

# Executive Summary Background

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## Providing for the Common Defense: What 10 Years of Progress Would Look Like

*James Jay Carafano, Ph.D., Baker Spring, and Mackenzie M. Eaglen*

If the President and Congress make the right decisions over the next 10 years, America will have the optimal military to keep the nation safe, free, and prosperous while responding to the emerging national security challenges of the 21st century. Achieving the ideal mix of U.S. military forces will require building a robust complement of capabilities for the spectrum of missions the armed forces will face, ensuring adequate funding for ongoing operations, maintaining a trained and ready all-volunteer force, preparing for the future, and fundamentally reforming manpower and procurement policies.

To realize these goals, both the President and Congress must commit to a program that addresses the most pressing priorities: preparing, fielding, and sustaining the force.

**Preparing the Force.** To field the right force for the future, the Pentagon must change how it manages manpower costs and how it acquires goods and services.

The success of the all-volunteer military depends on a well-designed compensation package that attracts highly qualified people to military service. Above all, the compensation should be flexible and should favor cash and defined-contribution plans for health care and retirement. With the private sector conducting most scientific research and development, the Defense Department will need to become more adept at leveraging the private sector's capacity to provide the military with cutting-edge technology.

**Fielding the Force.** Rebalancing the defense budget and establishing the appropriate mix of military capabilities will remain great challenges in the years ahead.

The armed forces must prepare for the future without the luxury of focusing their preparations on a single enemy or particular type of conflict. Thus, while the U.S. needs to continue modernizing its conventional military capabilities to deter and, if necessary, fight and win against state-based actors, it also needs to build a force that can deal with a myriad of other challenges. These challenges range from defeating terrorist networks to preventing the acquisition or use of weapons of mass destruction to preventing failed states.

To balance its defense portfolio more effectively, the U.S. must also invest in its strategic forces:

- **Missile Defense.** The U.S. should build a balanced system by concentrating on fielding additional interceptors at sea, in the air, and in space.

This paper, in its entirety, can be found at:  
[www.heritage.org/Research/NationalSecurity/bg2108.cfm](http://www.heritage.org/Research/NationalSecurity/bg2108.cfm)

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- **Space Capabilities.** The U.S. should execute the President's 2006 Space Policy Directive by achieving space situational awareness, fielding an operationally responsive array of space systems, and developing capabilities to protect U.S. space assets and counter the exploitation of space by hostile forces.
- **Nuclear Forces.** The U.S. should remedy the problem of nuclear weapon atrophy by designing, testing, building, and fielding a new generation of nuclear weapons.

Finally, because the requirements of U.S. forces in the future will likely wax and wane, maintaining a healthy and robust Reserve Component is vital. Reserve Component forces should be updated and adapted to better fulfill the tasks of the 21st century: supporting homeland security activities, theater support operations, and post-conflict missions.

**Sustaining the Force.** To provide the resources for preparing and fielding the force that the nation needs, Congress must ensure that baseline defense spending is at 4 percent of gross domestic product for the next five to 10 years. This will require adopt-

ing fiscally responsible policies in non-defense spending, which must include reforming entitlement spending.

**Conclusion.** Providing for the common defense is Washington's responsibility, and meeting that responsibility is an achievable goal. Congress and the next President need to make the right choices over the next 10 years to prepare, field, and sustain the all-volunteer force.

If America's leaders make the best decisions, the U.S. will continue to be defended by a military that is trained, equipped, and ready for the tasks of the 21st century. The American people should expect nothing less.

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If the President and Congress make the right decisions over the next 10 years, America will have the optimal military to keep the nation safe, free, and prosperous while responding to the emerging national security challenges of the 21st century. Achieving the ideal composition and capabilities of U.S. military forces will require:

- Building a robust complement of capabilities for the spectrum of missions the armed forces will face,
- Ensuring adequate funding for ongoing operations,
- Maintaining a trained and ready all-volunteer force,
- Preparing for the future, and
- Fundamentally reforming manpower and procurement policies.

To realize these goals, both the President and Congress must commit to a program that addresses the most pressing priorities: preparing, fielding, and sustaining the force.

### First Principles

Any discussion defining the future force should be rooted in the past and reflect the principles that define the U.S. military's purpose and responsibilities. The purpose of government is to provide for the common defense as prescribed by the Constitution, and the armed forces play an important role in achieving that end. Their primary task is to protect the nation's vital national interests. These interests have proven remarkably consistent and enduring over time and despite the changing threat environment from gener-

### Talking Points

- The U.S. military faces an array of future challenges in which no single capability will prevail in every conflict. Meeting these challenges will require a President and a Congress that are willing to prepare, field, and sustain the force that America needs.
- To maintain U.S. military superiority and preserve the all-volunteer force, the U.S. military must cap spiraling increases in manpower costs, adapt Reserve Component forces, maintain access to cutting-edge technologies, deploy a robust missile defense system, obtain military space capabilities, and modernize the nuclear weapons force to address post-Cold War requirements.
- Congress can provide adequately for national security by making the commitment to fund the national defense at no less than 4 percent of GDP for the next 10 years.
- Adequately funding defense will also require adopting fiscally responsible policies in non-defense spending, which must include reforming entitlement spending.

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ation to generation. Heritage Foundation President Edwin Feulner reflected in 1996:

A band of conservative isolationists on the fringe wants America to withdraw from the world altogether, while a suddenly macho band of liberal interventionists seeks to remake...the rest of the world in its own preening self-image....

The real problem, it seems to me, is that neither group has any conception of America's true vital interests in the real world today.<sup>1</sup>

After 12 years—six of which have been spent fighting the long war against transnational terrorism—Feulner's salient list of America's vital interests is still applicable:<sup>2</sup>

**VITAL INTEREST #1: Safeguard U.S. national security.**

**VITAL INTEREST #2: Prevent a major power threat to Europe, East Asia, or the Persian Gulf.**

**VITAL INTEREST #3: Maintain access to foreign trade.**

**VITAL INTEREST #4: Protect Americans against threats to their lives and well-being.**

**VITAL INTEREST #5: Maintain access to resources.**

The first “means, above all, to protect America's territory, borders, and airspace” as well as sea-lanes, space, and cyberspace. Threats to the second may range from both state and non-state entities. With respect to the third, “The greatest danger...comes not from outside U.S. borders but from inside, from those who fear America cannot compete....” Defending the fourth means “an obligation whenever possible to protect American citizens from terrorist and other international criminal activity....”<sup>3</sup>

With respect to the fifth of these vital interests, maintaining access to resources is obviously essen-

tial both to long-term U.S. national security and to the country's continuing economic competitiveness. It is in the vital interest of the United States to uphold the principle of freedom of the seas and to promote and protect the ways and means of free trade among nations acting in accordance with the rule of law.

