

## CHAPTER 1

# More: The Crying Need for a Bigger U.S. Military

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In 1979, the captain of the USS *Canisteo* refused to certify his ship as seaworthy, because, in his opinion, his men had not been adequately trained. It was the first time in 15 years that a U.S. Navy captain had refused to take his ship to sea. His courage, coupled with a blistering report about lack of military readiness authored by former defense secretary Melvin Laird, and followed in 1980 by the Desert One fiasco in Iran, made graphically clear that years of underfunding had left America's military "hollow." Like a freshly painted house with no plumbing or wiring inside, the military looked functional; but in reality, it was too poorly trained and equipped to be reliable.

At the time, America's resolution was already in question because of Vietnam and the weakness of foreign policy during the Carter years. It was no accident that by the end of President Carter's term the Soviets had invaded Afghanistan and the new regime in Iran had seized the American embassy in Tehran. America's enemies were reacting to her weakness like rats in a room where the lights had gone dim: They had come out of their holes and begun to probe, scouting for opportunities to advance their ambitions and threaten U.S. security.

President Reagan had no formal experience in foreign policy and no training in military affairs. But he understood the basic equation of world leadership: force plus resolve equals power. Despite the large budget deficits, President Reagan secured two immediate double-digit increases in the defense budget, followed by substantial increases for several years thereafter.

The effect was electric. Military morale skyrocketed. Training improved, and the Pentagon was able to recapitalize its "platforms"—the military term for ships, planes, and vehicles—with equipment that used the latest technology and was therefore less vulnerable and more lethal. The geriatric leaders of the USSR, who a few years before had dreamed of building a blue-water navy that could challenge the U.S., now realized that they were in a competition they could not possibly win: The "correlation of forces" was moving decisively in the direction of freedom. Throughout the rest of the 1980s, the reality of growing American power, coupled with Reagan's eloquence and conviction, forced the Soviets increasingly into a corner. Finally they threw in the towel. Only a few years later, America's newly empowered military paid another dividend: It provided the overwhelming force behind Operation Desert Storm. The strategic buildup Reagan initiated made possible the end of the Cold War, and the peace and prosperity that America enjoyed throughout the 1990s, and up until 9/11.

America is now reaching a decision point similar to the one Reagan faced in 1981, and it is important to understand clearly what is at stake. America is the defender of freedom in the world and therefore always a prime target for those who hate freedom. The progress of the international order toward peace and democracy depends on American power; and while the basket of Western foreign policy contains many tools, what underpins them all is a U.S. military that the world knows is capable of defeating threats swiftly and effectively.

Judged by this standard, the situation facing the U.S. military is grave. America's armed forces are, in one respect, better off than in 1981. The volunteer force is a proven, mature, and successful model; America is protected by the finest servicemen and women in history. But because of decisions over the last 15 years—driven more by budgetary than by military considerations—the Army is too small, the Navy and Marine Corps may well be too small, and much of the equipment in all the services is too old and increasingly unreliable. Without a substantial increase

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in procurement spending, beginning now and sustained over the next five to ten years—an increase measured not in billions but in tens of billions of dollars per year above current estimates—the U.S. will be unable to modernize its forces to the degree necessary to preserve its security with the necessary margin of safety.

President Bush, to his credit, has submitted a budget for FY 2008 that begins to recognize the true requirements of American security. If the president has his way, defense spending will increase by more than 10 percent over last year. That is a hugely important first step, but it is not enough. Congress should give the president his request for defense this year—but both ends of Pennsylvania Avenue also need to adopt a rule that the core defense budget should never sink below 4 percent of the nation's GDP. The War on Terror will eventually end, but the need for American strength will not; there is no conceivable international scenario for the next generation that does not justify at least such a modest ongoing investment in the nation's security. As Reagan liked to say, "Of the four wars in my lifetime, none came about because America was too strong."

