

# INTRODUCTION

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The United States military has reached a crossroads. In many respects, America's armed forces are better off than ever before. The all-volunteer force is a proven, mature, and successful model. America is protected by the finest servicemen and women in history who employ the most advanced arsenal on the planet.

Yet the number, size, and duration of military deployments have increased dramatically since the end of the Cold War, while defense spending has remained at an historical low. The military will likely face further calls for reduced spending when, at some point, the pace of operations in Iraq slows down and Congress begins searching for yet another "peace dividend" to help pay exploding Social Security, Medicare, and Medicaid costs. If a clearly delineated policy is not established now to ensure stable funding, the military risks becoming a hollow force.

The term "hollow force" describes the situation when readiness declines because the military does not have enough funding to provide trained and ready forces, support ongoing operations, and modernize simultaneously. Like a freshly painted house with no plumbing or wiring inside, the military may appear functional but in reality is too poorly trained and equipped to be reliable without incurring excessive and unnecessary risk.

The last time America's military truly went hollow was in the aftermath of the Vietnam War. Recruitment plummeted, equipment modernization slowed substantially, and training funds were unavailable. The cracks became visible in 1979 when the captain of the USS *Canisteo* refused to certify his ship as seaworthy because his men had not been adequately trained. When this was followed in 1980 by the Desert One debacle in Iran, it became clear that years of underfunding had left America's military hollow.

Upon assuming office in 1981, President Ronald Reagan immediately rectified the situation by securing two double-digit increases in the defense budget, followed by substantial increases for several years thereafter. The results resounded throughout the military where morale skyrocketed, training improved significantly, and the Pentagon was able to develop a new generation of vehicles, ships, and aircraft using the latest technologies.

The Soviet Union, which a few years earlier had dreamed of building a blue-water navy to compete with the United States, then realized it could no longer compete—a realization that was a significant factor in its eventual demise. This strategic buildup also provided the overwhelming force behind Operation Desert Storm and made possible the peace that America enjoyed throughout the 1990s.

The military is now showing many of the same signs, however, that were evident in the post-Vietnam era. Despite the intense pace of repeated military deployments over the past 15 years, today's force is roughly half the size it was in the early 1990s. The Army has been reduced from 18 divisions during Desert Storm to 10, the Air Force from 37 tactical air wings to 20, and the Navy from 568 ships in the late 1980s to a fleet of only 276 today.

Moreover, modernization and procurement budgets were cut substantially throughout the 1990s. As a result, along with manpower shortages, much of the military's equipment is too old and increasingly unreliable. For example:

- The Pentagon purchased an average of 78 scout and attack helicopters each year from 1975 to 1990 but only seven each year from 1991 to 2000.
- An average of 238 Air Force fighters and five tanker aircraft were purchased from 1975–1990, compared to 28 and one per year, respectively, from 1991 to 2000.
- The average age of Air Force aircraft in 1973 was just nine years. The average aircraft today is 24 years old, while aircraft modernization funding has dropped by nearly 20 percent.

## Four Percent for Freedom: The Need to Invest More in Defense

As in the aftermath of the Vietnam War, the Army National Guard was the first to show signs of being hollow. In 2005, the Army National Guard contributed nearly half of all troops on the ground in Iraq and has assumed an increased role in homeland defense missions over the past six years. Yet the Guard faces severe equipment shortages while relying extensively on a policy of cross-leveling to fill units. The equipment that is available is typically much older, more difficult and expensive to maintain, and not easily deployable or useful in its missions. Chief of the National Guard Bureau Lieutenant General Steven Blum confirmed that the Guard's equipment readiness has fallen from 75 percent in 2001 to only 35 percent today.

Without maintaining a robust defense budget of 4 percent of gross domestic product (GDP) over the next five to 10 years, the U.S. will be unable to equip and modernize its forces to preserve America's security. The military is in a vital phase of mandatory recapitalization. With the current and future budget projections, the services are scheduled to field new platforms that will anchor American security for the next generation.

Robust and consistent funding of the military is fully within America's capability. Currently, the U.S. spends only 3.8 percent of GDP on the core defense budget. That is far lower than during the Cold War and almost a full percentage point lower than the hollow force era after Vietnam. The budget is expected to drop even further in the coming years, falling to just 3.2 percent of GDP by 2012.

America's economy is so powerful, however, after years of underfunding military procurement that the U.S. could recapitalize and sustain military strength by increasing and maintaining defense spending at 4 percent of GDP. This policy, called the "Four Percent for Freedom" solution, would ensure that America's military remains capable and ready.

A policy of Four Percent for Freedom would also have a positive impact by focusing the national debate about the deficit where it belongs: on entitlement programs. These mandatory programs—not defense spending—pose the real long-term threat to solvency.

In addition, sufficient funding would promote more efficient use of defense dollars. Service chiefs would not have to maneuver funding each budget cycle to keep programs alive but could instead focus on long-term planning.

Finally, American power is an important stabilizing force in the world. The Four Percent for Freedom solution would help to reassure financial markets about American strength, reduce risk within the international community, and promote economic growth both at home and abroad.