### Criteria for U.S. Military Intervention

The best rules for where, when, and how American military force should be brought to bear have also remained historically consistent. Any U.S. military intervention that puts America's men and women in uniform in harm's way should meet the following criteria:<sup>4</sup>

**Criterion #1—Military intervention should defend national security interests.** Both the President and Congress must recognize that not all national interests are equally important.... For America to use its power effectively, it must prioritize where and how it chooses to defend its vital, important, and marginal interests, thereby avoiding both excessive activism that diffuses important resources and isolationism that eschews important opportunities to shape events.

**Criterion #2—Military intervention should not jeopardize the ability of the U.S. to meet more important security commitments....** Huge interventions in areas of marginal security interest have exacerbated the strain on the U.S. military and made it doubtful that the military can mobilize the resources necessary to defend vital national interests and honor current security commitments.

**Criterion #3—Military intervention should strive to achieve military goals that are clearly defined, decisive, attainable, and sustainable.** Military interventions should be conducted to accomplish clearly definable military goals that are militarily achievable, consistent with overriding political objectives, and supported by enough force to realize these goals....

1. Edwin J. Feulner, “What Are America's Vital Interests?” Heritage Foundation *Lecture* No. 557, February 6, 1996, at [www.heritage.org/Research/PoliticalPhilosophy/HL557.cfm](http://www.heritage.org/Research/PoliticalPhilosophy/HL557.cfm).

2. *Ibid.*

3. *Ibid.*

4. Taken from John Hillen, “American Military Intervention: A User's Guide,” Heritage Foundation *Backgrounder* No. 1079, May 2, 1996, at [www.heritage.org/Research/NationalSecurity/BG1079.cfm](http://www.heritage.org/Research/NationalSecurity/BG1079.cfm).

**Criterion #4—Military intervention should enjoy congressional and public support....** Such decisions should not be made by polls; Americans traditionally are reluctant to intervene. However, when intervention is required, the President should mobilize public support...so that American troops abroad will know that the nation and the Congress support not only the troops, but the actual goals of the operation.

**Criterion #5—The armed forces must be allowed to create the conditions for success.** The U.S. armed forces must be allowed the operational freedom to create the conditions within which they can succeed.

### Blueprint for the Future Military

These principles and criteria help define what the U.S. military is required to do and how it should be employed. They also serve as the blueprint for the kind of military that the nation will need in the decades ahead.

**The Past Is Prologue.** While U.S. vital national interests have remained consistent, so has the military. America's military has served the nation well since the end of the Cold War. This generation of armed forces has proved that it, too, is the greatest generation. Sustaining the best parts of the military services—the character of the all-volunteer force, the capacity to fight and win conventional battles, the ability to work with friends and allies, and the means to respond in geostrategic regions that are vital to U.S. interests—is essential to building the future force.

**Sustaining the Force.** If the U.S. military had become “hollow” after the Cold War—as it did following World War II, Korea, and Vietnam—the armed forces would not have been able to respond as effectively to their many post-Cold War missions. While today's force is not hollow, however, chronic underfunding from an excessive post-Cold War “peace dividend” has placed it under grave stress. To prevent the future force from quickly becoming hollow, Congress needs to provide consistent, sustained

defense funding, eliminate wasteful costs, and control spiraling manpower costs.

**Thinking About the Unthinkable.** In the post-Cold War era, Washington has taken great risks by neglecting vital but politically controversial components of defense, such as missile defense, the nuclear deterrent, and space-based defenses. The U.S. cannot afford to continue ignoring these needs simply because of ideological differences.

Establishing a military that has the capabilities and capacity to perform all of the Pentagon missions—from supporting the home front to intervening overseas and winning the peace to dealing with a variety of terrorist threats to defending against ballistic missiles and cyberattacks—requires a President and a Congress that are willing to prepare, field, and sustain the force to protect America.

### Preparing the Force

To field the appropriate force for the future, the Pentagon must change how it manages manpower costs and how it acquires goods and services.

**Managing Manpower.** The cost of maintaining the ranks of the armed forces, including pay and in-kind benefits, represents the largest portion of the annual defense budget.<sup>5</sup> Keeping these costs under control and leaving sufficient funds to modernize the military while maintaining the quality of the force is a significant challenge. A successful future force will adopt policies that cap the spiraling increases in manpower costs.

The success of the all-volunteer military depends on a well-designed compensation package that attracts highly qualified people to military service. A generous and attractive compensation package would focus on compensating military servicemembers in ways that most directly meet their needs. A tailored approach would also ensure that taxpayers get the best return on their investment from the military. Such a custom compensation package would recognize that military personnel, like their civilian counterparts, are part of a highly mobile national labor force.

5. See U.S. Government Accountability Office, *Military Personnel: DOD Needs to Improve the Transparency and Reassess the Reasonableness, Appropriateness, Affordability, and Sustainability of Its Military Compensation System*, GAO-05-798, July 2005, at [www.gao.gov/new.items/d05798.pdf](http://www.gao.gov/new.items/d05798.pdf) (February 6, 2008).



Over the course of his or her career, a typical servicemember will move from active-duty service to the Reserve Component and civilian employment. Therefore, a well-designed compensation package would eliminate artificial barriers to the efficient transition of servicemembers among different forms of military service and the civilian sector.<sup>6</sup> The Department of Defense (DOD) refers to this as a “continuum of service” concept for compensation.

