

A Budget for A New American Arsenal: An Alternative to the “4 Percent Folly”

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Recommendations

- The defense budget should be replaced by an integrated national security budget.
- The challenges facing the U.S. military do not require a massive increase in the defense budget; instead the U.S. military must develop a sustainable strategic plan that reallocates expenditures to deal with the current and emerging international security environment.
- Increases in national security spending should first go to bolster our underfunded diplomatic, informational, and intelligence functions.

The Pentagon has unveiled a base \$515.4 billion defense budget for fiscal year 2009 that calls for the highest level of military spending since WWII without even taking into account an additional \$150 billion in likely supplemental funds for the wars in Iraq and Afghanistan. As mind-boggling as this number may seem to many, this amount of spending will consume less of the American economy—roughly 3.4 percent—than during the Vietnam and Korean War eras when military spending represented over nine percent of the national economy. Still, it is a significant sum, and the difficulty of sustaining this level of military spending going forward is presumably why top Pentagon officials are promoting a floor for defense spending at four percent of the nation’s gross domestic product. Four percent of GDP is what Defense Secretary Robert M. Gates believes to be “a reasonable price to stay free and protect our interests around the world,” his spokesperson said as the record budget request was announced. Chairman of the Joint Chiefs of Staff Admiral Mike Mullen has also supported this position, as have several prominent defense analysts from the Heritage Foundation who have promoted the concept of “4 Percent for Freedom.” Setting a four percent floor would increase projected defense spending by over \$150 billion in FY 2012 alone.

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There is no more logic in a floor for defense spending than there is for a ceiling in times of serious threat. Smart defense planners look at requirements, not percentages of GDP, to determine need. When threats are high, you spend more. When they are low, you spend less. There is nothing feckless about variability in the defense budget. Instead, this kind of adaptability is the essence of strategy. Indeed, the desire to replace sophisticated analysis with rigid guidelines is a hallmark of poor planning.

In a broader sense, the “4 Percent” campaign misses a key issue in American national security: given the kinds of threats we face today from terrorist groups, state collapse, transnational criminal organizations, ungoverned spaces, pandemics, and environmental disasters, the military is rarely the best or only response. Locking in four percent of GDP for defense ensures that other budgetary needs will be squeezed out, not just social programs but national security needs as well.

The concept of a defense budget is as obsolete in today’s world as is the concept of separate Army, Navy and Air Force budgets in a world of joint military operations. We need to spend more to strengthen America, but this does not necessarily mean more for defense. We need to move toward the concept of a national security budget that brings together all the elements of power required to ensure American security in the world. Increased funding for national security may mean more for the intelligence community, the Foreign Service, foreign assistance, public diplomacy, nonproliferation initiatives or any number of other non-defense activities.

As a point of reference, there are more sailors and Marines in a single carrier battle group, about 7,800, than there are Foreign Service Officers in America’s diplomatic corps, roughly 6,500. Given the challenges we face today, we should be weighing the relative costs and benefits of each rather than lockboxing four percent for guns and bombs regardless of strategic necessity.

In order to establish a national security budget, we need to examine some of the key issues across the departments responsible for national security. In this way, we can begin to assess the tradeoffs associated with contemplating a dramatic increase in defense spending.

Department of Defense

In the late 1990s, the defense budget was stressed by the tension between force modernization and transformation. Modernization refers to the generational replacement of aging equipment, while transformation focuses on the development of new types of capabilities suited to the emerging international security situation. With the ongoing wars in Iraq and Afghanistan, a third tension has been added to the mix – resetting the force. That is, replacing the equipment that is being consumed on a daily basis in combat.

