despite this warning, the Pentagon is looking to *accelerate* production of the Joint Strike Fighter. If current plans are allowed to go forward, the Department of Defense will buy the first 360 F-35s *before full flight testing has occurred*, at a cost of \$57 billion.⁷ Many of these planes will be purchased on cost-plus contracts, which means that for the most part the manufacturer will receive more money for running over budget than it would for coming in on time and on budget. With no incentive to cut costs, further overruns are inevitable.

Rather than rushing the F-35 into production, the Pentagon should slow down purchases of the plane while development and testing proceed. That way any changes that need to be made can be done up front as part of initial production, instead of as expensive retrofits later. Cutting purchases of the F-35 in half relative to the Pentagon's current procurement schedule would save \$3 to \$4 billion per year.

The Zumwalt Class Destroyer (DDG-1000): The DDG-1000 has been described as a "multi-mission" destroyer which can engage in combat against enemy ships, fire cruise missiles from long-range, and provide support to ground forces by use its two 155mm cannons. It is a massive ship, displacing 15,000 tons of water, 50% more than any current Navy surface combatant.

Cost is the key variable here. At \$5 billion per ship for the first two and an estimated \$3.6 billion for every ship thereafter, the DDG-1000 is a luxury that we can't afford in a time of tightening defense budgets. Its main mission of engaging other combat ships on the high seas was conceived in 1991, just as the Soviet Union was falling apart and well before it was clear that its main successor state, Russia, would be drastically reducing the size of its Navy. With China at most

looking to develop a force of surface combatants that can operate within its region, there is no pressing need for a huge, costly destroyer.

As for providing fire support for the Army and Marines, there has to be a cheaper way to launch cruise missiles and put two 155mm cannons in reach of a land battle. This program should be ended at the two ships already authorized, rather than proceeding to the seven ship level that has been discussed. The savings would be \$3.6 billion per year over the next five years.

Virginia-class submarine (SSN-74): Similarly to the DDG-1000, the main mission envisioned for this submarine is no longer relevant. In a conventional battle with other combat ships, a submarine of this type can play an important role, but as noted above, the likelihood of this kind of combat occurring has diminished dramatically since the end of the Cold War. Other missions cited for the SSN-74 – from intelligence gathering, to providing a platform for inserting or removing Special Operations Forces, to launching conventionally-armed cruise missiles – can all be carried out more affordably by adapting or upgrading existing submarines. Ending production of the Virginia-class submarine would save over \$3 billion per year.

Missile defense: Missile defense has been caricatured as “a weapon that doesn’t work aimed at a threat that doesn’t exist.” While this may overstate the case, there is no question that the over \$10 billion per year devoted to ground-, sea-, and air-based forms of missile defense could be far better spent on other defense, foreign policy, or domestic priorities.

President Obama has asserted that he will take an “evidence-based” approach to missile defense. If so, the evidence is in. This year marks the 26th anniversary of President Ronald Reagan’s Star Wars speech, and there has yet to be realistic test that indicates that we can reliably shoot down incoming nuclear warheads launched from a long-range ballistic missile. The elements of the missile defense budget that involve defending against ICBMs can be eliminated without harming our security in any way. There is some indication that mid-range systems designed to protect troops or nearby allies from medium-range missiles may prove to be more effective.

In addition to questions of cost and effectiveness, there is one overriding argument against throwing billions of dollars at missile defense year after year. It is not needed to prevent a nuclear attack on the United States. As Greg Thielmann, a proliferation expert who worked at the State Department’s Bureau of Intelligence and Research (INR) has noted, even if a nation like Iran or North Korea were to

develop nuclear weapons and the ability to launch them from a ballistic missile, the concept of nuclear deterrence would still operate:

“For emerging missile powers to anticipate effectively intimidating the United States with threats of direct missile attack on the American homeland is a dubious proposition. There is no empirical evidence that even the most erratic foreign leader would believe himself immune from . . . counterattack. . . Devastating retaliation and the end of the attacker’s regime would have to be assumed.”⁸

Given these realities, it makes sense to scale back missile defense spending dramatically, to perhaps \$3 billion per year to cover the costs of ongoing research and development, and for refining technologies for defending against medium-range missiles. This would save \$7 billion per year.