### The Necessary Upkeep

The world today is, on balance, at least as dangerous as it was at the end of the Cold War. The U.S. is no longer in danger of a massive nuclear attack, nor is a major land war in Europe likely, but the threats we face are no less serious. America is engaged in a war against terrorism that will last for years. The danger of a rogue missile attack is greater than ever. China is emerging as a peer competitor much faster than most of us expected, and Russia's brief experiment with democracy is failing.

The "operational tempo" of American conventional forces—the number, intensity, and duration of their deployments—has increased since the end of the Cold War. Yet the forces were almost twice as big in 1992 as they are today. The active-duty Army was cut from 18 divisions during Desert Storm to ten by 1994—its size today. The Navy, which counted 568 ships in the late 1980s, struggles today to sustain a fleet of only 276. And the number of tactical air wings in the Air Force was reduced from 37 at the time of Desert Storm to 20 by the mid-1990s.

Modernization budgets also were cut substantially during the Clinton years, and procurement budgets were cut much further than the cuts in force size and structure warranted. In essence, the Clinton administration took a "procurement holiday" where the military was concerned. The contrast in the average annual procurement of major equipment in two periods—1975 to 1990 and 1991 to 2000—is startling. For example, the Pentagon purchased an average of 78 scout and attack helicopters each year from 1975 to 1990, and only seven each year from 1991 to 2000. An average of 238 Air Force fighters and five tanker aircraft were procured each year from 1975 to 1990, as against only 28 and one per year, respectively, from 1991 to 2000.

These dramatic reductions had profound implications. When older platforms are not replaced, readiness levels drop, and the cost of maintaining inventory climbs rapidly. By the end of the Carter years, the force had gone "hollow"; by the end of the Clinton years, it had begun to "rust," badly. The George W. Bush administration has increased procurement budgets, but nowhere near enough to make up for the 1990s. The average age of Air Force aircraft in 1973 was just nine years. Today, the average aircraft is 24 years old and aircraft-modernization funding has dropped by nearly 20 percent over the last 22 years.

The current force is too small and too old relative to the requirements of the official national military strategy. That strategy calls for a military capable of defending the homeland, sustaining four peacekeeping engagements, and fighting two large-scale regional conflicts at approximately the same time. The services today probably cannot execute even this strategy within an acceptable margin of risk. Certainly they will be unable to do so in the future unless the Army and probably the Marine Corps are made bigger and unless all the services have the money to recapitalize their major platforms with modern equipment.

For years, the Joint Chiefs have been under pressure from political authorities to reduce the budget below what they really need. So they have delayed new programs, reduced the number of new ships or planes they say they need, kicked crucial procurement decisions down the road, robbed Peter to pay Paul, and otherwise tried to avoid confronting the approaching crisis.

But the crisis is upon them, and us, now. The military is entering a crucial phase of recapitalization. Beginning with the next budget, and intensifying over the next five to ten years, the services are scheduled to field the new platforms that will anchor American security for the next generation. No one can say that this spending is not needed or that it can be delayed any further. The Army must modernize and replace almost its entire capital stock of fighting vehicles. The Navy must buy new DDG-1000 destroyers, ramp up procurement of Virginia-class submarines, and buy large numbers of littoral combat ships and the next-generation cruiser. The Air Force must buy its new superiority fighter, the F-22, as well as Joint Strike Fighters or equivalent aircraft. In addition, the Air Force must fund its strategic-airlift requirement, design and build a new tanker, and develop an interdiction bomber to replace the B-52, an aircraft almost 50 years old.

The current procurement budget for all three services is \$81.3 billion. Simple budgetary mathematics shows that the services cannot possibly meet their crucial requirements without an average budget over the next five to ten years that is at least \$30 billion higher per year.

The situation facing the Navy is representative of the dilemma facing all the services. Currently the Navy has 276 ships. Its shipbuilding plan calls for 326 ships by 2020, eventually reaching a fleet that averages 313 ships. The plan actually calls for a reduction in aircraft carriers, attack submarines, and major surface combatants, but makes up for this with modern destroyers, more capable submarines, pre-positioning ships that will allow us to build and defend "sea bases," and the whole new class of multi-mission modular vessels called littoral combat ships. There is no margin whatsoever in this plan; it is the minimum necessary for American security.