Above all, the military compensation package that best supports the all-volunteer force in the 21st century will be flexible. In general terms, this flexibility is best achieved by favoring cash compensation over in-kind and deferred benefits and designing the remaining benefits around defined-contribution plans. Labor mobility makes trying to design benefit packages to meet the unique needs of every uniformed individual difficult and inefficient. Cash compensation would provide servicemembers and their families more freedom in deciding how best to utilize or allocate their benefits.

Emphasizing cash compensation would also likely boost morale in the military because servicemembers tend to compare their pay levels with their civilian counterparts on this basis. The current system, which is biased toward in-kind and deferred benefits, leaves uniformed personnel with the impression that they are undercompensated compared with their civilian peers. This impression lingers even though the Government Accountability Office noted that in 2002, a study “showed that servicemembers generally earn more cash compensation alone than 70 percent of like-educated civilians.”<sup>7</sup> Increased cash compensation would therefore help to alleviate a source of resentment in military ranks. Defined-contribution plans would also allow all of the servicemember’s employers, including government and private employers, to contribute toward meeting servicemembers’ health care and retirement needs.

Congress should continue to provide annual pay increases to military servicemembers over the next 10 years. However, these annual pay increases

should be combined with more efficient ways of providing benefits beyond paychecks, particularly in retirement and health care.

The military should reform its current retirement system by adopting, on a transitional basis, a new structure in which the military contributes to each servicemember’s retirement account. The plan should also permit the member and civilian government and private employers to make contributions. Finally, the plan should allow the servicemember to bequeath the assets to the servicemember’s heirs upon his or her death without paying estate or death taxes. By the end of the 10-year period, all new military recruits would be covered under this new retirement system.

The military also needs to reform the military health care system, which covers servicemembers and their dependents. The military should seek congressional authorization to move health care coverage for dependents to the Federal Employees Health Benefits (FEHB) system on terms consistent with what is available to federal civilian employees. This would permit the military health care system to focus on serving military personnel and meeting the unique requirements of military medicine.

For future military retirees, the military should seek congressional authorization to create a system of defined-contribution plans with individual accounts for military members. The funds in these accounts should be used to pay private health insurance premiums, deductibles, and out-of-pocket medical expenses. As with the proposed retirement system, servicemembers, retirees, civilian government employers, and private employers should be permitted to contribute to these accounts. By the end of the 10-year period, all military dependents should be covered under the FEHB system, and all new recruits should be enrolled in the defined-contribution plan for health coverage.

**Exploiting Cutting-Edge Capabilities.** Today, the private sector, not the government, conducts most scientific research and development. In addi-

6. James Jay Carafano, “A ‘Rucksack’ for U.S. Military Personnel: Modernizing Military Compensation,” Heritage Foundation Executive Memorandum No. 1020, February 14, 2007, at [www.heritage.org/Research/NationalSecurity/em1020.cfm](http://www.heritage.org/Research/NationalSecurity/em1020.cfm).

7. U.S. Government Accountability Office, *Military Personnel*, p. 2.

tion, industry is pioneering many of the most cutting-edge technologies (e.g., information technology, biotechnology, nanotechnology, and robotics). In many areas, from information management to logistics, it is business—not the armed forces—that has mastered the most effective practices and developed the capability to deliver the greatest service at the lowest cost. Much of the challenge that the Defense Department faces is the mandate to become more adept at leveraging the private sector's capacity. Part of building a better military over the next decade must include making the military a better customer of private-sector services.

Maintaining access to cutting-edge defense technology is essential to fielding a U.S. military force that outmatches any potential enemy. This will require an acquisition system that neither slows the fielding of advanced technology nor encourages risk-averse behavior by the defense acquisition bureaucracy. Further, the military needs access to cutting-edge technology in a climate where private sector investments in science and technology far exceed military investment, unlike during the Cold War.

Ultimately, providing advanced technology to the military requires a defense market that is both open and dynamic. Regrettably, the defense acquisition system has become so complex and so regulated in the attempt to prevent acquisition failures that the defense market has become largely closed and stagnant. Consolidation of prime DOD contractors during the 1990s had the unintended consequence of discouraging new players from entering the defense supplier network. Without new contractors with non-defense backgrounds, the security sector will lack the creativity necessary to keep the U.S. military technology at the cutting edge.

The remedy is to adopt a broad program for deregulating the defense acquisition system. While this deregulation program should address narrow issues such as curtailing “buy America” provisions and reforming arms export control policies, it should concentrate on removing redundant acquisition review procedures that are designed to prevent acquisition failures. As part of this effort, Congress should reform how it oversees defense procurement and stop using defense legislation to micromanage

acquisition programs. Rather, the deregulated system should encourage the Defense Department and DOD contractors to take calculated risks in exploring new defense technologies and not punish either program managers or defense contractors for taking these risks.

The relatively large share of national science and technology investments coming from outside the defense sector means that some of the most promising technologies will originate in the civilian sector. The defense acquisition system must adjust to this reality. The DOD should therefore focus its attention on technological developments in the civilian sector and “spinning in” such technologies to the defense realm.

Congress and the DOD should set goals for the next 10 years to achieve real defense acquisition reform.

*First*, to increase the number of new defense contractors entering the market, Congress and the DOD should deregulate the market to encourage new contractors to enter voluntarily. They should not impose a new layer of contractor diversity rules, which will likely have the opposite effect.

*Second*, Congress and the DOD should create a specialized arm of the defense acquisition system to search the civilian sector for new technologies that can be used for defense.

*Third*, Congress should adopt annual defense authorization and appropriations bills that are less intricate and provide greater discretion to DOD program managers to pursue advanced weapons.

*Finally*, the military needs to master contracting for war.

The single greatest shortfall in contracting practices in Iraq and Afghanistan was that Washington lacked the capacity to oversee the unexpected massive volume of new defense contracts. For instance, the Special Inspector General for Iraq Reconstruction “found that the shortage of personnel (and the widespread lack of required skill and experience among those available) affected all facets of reconstruction assistance.”<sup>8</sup> When the Iraq war started, only 3 percent of the Army's contracting personnel were on active duty, and the Army did not have even one career Army contracting general officer posi-

tion. The commission found that only about half of the contracting officials were certified to do their jobs. At the same time, since the long war against terrorism began, the Army has experienced a seven-fold increase in work.<sup>9</sup>

The resolution of these shortfalls is simple: All of the services must increase the size and quality of their contracting forces, and they need the capacity to expand their forces to meet large-scale contingencies.