Nuclear Weapons:

Maintaining a huge arsenal of nuclear weapons poses a serious risk to our security. At this point in our history, their liabilities far outweigh any benefit they could possibly provide. That is why President Obama has pledged to work for a world free of nuclear weapons, and to pursue immediate, concrete measures towards that goal, including negotiating a new treaty with Russia involving deep cuts in our respective nuclear arsenals; seeking ratification of the Comprehensive Test Ban Treaty (CTBT); accelerating spending designed to eliminate “loose nukes” and bomb-making materials (plutonium and enriched uranium) in Russia and beyond; and ending all new production of bomb-making materials worldwide.

These common sense measures will all require Congressional support, either through providing necessary funding or via the ratification of treaties related to nuclear reductions. The time for eliminating or drastically reducing global nuclear arsenals is long overdue, as has been noted by a wide range of current and former government officials ranging from former Secretaries of State Henry Kissinger and George Shultz, to former Senate Armed Services Committee chairman Sam Nunn, to former Defense Secretary William Perry, to dozens of prime ministers, former defense secretaries, secretaries of state and foreign ministers from all over the world. The common thread uniting the arguments about the need to eliminate nuclear weapons is that since the greatest danger is the possibility of a terrorist organization acquiring one, we need to reduce that risk by cutting back global arsenals to the lowest levels possible. Substantially reducing our arsenal will also give us greater leverage in persuading other nations to scale back their own nuclear stockpiles or abandon their pursuit of these weapons. The fewer nuclear weapons there are, the safer we will be.

Moving from an active stockpile of roughly 5,000 deployed nuclear weapons to an arsenal of 1,000 total weapons – 600 deployed and 400 in reserve – would save on the order of \$14.5 billion per year. Net savings after accounting for additional investments in securing “loose nukes” would be about \$11 billion per year. This would still leave the United States with a more than adequate deterrent against any existing nuclear-armed state, while providing a first step towards President Obama’s goal of eliminating all nuclear armaments.

These are my six candidates of weapons programs that can either be eliminated or steeply cut back without harming our security at a time when the greatest threats to our safety are posed by terrorism and other forms of irregular warfare. Taken together they would free up over \$35 billion per year that could be applied to other objectives.

Additional examples of prudent cuts in military spending could be cited, but I will not address them in detail in this testimony. Along these lines, I would recommend to the subcommittee the recently published report, *A Unified Security Budget for the United States, FY 2009*, produced by a task force on which I served alongside eighteen other experts, including a former high-ranking Pentagon official and two retired military officers. The report identifies over \$60 billion in potential cuts in military spending, and suggests shifting those funds towards non-military tools of security such as diplomacy, foreign economic assistance, public health, and alternative energy development.⁹

An important element of President Obama’s new strategy for Afghanistan and Pakistan is to address the current imbalance between military and economic assistance. For example, a recent report by the Center for American Progress notes that thus far Department of Defense spending devoted to the conflict in Afghanistan has been more than ten times the amount spent on non-military foreign aid and diplomatic operations.

Interestingly enough, one of the most vigorous proponents of increasing spending for non-military tools of security is Secretary of Defense Robert Gates, who called for major increases in State Department funding at a speech he gave at his alma mater, Kansas State University. To drive the point home, he noted that there are more personnel engaged in running one aircraft carrier task force than there are trained diplomats in the entire U.S. Foreign Service.¹⁰ He might have added that the Navy has eleven aircraft carriers, while there is only one State Department.¹¹