The chief of naval operations, the admiral who represents the Navy on the Joint Chiefs, has estimated that the plan will require an annual shipbuilding budget that averages \$13.4 billion, almost \$5 billion more than was spent on shipbuilding last year. His plan calls for that figure to increase to \$17.5 billion by 2012. Most naval experts believe these figures are far too conservative. But it will be utterly impossible, at current levels of defense spending, for the Navy to reach and sustain even the \$13.4 billion figure; the money simply is not there. Beginning no later than 2009, there will be a growing shortfall in the shipbuilding accounts, in addition to an annual shortfall of \$1 to \$2 billion per year in Navy aviation procurement.

The bottom line is that the Navy needs at least an \$8 billion procurement increase per year above current estimates. The Marine Corps needs about \$3 billion more per year. It is not necessary to go into great detail with regard to the budgetary picture for the Air Force and Army; the pain has been spread fairly evenly across the services, and all face roughly the same shortfalls. That equals a procurement deficit over the next ten years of at least \$30 billion per year. Most independent experts believe the number is even higher. For example, the Congressional Budget Office estimates that the shortfall, including expected increases in personnel costs, will be a minimum of \$52 billion per year.

Add to this the fact that the active-duty Army is clearly too small. Even in an age of transformation and non-linear battlefields, America will always need the capacity to put boots on the ground. Particularly in the post-9/11 era, the U.S. needs the ability to carry on sustained, large-scale peacekeeping or low-intensity combat missions, without having to send the same units on three or four tours over the life of a mission. A nation of America's size and strength should not have to tie up essentially its whole active-duty Army, much of its Marine Corps, and many of its reserves in order to sustain 130,000 troops in the kind of low-intensity combat we are experiencing in Iraq.

In 1992, just after Desert Storm, the Pentagon stated a requirement of twelve active-duty Army divisions, before the increases in operational tempo of the 1990s and before the War on Terror. The Army should surely have at least twelve divisions today. To their credit, President Bush and defense secretary Robert Gates have proposed such an increase. It costs at least \$2 billion to stand up and sustain an addition to the army of division strength, which means we need to invest about \$4 billion per year or more in increased Army force structure, in addition to the \$30 billion more in new procurement funding.

So to sustain our military at the level necessary to protect our security, we must increase procurement, personnel, and support spending by at least \$34 billion above the FY 2007 budget. It may be possible to fund a small fraction of this increase from reforms in the rest of the defense budget. Congress typically adds \$3 or \$4 billion worth of earmarked appropriations every year. Some of those earmarks are actually warranted, but a dedicated effort to

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reduce those that aren't could produce \$1 or \$2 billion in savings per year. The cost of new programs has certainly spiraled—there are still \$400 hammers floating around in the defense industry—and the right kind of procurement reform might reduce them somewhat.

The unstable and inadequate defense budgetary climate is itself a major reason program costs have increased. The Defense Department regularly projects what it intends to buy in the out years of its defense plan, but then institutes last-minute cuts, changes, and delays that allow it to meet annual budget targets but increase program costs in the long run. The Navy, for example, originally planned to buy a total of 32 DDG-1000s—the Navy's next-generation multi-mission destroyer. A few years later, Navy officials said the military requirements had dropped to only eight to twelve destroyers, and the most recent Navy plan now calls for a total of only seven. It is no coincidence that over the same period, due to the loss of economies of scale, the cost per destroyer has increased.

Those who understand the free market will not be surprised that the years of uncertainty and low defense budgets caused capital and companies to merge or leave the defense business. That means fewer competitors, more sole-source contracts, less research, and therefore higher costs.