By the end of the 1990s, it was clear that the United States would need to make some tough choices about how to balance modernization and transformation. Then-Governor George W. Bush argued in

favor of prioritizing the latter, supporting the idea of skipping a generation of procurement in order to invest in transformational capabilities that would allow the United States to meet any potential challenge from a peer or near-peer competitor over the next few decades. Since 9/11, unfortunately, this sense of discipline has dissipated. Looking forward, we ought to consider our needs and priorities:

The United States must fully reset the existing force, replace lost and damaged equipment, and build up a surplus in order to ensure that forces can effectively train while not in combat. The wars in Iraq and Afghanistan have caused tremendous wear and tear on American military equipment. In addition, as equipment has moved into the war zones, personnel at home are being required to prepare for deployment to combat without sufficient equipment on which to train. Resetting the force will require not just replacing lost equipment, but also building up some excess capacity in order to restore flexibility to deployments and ensure adequate opportunities for training.

The United States must selectively modernize core systems and capabilities that are reaching the end of their operational lives. The grounding of one-third of our F-15 fleet due to metal fatigue demonstrates that American air superiority and strike capabilities are at risk. Although the F-22 and F-35 are not perfect platforms for the emerging security environment, the growing capabilities gap due to eroding air power is too significant to allow to continue unabated. The United States must also make a priority of developing new deep strike capabilities. We cannot rely on a fleet of 21 B2 bombers complemented by expensive cruise missiles to meet all of our deep strike mission requirements.

The United States military must accept the erosion of some core capabilities that are no longer relevant in the emerging security environment. The Army's Future Combat System should remain in the research and development phase until a clear mission can be identified. The United States needs to maintain some capabilities for large-scale conventional ground combat, but, at this time, it is smart to invest in extending the operational life of existing systems rather than transitioning to new, untested platforms that may not be well-suited to the kinds of conflicts we are likely to see over the next 10 to 20 years. Similarly, the United States should slow procurement of most sea-based systems, replacing expensive sea-based strike platforms with better capacity for persistent surveillance of sea traffic. Interdicting the movement by sea of drugs, terrorist weapons, and other unlawful trafficking can be accomplished with less expensive systems than a carrier strike group.

The United States must acknowledge that our current commitment of ground forces is unsustainable. While some would like to see the United States remain in Iraq for 50 to 100 years, the fact is that our current commitments in Iraq and Afghanistan are stressing our force structure to its limits. We are dangerously overcommitted and would not be able to respond to any significant new contingency. The United States has global commitments, which at present are being sustained by a bluff. We could not, for instance, respond to an outbreak of hostilities in Korea without pulling out of Iraq. The only way out of this situation is to expand the Army by roughly 50 percent, but this is a practical impossibility. As long as we remain in Iraq, and as long as service in the Army involves a commitment

to spending half of one's time in uniform in combat, we will not be able to grow the force. We have only been able to sustain the current force by lowering standards and by increasing enlistment and retention bonuses. We could perhaps increase the size of the force once we are out of Iraq, but once we leave Iraq we will not need to do so. In short, the solution to our ground force problems cannot be solved through additional money and can only be addressed by ending our combat responsibilities in Iraq.

All the services need to engage in the sort of thoughtful strategic planning performed by the U.S. Marine Corps in the 1990s. The Marines imagined a future defined by mixed conflicts involving a range of missions, as well as the wide-spread development of anti-access capabilities by potential opponents. In response, they developed training and doctrine to fight in “three-block wars” with a prominent role for “strategic corporals.” They largely jettisoned amphibious operations, focusing instead on ground maneuvers and leapfrogging to operational bases behind enemy lines. They also developed a key platform – the V22 Osprey – to give them the kinds of capabilities they would need to fight in this manner. None of the other services has come close to this kind of thorough integration of strategic assessment, platform development, and doctrinal innovation. Until they do, they should receive the minimum funding necessary to sustain current capabilities without capitalizing ill-conceived, poorly-articulated new capabilities and platforms. Both the Navy and Army, in particular, should delay development and procurement of costly platforms until such reviews are completed.

The United States should focus more attention on the real threat posed by weapons of mass destruction. The challenge we face is primarily one of diversion or theft of nuclear materials, not of an out-of-the-blue strike by a ballistic missile-armed foe. As a result, we should reduce funding for missile defense and instead fully fund non-proliferation initiatives across the board. Safeguarding nuclear material will better secure America than trying to defeat a largely non-existent missile threat.