To address these varied practical problems, the services—the Army in particular—should begin by reading and implementing their own reports. For example, in October 2007, a commission established by the Secretary of the Army found that almost every component of the institutional Army—from financial management to personnel and contracting systems to training, education, doctrine, and regulations—needed to be bolstered to handle the volume of work experienced by military operations in Afghanistan and Iraq.

A more robust contracting force would include a corps of contracting officers specifically prepared for and trained in “expeditionary” contracting. In other words, unlike writing a contract to provide lawn-mowing services at Fort Sill or buying new headgear, the military’s contingency contracting corps must be prepared and ready to deploy overseas. There must also be a clear chain of command for contracting and contractor support for forward-deployed forces on the battlefield and those back at the Pentagon. Not only will this make contracting more responsive; it will also ensure that individuals are held responsible for conducting the people’s business.

A bigger contracting force will require institutional support to ensure its effectiveness. This means restructuring organizations so that personnel receive the training, education, practical experience, and support tools that they need (e.g., up-to-date information systems) and the lines of responsibility are clear.

When Washington gets contracting in combat right, there will be experienced and capable contracting officers at *all* deployed locations. This cadre of professionals will have support tools and requisite authorities required to do their job and will work closely with military forces and other inter-agency representatives in their areas of responsibility. These managers will supervise contracts awarded under a contingency contracting process that is capable of matching available resources to the military’s needs.

## Fielding the Force

Establishing the right mix of military capabilities will be the military’s greatest challenge in the years ahead. The Pentagon needs to reconstitute its forces because equipment and personnel have been worn out by six years engaged in a long war. The armed forces also need to prepare for the future without the luxury of focusing on a single enemy or particular type of conflict.

**Building Four Quadrants of Military Capability.** The Pentagon’s 2006 Quadrennial Defense Review rightly argued that America does not have the luxury of planning for one war alone. Enemies may challenge the U.S. through irregular, catastrophic, and disruptive means—or a combination of these—to deny or degrade traditional U.S. military advantages. The military’s future challenges range from defeating terrorist networks to preventing the acquisition or use of weapons of mass destruction to preventing failed states.

At the same time, the United States cannot sacrifice its capacity to fight conventional conflicts. Indeed, unpreparedness makes conventional conflicts more, not less, likely. A great power that lacks the capacity to defend itself is not a great power. It is instead a target—an invitation to aggression.

Nor can America afford to ignore the classic components of deterrence. The age when only a great power could bring another great power to its knees

8. Special Inspector General for Iraq Reconstruction, *Quarterly Report to the United States Congress*, October 30, 2007, p. 25, at [www.sigir.mil/reports/quarterlyreports/Oct07/pdf/Report\\_-\\_October\\_2007.pdf](http://www.sigir.mil/reports/quarterlyreports/Oct07/pdf/Report_-_October_2007.pdf) (February 6, 2008).
9. Commission on Army Acquisition and Program Management in Expeditionary Operations, *Urgent Reform Required: Army Expeditionary Contracting*, October 31, 2007, p. 2, at [www.army.mil/docs/Gansler\\_Commission\\_Report\\_Final\\_071031.pdf](http://www.army.mil/docs/Gansler_Commission_Report_Final_071031.pdf) (January 30, 2008).



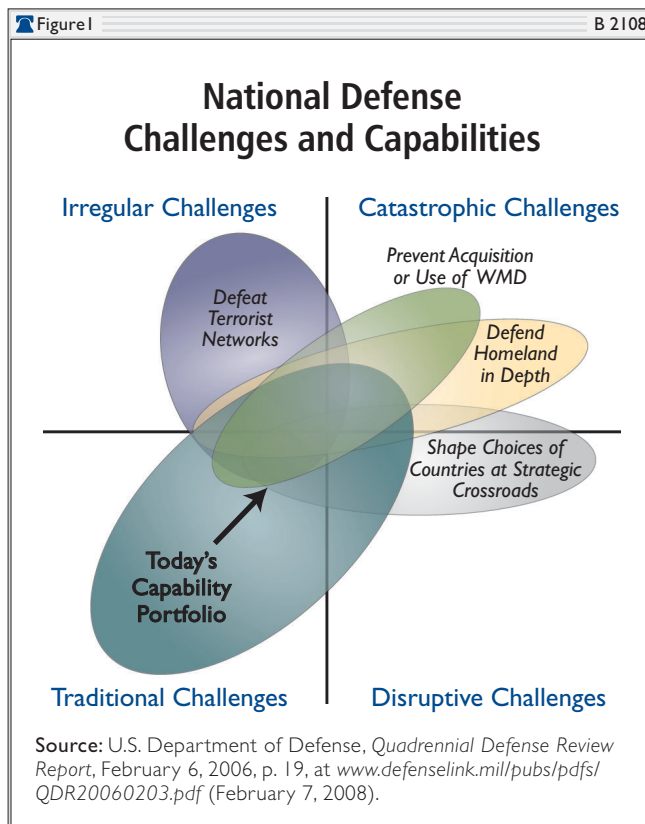
is over. Any state and some non-state entities with a modicum of resources could field weapons, such as nuclear bombs, that could inflict heavy casualties and/or devastate the U.S. economy. The United States needs to maintain the means to limit all of these dangers.

Simplistic proposals just to add more ground troops will not suffice. Indeed, no single capability—whether “boots on the ground” or satellites in space—will address all future challenges. A successful 10-year modernization of the military requires a comprehensive plan that demonstrates how the Pentagon will maintain adequate means to deal with threats across all four quadrants of conflict.

The military must not only be the right size for the long war against terrorism but also be capable of performing the appropriate tasks. The old adage that “every problem looks like a nail when all you have is a hammer” sums up many policymakers’ approach to conflict. The Cold War military was a hammer, but a long war demands many more tools.