The reality is that there is no huge pot of money currently in the defense budget from which the necessary increase can be funded. It cannot come from reducing the number of service personnel because the military is already too small. Precisely because of budget pressures in the past, the service chiefs have already reduced force structure to dangerous levels. That is why the Navy is “cross-decking” sailors—helicoptering them from a ship returning home to one that is steaming out to sea—in order to man all its vessels. Nor can the money come from reducing the compensation we pay our servicemen and women. Apart from the fact that Congress would and should never reduce compensation in the middle of a war, the services must hire and retain high-quality people. The more modern the military becomes, the more skills it demands, and skilled people cost money. There is no such thing as a “grunt” in today's military. The truth is that spending on personnel benefits is much more likely to increase than decrease. Total spending on defense health care, for example, increased from \$17.5 billion in 2000 to \$37 billion in 2006.

## We Can Do It

The good news is that robust and consistent funding of the military is fully within America's capability. Currently the U.S. spends only 3.8 percent of its GDP on the core defense budget, including the non-Department of Defense expenditures for national security. That is far lower than during the Cold War, and almost a full percentage point less than was spent even during the Carter years. America's economy is so powerful that even after years of underfunding military procurement, the U.S. could still recapitalize and sustain its military strength by enacting the \$34 billion increase I mentioned earlier, and maintaining defense spending at no less than 4 percent of GDP thereafter.

This program—called the “4% for Freedom Solution” by the Heritage Foundation—would send the clearest possible message to America's friends and enemies that, whatever happens in Iraq, America will remain a force to be reckoned with. For some purposes, defense policy is foreign policy. Imagine the impact on China and North Korea, for example, of realizing that the U.S., by using only a small fraction of its economic resources, can guarantee an increased and highly capable naval presence in the Western Pacific for years to come.

The 4% for Freedom Solution would also have a positive impact on our long-term fiscal position. First, it would focus debate about the deficit squarely where it belongs: on the entitlement programs. Even a glance at the government's budget shows that growth in entitlement programs, not in defense or other discretionary spending, poses the real long-term threat to solvency. If Congress reforms entitlement spending, there will be more than enough money for defense; if Congress fails to get entitlements under control, then funding defense on the cheap will not save the country from bankruptcy.

Second, assuring sufficient funding for defense would promote more efficient use of defense dollars. Capital would flow back into the defense industrial base, and the service chiefs could attempt what in Washington has heretofore been unthinkable: long-term planning. They could budget in a way that reduces costs over the life of new systems, instead of fighting each other for money every year, or maneuvering each budget cycle just to keep vital

programs alive. President Bush's proposed double-digit increase is welcome news; but large swings in defense funding always cost the taxpayer more than solid, consistent funding over time.

Finally, American power is an important stabilizing force in the world; by reassuring the financial markets about American strength, the 4% for Freedom Solution would help reduce risk within the international economy and promote economic growth at home and abroad. Even a small positive impact on the economy would more than pay for the additional investment in military capability. How much would it be worth economically, for example, to reduce the risk that China invades Taiwan, or Kim Jong Il is tempted to use his nuclear capability? The peace and prosperity of the 1990s, remember, were due at least in part to the Reagan defense buildup of the 1980s. The Reagan precedent is also the answer to those who are concerned about the short-term impact of the 4% for Freedom Solution on the deficit. It is true that military strength has its price, but as Jimmy Carter found out, there is a price to be paid for weakness, too.

President Bush's recent defense-budget submission is the best news for American security in 15 years. The Democratic leaders should fully fund it, and the administration deserves credit for proposing it. But it would not have been necessary if the Clinton administration had not cut defense spending in the 1990s, or if the first George W. Bush administration had more robustly funded the needs that were clearly apparent even in 2001. By adopting the "4% for Freedom Solution," our leaders can show that for once they have learned the lessons of the past. There never will be a war that ends all wars; history has shown that, even in years where threats do not seem immediate, the dangers remain—and only the reality and perception of American power can deter them from breaking out.

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