Major proposed changes in defense spending:

- Cut funding for procurement of “transformational warships.” The current proposed defense budget requests funding for a new carrier, destroyer, and attack submarine. There are significant doubts about the necessity of any of these systems, and procurement ought to be slowed to allow for a clarification of American strategy.
- Limit funding for missile defense to research and development only and stop deployment of flawed and unnecessary systems. The missile defense threat is simply not as significant as the threat posed by a variety of low-tech and asymmetrical adversaries.
- Increase spending on building partnership capacity with other countries. We need to expand our capacity to work closely with allies, and in order to do so we need to expand the budget for training, harmonizing of equipment, and other cooperative endeavors.
- Increase funding for DoD counter-proliferation activities. We should fully fund all initiatives that promise to reduce access to nuclear technology and materials by terrorist groups.
- Increase funding for counter-intelligence activities.

Overall, defense spending ought to decline or at most remain constant over the next several years. I recommend a \$15 billion reduction in this year's proposed defense budget, from \$515.4 billion to \$500 billion, with the difference being allocated to national security-related functions in other departments and agencies. In addition, it will be necessary to continue to provide additional supplemental funds for on-going conflicts in Iraq and Afghanistan.

Department of State and Other International Programs

Diplomacy

A major challenge for the United States in effectively integrating policy instruments is that the planning and surge capabilities of the U.S. military are qualitatively different from those of other departments and agencies. While it is neither practical nor desirable to apply a military model to all civilian agencies, there does need to be some convergence that will allow more effective coordination of resources across the U.S. government.

The U.S. Department of State could become dramatically more effective if a 20 percent float were introduced into the Foreign Service. Currently, there is no slack in the system. When Foreign Service Officers are assigned to educational billets, this leaves slots open elsewhere in the system. Even when Foreign Service Officers transition from one position to another, there is no handover period. Instead, in most embassies individuals leave before their replacements arrive causing overwork for the remaining officers and risking the loss of institutional knowledge and momentum during transitions.

Furthermore, the Department of State lacks any serious capacity to do contingency planning. This means that when the Department of Defense tries to plan for complex contingencies that would require significant State Department involvement, the State Department role remains vague and *ad hoc*. In order to make the interagency component of war plans complete, the State Department needs to have a comparable planning capacity to the Department of Defense.

The challenges facing the Department of State are significant, but they are also relatively easy to remedy. The State Department does not need massive new weapons programs or enormous capital investments. Instead, the State Department simply needs more people. The Foreign Service should be increased from roughly 6500 officers to 8000, *with no additional assignments to existing bureaus or embassies*. Additional allocations to existing embassies or bureaus should only be undertaken by further increasing the Foreign Service above the 8000 base. The entire increase in FSOs ought to be devoted to a 400-person planning office within the State Department, a 100-person allocation to postings within military combatant commands, and a 1000-person float to allow overlap in personnel transition and to ensure that Foreign Service Officers are able to pursue educational opportunities that will allow them to respond to an ever changing set of issues and challenges.

The FY09 proposed budget makes progress toward building up this needed capacity. It includes provisions to add as many as 1,000 Foreign Service Officers and Specialists, with many additional slots for educational opportunities. Unfortunately, too much of the current increase is devoted to the current fight rather than long-term capacity, with many of the positions devoted to security personnel, for instance. Increases in the size of the Foreign Service ought not to be tied too closely to the needs of the bloated and insecure embassy in Baghdad.

Foreign Assistance

The Bush Administration has taken a number of very positive steps in the area of foreign assistance, significantly increasing resources available for development and humanitarian assistance. Nonetheless, as a percentage of GDP, we spend less than a quarter as much in this area as during the early 1960s, so a significant increase in funding for foreign assistance would not be unprecedented. In the short-run, the next administration ought to continue the current initiatives, with only marginal reallocations of resources.