Expanding the toolbox will be difficult. “Transformation” was the Pentagon’s popular exhortation after the Cold War. Few actually agreed on what the effort meant, but every general and admiral seemed to want some.<sup>10</sup> An elementary definition of the term meant providing a new set of military capabilities fundamentally different from those used during the Cold War. The difficulty was deciding exactly what those capabilities would look like. Too often, the answers from the services were that many of the systems and platforms already under development to meet Cold War objectives were transformational and should therefore probably be paid for at the expense of some other service’s budget.

More than a decade after the Cold War ended, the transformation rhetoric in the halls of the Pentagon finally appears to be shifting. Talk is moving away from change for the sake of change to transforming the military so that it can carry out the many missions that will be required in the 21st century. Appropriately, much effort is being spent on things that do not fit a single-service paradigm, such as ballistic missile defense, space operations, better



information systems, more special operations forces, and unmanned aerial vehicles. These are the hallmarks of the new military coming out of the Pentagon, and the services should continue these important efforts.

Thus, 10 years of progress would include an integrated approach to modernization rather than ceaseless competition among the services to promote particular forces or hardware.

**Taking the High Ground.** The U.S. defense portfolio has clearly become unbalanced in many respects. A successful 10-year modernization effort will require increasing investments in certain accounts while decreasing efforts to reform and revitalize other defense capabilities. Yet no part of the military requires more urgent attention than U.S. strategic forces.

**Missile Defense.** By 2018, the U.S. missile defense forces should be more balanced than they are today.

10. For more on the debate about the meaning of transformation, see Ian Roxborough, “From Revolution to Transformation: The State of the Field,” *Joint Force Quarterly*, Autumn 2002, pp. 68–75.

The Bush Administration's vision for missile defense is the correct one: a layered defense that can protect against missile attack worldwide. This layered defense would exploit opportunities to counter ballistic missiles in the boost, midcourse, and terminal phases of flight in order to counter missiles of all ranges. It would protect U.S. military forces in the field and U.S. allies, as well as U.S. territory. Finally, it would use the full panoply of basing modes: ground-based, sea-based, air-based, and space-based. The major problem with today's initial missile defense capability is that is extremely unbalanced in these areas.

Listing the missile defense interceptors that are available now or will be available in the near future reveals the lack of balance in the U.S. missile defense posture. These interceptors include roughly 750 Patriot Advanced Capability-3 (PAC-3) interceptors, which are ground-based, terminal defense interceptors for countering shorter-range missiles. Their primary purpose is to defend U.S. forces in the field and U.S. friends and allies in distant regions.

By the end of 2009, the Navy is projected to have over 50 Standard Missile-3 (SM-3) sea-based interceptors and somewhat fewer than 100 SM-2 Block IV interceptors. The SM-3 is a midcourse interceptor that is designed to counter short-range and intermediate-range missiles. It provides theater-area defense to U.S. forces abroad and U.S. allies. The SM-2 Block IV interceptor is being adapted as a terminal defense to counter short-range missiles.

Finally, the Missile Defense Agency is in the process fielding some 44 ground-based midcourse defense interceptors in Alaska and California and 10 missiles in Poland in the coming years.

The current missile defense posture, which is dominated by the PAC-3 system, overwhelmingly favors terminal defenses over boost-phase and midcourse-phase defenses. Indeed, the posture includes no boost-phase interceptors whatsoever. PAC-3 dominance, along with the SM-2 Block IV, also means that the overall posture is much more robust

for countering short-range missiles than for countering intermediate-range and long-range missiles. As a result, it offers greater protection to U.S. forces in the field and U.S. allies than to the American people. Ground-based interceptors greatly outnumber sea-based interceptors, and the U.S. has no air-based or space-based interceptors.

Over the next 10 years, the U.S. should deploy a balanced missile defense system by concentrating on fielding additional interceptors at sea, in the air, and in space. Using these basing modes should overcome current deficiencies in countering long-range missiles and intercepting missiles in the boost and ascent phases.

The Department of Defense can achieve this balance by fielding these systems and by concurrently following the acquisition strategy proposed by the Independent Working Group in 2006. This strategy includes:

- Giving future generations of the SM-3 missile smaller and lighter kill vehicles to make them capable of countering long-range missiles and intercepting missiles in the boost phase.
- Testing and fielding space-based interceptors based on Brilliant Pebbles technology developed under the Strategic Defense Initiative. The goal should be to deploy 1,000 Brilliant Pebbles interceptors in space within 10 years.
- Constructing sensor, tracking, and command and control systems that cover the globe and can accommodate both greater numbers of interceptors and newly designed interceptors.
- Maintaining a robust science and technology base to explore the opportunities to field directed-energy weapons, distributed satellite networks, and air-based defenses among other technologies.<sup>11</sup>

*Space Capabilities.* In 10 years, the U.S. military needs a robust set of space capabilities to execute the national security provisions in President Bush's 2006 Space Policy Directive.<sup>12</sup> The directive tasks the Sec-

11. Independent Working Group, *Missile Defense, the Space Relationship, & the Twenty-First Century: 2007 Report*, Institute for Foreign Policy Analysis, 2006, at [www.ifpa.org/pdf/IWGREport.pdf](http://www.ifpa.org/pdf/IWGREport.pdf) (January 30, 2008).

12. White House, Executive Office of the President, Office of Science and Technology Policy, "U.S. National Space Policy," October 10, 2006, at [www.ostp.gov/html/US%20National%20Space%20Policy.pdf](http://www.ostp.gov/html/US%20National%20Space%20Policy.pdf) (January 30, 2008).

retary of Defense and the Director of National Intelligence with the primary responsibilities for protecting vital U.S. national security interests in space.

The most important space capabilities can be divided into three general areas: achieving space situational awareness, fielding an operationally responsive array of space systems for national security, and protecting U.S. space assets and countering the exploitation of space by hostile forces.

The first step in preserving U.S. national security interests in space is to acquire space situational awareness—understanding which satellites are in orbit and for what purposes. Until the U.S. achieves such awareness, it will not understand the threats to its own space assets and capabilities that may be faced in the future. Within 10 years, the U.S. should deploy an array of satellites and ground-based telescopes to catalogue and monitor all but the very smallest objects in Earth orbit. A portion of the satellite array may be derived from NASA programs for observing asteroids in the solar system.