Diplomacy must be one part of a more comprehensive strategy. Foreign assistance is another. Investing in roads, schools, clean water, agriculture, and

energy and communications technologies is our best hope for heading off “failed states” and nascent insurgencies in the developing world. That is why so many of us welcome President Obama’s pledge to double U.S. foreign assistance over the next four years. Unfortunately, this promising initiative has already hit a potential road block. In its recent mark-up of the Obama administration’s FY 2010 Foreign Affairs Budget proposal, the House Budget Committee cut the president’s request by nearly 10%. By contrast, the proposal for the Pentagon was untouched. This counterproductive action seems to reflect a combination of an understandable urge to find places to cut spending in a period of trillion dollar-plus budget deficits and an unfortunate failure to grasp that diplomacy and development assistance are every bit as important to our national security as military forces.

The \$35 billion in savings that can be derived from cutting unnecessary weapons programs could help underwrite President Obama’s pledge to dramatically increase development spending, as well as allowing us to invest substantially more in the diplomatic capabilities of the State Department.

Perhaps most importantly of all, more flexibility in the use of our national security budget could help fund the President’s new initiatives on Afghanistan and Pakistan. There is an emerging consensus that instability in Pakistan – a nuclear-armed state plagued by violent extremists -- is one of the greatest threats we face. A central part of the Obama administration’s plan for addressing this threat is a package of civilian support and development assistance valued at \$1.5 billion per year for five years. Yet there is already some concern as to whether this plan will be fully funded by the Congress. If we use our existing national security resources wisely, there should be no reason *not* to finance the President’s entire aid package for Pakistan.

Let me just conclude by saying that if we want to fund a robust, multi-faceted strategy for addressing terrorism and irregular warfare, we need to realign our national security budget, both within traditional defense areas and across the spectrum of non-military tools that are so essential to success. I look forward to your questions, and I thank you again for this opportunity to address the subcommittee.

NOTES

¹ Amy Belasco, “CRS Report for Congress: The Cost of Iraq, Afghanistan, and Other Global War on Terror Operations Since 9/11,” Congressional Research Service, updated October 15, 2008, p. 7.

² Congress of the United States, Congressional Budget Office, “A Preliminary Analysis of the President’s Budget and an Update of CBO’s Budget and Economic Outlook,” March 2009, p. 2.

³ Steven M. Kosiak, "Analysis of the FY 2009 Defense Budget Request," Center for Strategic and Budgetary Assessments, 2008, p. 55.

⁴ White House Office of Management and Budget, "A New Era of Responsibility: The 2010 Budget," p. 53.

⁵ Travis Sharp, "Pentagon Budget Faces Uncertain Future," Center for Arms Control and Non-Proliferation, February 3, 2009, p. 1.

⁶ Except where otherwise indicated, figures on weapons costs cited in this section come from one or more of the following sources: U.S. Department of Defense, "Program Acquisition Costs by Weapon System: Department of Defense Budget for Fiscal Year 2008," February 2007; U.S. Department of Defense, "Fiscal Year 2009 Budget Request, Summary Justification," February 4, 2008, pp. 154-210; Travis Sharp, *op. cit.*, note 5; Miriam Pemberton and Lawrence Korb, editors, "A Unified Security Budget for the United States, FY 2009," *Foreign Policy in Focus*, September 2008; and Lawrence J. Korb et. al., "Building a Military for the 21st Century: New Realities, New Priorities," Center for American Progress, December 2008.

⁷ United States Government Accountability Office, "Joint Strike Fighter: Accelerating Procurement Before Completing Development Increases the Government's Financial Risk," GAO-09-303, executive summary.

⁸ Greg Thielmann, "Rumsfeld Reprise?—The Missile Report that Foretold the Iraq Intelligence Controversy," *Arms Control Today*, (July/August 2003).

⁹ Pemberton and Korb, *op. cit.*, note 6.

¹⁰ Secretary of Defense Robert Gates, Landon Lecture (Kansas State University), November 26, 2007.

¹¹ United States Navy Fact File, "Aircraft Carriers: CV, CVN," updated February 2009.