The United States should strike a better balance between HIV/AIDS and malaria programs. Global climate change is increasing the areas affected by malaria, which already has a global impact comparable to HIV/AIDS. Malaria is also easier to eradicate through programs of mosquito control and prophylactic treatment. HIV/AIDS programs must also be depoliticized with funding reallocated from ineffective abstinence programs.

The United States should begin to make Foreign Military Financing (FMF) allocations increasingly contingent on conformity with broader U.S. policy goals. While general foreign assistance has become increasingly linked to good governance with the advent of the Millennium Challenge Corporation, FMF remains a throw-back to an earlier era with few conditions associated with receiving funds. The United States is locked in a struggle for the hearts and minds of Muslims around the world, and disbursement of over \$4 billion in FMF to Israel and authoritarian Muslim states is crippling our efforts to portray the United States as committed to democracy and a just settlement of the Israeli-Palestinian dispute.

Public Diplomacy

The United States needs to take an active role in managing how it is perceived as a nation around the world. We cannot passively allow angry or misinformed voices to define our people and policies. This is not a new idea. During the Cold War, the United States Information Agency was tasked with leading global information operations. Shifts in the global system have led to greater and greater empowerment of individuals, making it more important than ever that we engage potentially hostile publics and strengthen our relationships with those already friendly to America. This effort must be firmly rooted in pragmatism and carefully designed in to order succeed.

Two guiding principles should inform the mission of a recast USIA. First, it is not primarily intended to engage in rapid response operations to confront immediate threats and crises. Rather, it must be conceived as part of a longer endeavor. Its founding and organizing must not narrowly be a response to the current “war on terror,” but focus on laying the ground for greater success in 10, 20, and 50 years. As it is organized, therefore, structures should anticipate the need to prevent urgent matters from taking resources and attention away from activities with longer time horizons.

The second principle is confidence and credibility. We are a great nation, made up of good people with strong values. We need not be perfect, and we cannot hope to be. Rather than aggressively selling ourselves, a new USIA need only to present who we are, warts and all. Experts in fields ranging from criminology to war argue that dehumanization is a critical part of the social and psychological process which makes one able to target another in an act of violence. We can empower ourselves by cutting short the Manichean dispute in which U.S. leadership attempts to portray America as “Good” as our enemies argue that we are “Evil” by publicly acknowledging our imperfection—that is, our humanity. Moreover, in order to be effective USIA must be credible, and this will prove an impossible task unless it acknowledges our mistakes as well as our successes.

A new USIA should reintegrate many of the information functions that have been fragmented since the end of the Cold War. There is no compelling rationale for language training and study abroad programs to be run out of the Department of Defense while public diplomacy remains a core function of the Department of State. State Department officials have been working as informal bloggers while the intelligence community also works on influence operations. Each combatant commander has a security cooperation plan for his area of responsibility that also includes a communications plan, which may or may not link up with efforts of other parts of the U.S. government. The Broadcasting Board of Governors manages Voice of America and other broadcasting services with little coordination with other elements of American communication efforts.

A new US Information Agency would need to provide coordination, communication, and consistency. This agency will be tasked with overseeing the remaining outreach efforts of other U.S. government departments and agencies that communicate abroad. It should review the strategic communication plans of all government agencies and report to Congress and the President about gaps in our communication strategy and areas where various initiatives are working at cross purposes.

USIA would provide a support function to other U.S. departments and agencies. USIA officers would be embedded in embassies abroad as well as at the headquarters of combatant commanders. USIA officers would also establish independent offices, where practicable, to provide direct access to individuals abroad.

USIA should be tasked with supervising and expanding the offerings of the Broadcasting Board of Governors (BBG). This includes management of Voice of America (VOA), Alhurra, Radio Sawa, Radio Farda, Radio Free Europe/Radio Liberty, Radio Free Asia (RFA), Radio Marti and TV Marti.