In the event that U.S. space assets are disabled or destroyed, the military and the intelligence community need to have backup plans and replacement systems to restore the lost capabilities. This combination of plans and systems is called operationally responsive space. One aspect of the plan is to use distributed networks of small satellites as opposed to a small number of large satellites. A distributed network of satellites would be more survivable against certain kinds of attacks.

The first step is to construct these networks of small satellites and place them in orbit. The second step is to maintain readily available and inexpensive launch systems to replace satellites that are lost in any attack. A shift toward distributed networks of small satellites means that most of the launch systems could be designed to carry smaller and lighter payloads. Within 10 years, the plans should be in place, and the U.S. should have made significant progress toward obtaining necessary systems.

The Space Policy Directive calls for the U.S. to protect its access to space and deny adversaries the

use of space for hostile purposes. The policies, plans, and capabilities to fulfill these goals are referred to collectively as defensive and offensive counterspace. The requirements for an effective program of defensive and offensive counterspace are derived from war games and tabletop exercises that are drawn in part from real-world experiences in space operations. The problem is that past war games and exercises may not have been based on realistic assumptions about enemy capabilities. Much of this is because many of the past war games and exercises are classified.

Given the lack of transparency, the first step in attaining effective defensive and offensive counterspace capabilities is to establish an outside group of experts to review the design of these war games and exercises and to consider opportunities for improving defensive and offensive counterspace capabilities that may have been overlooked. This review could be completed by the end of 2008. To the greatest extent permitted by national security concerns, the review and its supporting documents should be declassified. Within 10 years, substantial progress should be made toward fielding, as recommended by this group, a comprehensive array of capabilities to preserve U.S. access to space in the face of hostile actions and to hold enemy space assets at risk. The President in 2018 should have a wide variety of military options for protecting U.S. vital interests in space.

**Nuclear Forces.** Today, the nation's nuclear weapons infrastructure is atrophying. This is not what was envisioned by the 2002 Nuclear Posture Review, which effectively established a damage-limitation strategy.<sup>13</sup> The damage-limitation strategy is designed to lessen the incentives for other states to acquire nuclear, biological, and chemical weapons; to reduce the likelihood that such weapons will be used in attacks on the U.S. and its friends and allies; and to limit the impact of such attacks.

The source of the problem with the atrophying nuclear infrastructure is an erroneous assumption that U.S. nuclear forces fielded during the Cold War, including the delivery systems, are inherently

13. J. D. Crouch, "Special Briefing on the Nuclear Posture Review," transcript, U.S. Department of Defense, January 9, 2002, at [www.defenselink.mil/transcripts/transcript.aspx?transcriptid=1108](http://www.defenselink.mil/transcripts/transcript.aspx?transcriptid=1108) (January 30, 2008).

capable of meeting today's strategic needs. While the number of nuclear weapons in the U.S. arsenal is being reduced from Cold War levels, the U.S. needs to modernize its smaller nuclear arsenal.

The first step in remedying the problem of nuclear weapon atrophy is to establish a plan for modernizing the U.S. nuclear forces in accordance with the Nuclear Posture Review. The President should issue a directive on strategic targeting policy requiring that such a plan should be drafted within a matter of months. It should also direct Strategic Forces Command to identify a worldwide list of targets the U.S. military needs to hold at risk as part of the damage-limitation strategy and to determine how best to hold these targets at risk, whether by defensive systems, conventional strategic strike systems, or nuclear strategic strike systems, including a sufficient level of redundancy.

The nuclear weapons component of the total strategic force needs to meet the requirements of the targeting directive. The Department of Defense should spend the remainder the next 10 years designing, testing, building, and fielding a new generation of nuclear weapons. This effort should extend both to the weapons themselves and to their delivery systems. This modernized force should be optimized to hold at risk the identified targets assigned to the nuclear component of the overall strategic force.

**Control the Commons.** Getting to the battlefield is half of the fight. To reach future front lines, U.S. forces must be free to transit sea-lanes, control airspace, exploit cyberspace, and thwart enemy attempts to deny U.S. access to potential theaters of conflict. As the National Intelligence Council has aptly noted, "The international order will be in greater flux in the period out to 2020 than at any point since the end of the Second World War."<sup>14</sup> It is generally agreed that:

Prospective adversaries are developing and fielding...military capabilities that will place

US forces operating from large, fixed forward bases, and in the littoral regions, at increasing risk. Consequently, the Pentagon faces new challenges to the operations of air and land forces from overseas bases, as well as how best to structure its maritime forces to operate in the littoral.<sup>15</sup>

Maritime commerce is becoming an increasingly important component of the global economy. This trend both increases the number of potential targets for an adversary and could provide cover for an enemy trying to approach U.S. coastlines undetected. State and non-state groups could launch attacks from U.S. waters using unmanned aerial vehicles (UAVs), short-range ballistic missiles, and cruise missiles, possibly armed with weapons of mass destruction. Terrorists could also use small boats packed with explosives or naval mines to attack commercial shipping in U.S. waters or overseas ports.

In early February, Admiral Mike Mullen, Chairman of the Joint Chiefs of Staff, starkly warned Congress that the military's current strategic risk is "significant." The military's inability to defeat cruise missiles or naval mines, provide persistent surveillance, project power quickly, or operate within a defined "battlespace" (including in the air) places the U.S. military at even greater risk in future conflicts. Defense budgets have to consider the investments needed for tomorrow based on national security requirements. Whether the country needs more Coast Guard cutters, attack submarines, or long-range bombers, military and civilian authorities should carefully and rigorously assess future requirements and hedge accordingly with the right force structures and platforms—many of which will require investment today so that they can enter the force by 2020.

The 2006 Quadrennial Defense Review highlighted the need to create military capabilities to shape and defend cyberspace while maintaining command and control capabilities that can survive

14. National Intelligence Council, *Mapping the Global Future*, December 2004, p. 111, at [www.foia.cia.gov/2020/2020.pdf](http://www.foia.cia.gov/2020/2020.pdf) (February 6, 2008).

15. Andrew Krepinevich, Barry Watts, and Robert Work, *Meeting the Anti-Access and Area-Denial Challenge*, Center for Strategic and Budgetary Assessments, 2003, p. i, at [www.csbaonline.org/4Publications/Archive/R.20030520.Meeting\\_the\\_Anti-A/R.20030520.Meeting\\_the\\_Anti-A.pdf](http://www.csbaonline.org/4Publications/Archive/R.20030520.Meeting_the_Anti-A/R.20030520.Meeting_the_Anti-A.pdf) (January 30, 2008).



cyberattacks. The U.S. government, and the military in particular, remains extremely vulnerable in cyberspace and needs to improve its defensive and offensive capabilities quickly. Congress and the President should fully support the effort to thwart America's adversaries in cyberspace as military success in the 21st century will require the ability to deter and defend against cyberattacks and strike at enemies in cyberspace.

#### **Building Reserve Forces for Future Missions.**

The need for U.S. forces will likely wax and wane in the coming years. In this dynamic environment, Reserve Component forces will remain vital. They provide the flexibility to expand the operational force quickly and efficiently when the demand for troops suddenly increases. In addition, they play a vital role in protecting the homeland and responding to natural and manmade disasters in the United States.

Current stress on members of the Reserve Component reflects the lack of adequate investment in the total force after years of chronic underfunding and the lack of effective personnel policies to manage, train, sustain, and reconstitute Reserve forces. Most disasters, including terrorist attacks, can and should be handled by emergency responders. However, catastrophic disasters—events that overwhelm the capacity of state and local governments—require a large-scale response. Having the military play a prominent role in the immediate response to catastrophic disasters is prudent.<sup>16</sup>

To achieve this mission set, America's reserve ground forces must be large enough to maintain some units on active duty at all times for rapid response and sufficient to support missions at home and abroad. For catastrophic response, the medical, security, critical infrastructure, and oversight components would need to be particularly robust.

Additionally, homeland security forces should be self-deployable, self-sustaining, and capable of operating in austere environments where critical infrastructure is significantly degraded. For example, the Air Force's efforts to enhance its expedition-

ary airfield capability overseas will be well suited to domestic security in the United States. America's Reserve forces must promptly be freed of less-than-essential homeland defense missions to meet these domestic requirements. This includes current missions such as U.S. Air Force air patrols or U.S. Army supplementation of Customs and Border Protection agents.

The rapidly changing maritime threat environment and the utility of maritime forces in responding to many catastrophic disasters also argue for an organizational structure that better utilizes the Navy's capacity to support homeland security operations. Several states with maritime interests already have state naval militias. Creating a Navy Guard that includes all coastal areas would provide these states with more resources and allow the Navy Guard to focus on state needs when not on active duty. This would also provide a suitable partner for the U.S. Coast Guard to facilitate integration of daily DOD and homeland security maritime operations.

The National Guard needs an equipment modernization program that is specifically designed to meet its unique needs and capabilities. While not ideal, the lack of a modernization program was acceptable when the National Guard was primarily an adjunct to active units, for use typically in the later stages of conflict. Over the past six years, however, the Army National Guard has contributed almost half of all Army troops on the ground in Iraq in certain years and has assumed an increased role in homeland defense missions.

The next Administration will need to restock severely depleted domestic equipment supplies, rethink mobilization policies, update benefit plans for the reserves to allow a continuum of service, and restructure the force size to meet the needs of anticipated future missions. Reserve Component forces should be updated and adapted to better fulfill the tasks of the 21st century: supporting homeland security activities, theater support operations, and post-conflict missions.

16. James Jay Carafano, "The Pentagon's Inadequate Vision for Safeguarding U.S. Soil: What's Needed from the Reserve Components," Heritage Foundation *Lecture* No. 975, November 9, 2006, at [www.heritage.org/Research/NationalSecurity/hl975.cfm](http://www.heritage.org/Research/NationalSecurity/hl975.cfm).

## The Future Force

The exact composition of the future armed forces—how many Army brigade combat teams, vehicles, ships, aircraft, and Marines—will depend on a number of considerations, including progress in the long war against terrorism, the rise of competing regional powers, and the prospects of U.S. alliances such as NATO. Furthermore, given the evolving threat environment, the right force structure will likely be dynamic, not static.

However, some milestones for force structure choices can be laid out now based on experience from current conflict and impending fiscal and structural challenges. To achieve the needed force structure, the United States, at a minimum, should:

- **Rebuild ground forces.** The Clinton-era cuts in manpower were imprudent. Ground forces should be restored to pre-1998 levels. Additional ground force needs should be based on balancing strategic requirements and manpower costs. In most cases, additional manpower needs should be met affordably by expanding the Reserve Components into a more sustainable and flexible operational Reserve.
- **Preserve the all-volunteer force.** All future military manpower requirements should be met by expanding the all-volunteer force. Conscription and any form of national service should be used only as a last resort in the most dire national emergencies.
- **Expand the capabilities-based force.** The armed forces should increase their capacity to respond to a wide range of missions, including post-conflict operations, counterinsurgency, and homeland defense, but not at the expense of the services' capacity to wage conventional warfare.
- **Revitalize the strategic forces.** The military should develop robust capabilities in missile defense, space-based operations, and cyber warfare.
- **Develop next-generation platforms.** The services should develop and field next-generation systems, such as land vehicles, cruisers, and bombers.
- **Exploit cutting-edge technology.** The military will need new technologies (e.g., directed-energy weapons, unmanned combat aerial vehicles, and other robotic systems) that give it a significant competitive advantage over future adversaries.
- **Maintain air supremacy.** The U.S. military must retain the capability to dominate airspace in any theater, including space and cyberspace.
- **Maintain the capacity to control sea-lanes and defeat anti-access strategies.** Naval and Marine forces should concentrate on these core missions, while other maritime “constabulary” missions should increasingly be assigned to the Coast Guard.

## Sustaining the Force

The third and likely greatest challenge for Congress and the Administration over the next 10 years will be providing the resources to sustain a military that is capable of carrying out the national military strategy within an acceptable margin of risk over the next several decades.

**Spending at Least 4 Percent of gross domestic product (GDP) on Defense.** Americans are often surprised to learn that, by historical standards, federal defense spending is relatively modest, par-

ticularly given that the United States has been at war since September 11, 2001, and is conducting major military operations in Afghanistan and Iraq. Indeed, members of America's military have made well over 2 million individual deployments to Iraq and Afghanistan.