Major proposed changes in spending on international programs:

- Begin transition from FMF to other aid programs with tighter connections to U.S. foreign policy goals, such as drug interdiction, anti-terrorism, and anti-corruption programs.
- Increase funding for diplomatic and consular activities by 20 percent to fund growth of the Foreign Service.
- Bring public diplomacy and other information functions into a single institutional home and increase funding by 25 percent.
- Increase funding for non-proliferation activities.
- Increase funding for Global Health and Child Survival and target most of the increase to counter-malaria activities.
- Increase funding for climate change activities to help restore American leadership in this vital area.

Overall, spending for the Department of State and other international programs should be increased by roughly 20 percent, even above the significant increases already placed into the FY09 budget proposal. This would raise total funding for the Department of State and other International Programs to roughly \$50 billion, up from \$38.28 billion in the current budget.

Intelligence

The United States must develop a new generation of intelligence analysts with more extensive and broader linguistic skills, regional knowledge, and cultural awareness. We must focus on building deep capacity on a global scale, instead of focusing narrowly on actionable intelligence within existing theaters of conflict. The world has changed and the United States must be constantly building a corps of human assets that can give us reliable intelligence wherever the next threat appears. This will require significantly increasing the size of the Directorate of Operations at the Central Intelligence Agency and ensuring that successful operatives are rewarded for building lasting relationships rather than short-term intelligence coups.

There are no public details of the intelligence budget, but funding for the Directorate of Operations should be increased by at least 20 percent.

Conclusions

“4 percent for freedom” is a catchy slogan for a flawed concept. It would require us to spend many billions more than currently projected for defense (as much as an extra \$150 billion in FY 2012 alone). It would encourage us to buy capabilities that we simply do not need. Worse, these defense expenditures would inevitably squeeze our needed spending on non-defense, national security functions such as growing the Foreign Service, increasing capacity for public diplomacy, spreading goodwill for the United States through increased development assistance, fully funding non-proliferation programs, and rebuilding a world-class intelligence community able to meet the challenges of the coming decades.

I recommend shifting money around within the national security budget. It is possible that in future years it may be necessary to recommend further increases in some elements of the budget. This will depend in large part on whether the gaps identified have been adequately addressed and the changing nature of international threats that we face.

It should be noted that taken in total, we already spend significantly more than “4 percent for freedom.” Department of Defense spending will certainly total more than \$600 billion for FY09, once all additional funding for combat operations has been added in, regardless of the implementation of any movement of funds from Defense to the Department of State. The likely spending will top 5 percent of GDP assuming a GDP of \$15 trillion.

Proposed total National Security Budget FY09

Department of Defense:	\$600 billion (including supplementals)
DoS and International Programs:	\$50 billion
Department of Homeland Security:	\$44 billion
Department of Energy (National Security Programs):	\$10 billion
Intelligence Community:	approx \$45 billion*
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Total National Security Expenditures:	\$750 billion or roughly 5% of GDP

*It is unclear how much of this is already counted in the DoD and other budgets.

Building a New American Arsenal

The American Security Project (ASP) is a bipartisan initiative to educate the American public about the changing nature of national security in the 21st century.

Gone are the days when a nation's strength could be measured by bombers and battleships. Security in this new era requires a New American Arsenal harnessing all of America's strengths: the force of our diplomacy; the might of our military; the vigor of our economy; and the power of our ideals.

We believe that America must lead other nations in the pursuit of our common goals and shared security. We must confront international challenges with all the tools at our disposal. We must address emerging problems before they become security crises. And to do this, we must forge a new bipartisan consensus at home.

ASP brings together prominent American leaders, current and former members of Congress, retired military officers, and former government officials. Staff direct research on a broad range of issues and engages and empowers the American public by taking its findings directly to them.

We live in a time when the threats to our security are as complex and diverse as terrorism, the spread of weapons of mass destruction, climate change, failed and failing states, disease, and pandemics. The same-old solutions and partisan bickering won't do. America needs an honest dialogue about security that is as robust as it is realistic.

ASP exists to promote that dialogue, to forge consensus, and to spur constructive action so that America meets the challenges to its security while seizing the opportunities the new century offers.



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