While Americans are firmly committed to maintaining a strong national defense, they often defer to their leaders in Congress to reflect their views and take appropriate action. Regrettably, some Members

of Congress are already predicting a post-Iraq peace dividend and procurement holiday. Some Members are already posturing to accept, if not encourage, a significant drawdown of the defense budget within as little as two years even though America's service chiefs have told them that war-related bills will continue to come due for at least three years after major combat operations subside.

Even though the recently passed fiscal year (FY) 2008 defense budget provides about \$460 billion to the baseline Pentagon budget, it fails to answer the question of whether or not this commitment to national defense will be sustained for the next four years of the five-year budget period. The current Administration has deferred cost estimates of ongoing operations in the war on terrorism because projections are impossible this far in advance. This omission, however, shows defense budgets declining after FY 2008 to 3.2 percent of gross domestic product (GDP) by FY 2012.

Spending significantly less than 4 percent of GDP on defense for the next five to 10 years would shortchange the military. Such underfunding would ultimately produce a hollow force that is either too small, unable to sustain current operational demands, not ready, or at a technological disadvantage on the battlefield.

Congress can provide adequately for national security by making a firm commitment to fund the national defense at no less than 4 percent of GDP for the next 10 years. This commitment would require Congress to add roughly \$400 billion to the defense budget for from FY 2009 to FY 2012, which it could do in the 2009 budget resolution. A portion of this money would be allocated to ongoing operations, while the remainder should go to the core defense program, with a special emphasis on developing and deploying the next generation of weapons and equipment.

Under current and future budget projections, the services are scheduled to field new platforms that will anchor U.S. security for the next generation. America can afford the necessary upgrades. Over the long term, federal spending should be reformed to provide adequate funding for current defense needs, and the shape of the U.S. military should continue to evolve to reflect future threats. Rather

than reduce defense spending, the next President and future Congresses should commit to providing for the nation's defense by spending at least 4 percent of GDP on defense and ensuring that those resources are spent well.

**Adopting Fiscally Responsible Policies.** The United States has a \$13 trillion economy. As a result, modest economic upticks and downturns, such as a mild recession or modest inflation, are unlikely to affect defense spending significantly. However, inadequate long-term fiscal policies from Washington could cripple the economy, placing the overall competitiveness of the United States—and defense spending—at risk.

Economic productivity and growth are essential to providing for the common defense. To foster economic growth, Washington policymakers should:

- **Restrain non-defense discretionary spending.** Spending not related to defense and post-9/11 operations has increased by 49 percent since 2001, or 5.9 percent annually compared to 4.2 percent growth under President Bill Clinton. Since 2001, spending on education has grown by 7.5 percent per year, health research by 7.3 percent, and international affairs by 8.0 percent. At a time when defense and homeland security priorities require especially tight non-security budgets, Members of Congress have not made necessary trade-offs. Instead, they have *accelerated* the growth of non-security spending.
- **Bring entitlement spending under control.** Taxpayers cannot afford the massive intergenerational transfer of wealth that Social Security, Medicare, and Medicaid will soon require. European economies are already being crushed under the weight of their expensive social insurance programs, and the United States must take steps now or meet a similar fate. This means modernizing these social insurance programs to make them sustainable.

As baby boomers shift into retirement, they are living longer, more productive lives. Congress should gradually raise the retirement age to reflect this change. It should also target benefits by reducing premium subsidies for higher-income retirees and tying benefits to income.

Over the long-term, Congress should reform Medicare into a market-based system that provides seniors with the right to choose better coverage if they wish to do so. Seniors would also benefit from the intense competition that private health plans would bring.<sup>17</sup>

- **Repair the budget process.** Lawmakers still cling to an antiquated budget process created in 1974. During the past 30 years, successive Congresses have punched this process full of holes, and federal spending has tripled. The current budget process provides no workable tools to limit spending, no restrictions on passing massive costs onto future generations, and no incentive to bring all parties to the table early in the budget process to set a framework.

America's budget priorities have changed, and so should its budget process. Congress should ensure that the long-term costs of entitlements are built into the budget process and considered along with other priorities during the annual budget debate. Congress should also put all programs, including entitlements, on a more level playing field. It should do this by creating a long-term budget framework for entitlements that is revisited every five years along with "triggers" to make automatic adjustments if spending grows above budgeted levels.

- **Reform the tax code and permanently reduce the tax burden.** Today's tax system is an obstacle to economic growth. Taxing capital through capital gain and dividend taxes, the death tax, and corporate tax reduces economic growth and has a dampening effect on income investment, jobs, and wage growth. High marginal personal income tax rates also deter growth by disincentivizing

tives to work, save, and invest. The United States has the second-highest corporate tax burden (35 percent federal tax rate plus an average of 5 percent at the state level) in the industrialized world, which reduces U.S. competitiveness in the global economy. Economists estimate that the current tax system imposes mammoth costs on the U.S. economy, suppressing economic output by as much as 15 percent.<sup>18</sup>

Annual growth rates could be much more impressive if the tax system did not punish productive behavior. To create an environment that better fosters growth, Congress should make the tax code flatter and simpler, reduce or eliminate taxes on capital, and ensure that U.S. tax policies are internationally competitive. The more competitive the United States is economically, the better able it will be to provide for its own security.

## Conclusion

Providing for the common defense is Washington's responsibility, and meeting that responsibility is an achievable goal. Congress and the next President need to make the right choices over the next 10 years to prepare, field, and sustain an all-volunteer force that is trained, equipped, and ready for the tasks of the 21st century. The American people deserve nothing less.

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17. See Robert E. Moffit and Alison Acosta Fraser, "Congress Must Pull the Trigger to Contain Medicare Spending," Heritage Foundation *WebMemo* No. 1796, February 4, 2008, at [www.heritage.org/Research/Budget/wm1796.cfm](http://www.heritage.org/Research/Budget/wm1796.cfm).

18. James Jay Carafano and Paul Rosenzweig, *Winning the Long War: Lessons from the Cold War for Defeating Terrorism and Preserving Freedom* (Washington, D.C.: The Heritage Foundation, 2005), pp. 148.