

# Defending Defense



## Warning: Hollow Force Ahead!

The Effect of Ever More Defense Budget Cuts  
on U.S. Armed Forces

*A JOINT PROJECT OF*



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### *The Effect of Ever More Defense Budget Cuts on U.S. Armed Forces*

National security is neither a “sacred cow” nor just another federal budget line item. Providing for the common defense of the American people and our homeland is the primary responsibility of policymakers in Washington. However, in an effort to protect social entitlements like Medicare, Medicaid, Social Security and the health care reform law from serious deficit and debt reduction efforts, President Obama has proposed not only to raise taxes, but also to cut another \$400 billion more from future national security spending. As Obama said on June 29, 2011, “[Outgoing Secretary of Defense] Bob Gates has already done a good job identifying \$400 billion in cuts, but we’re going to do more.”

It appears the President wants to do much more when it comes to cutting defense. This week, Obama praised the latest in a series of plans to cut military spending by roughly \$900 billion or more. He said the most recent plan that proposes cutting \$886 billion from defense is “broadly consistent” with his own approach for getting the country’s finances under control. Although this plan, like the others, is light on details of how it would actually achieve trillions in overall spending cuts, it is clear that there is a willingness within the administration and among some members of Congress to slash defense well beyond the President’s earlier mark of \$400 billion.

So far, the debate over long-term defense spending cuts has been a war among accountants—an abstract numbers game played with little regard for its concrete effect on the future of America’s armed forces and national security. This backgrounder describes the likely results of the significant defense spending reductions now being considered: a “hollow force” characterized by fewer personnel and weapon systems, slowed military modernization, reduced readiness for operations, and continued stress on the all-volunteer force. If realized, this modern day “hollow force” will be less capable of securing America’s interests and preserving the international leadership role that rests upon military preeminence.

**Myth: Proposed cuts represent a small part of future military spending.**

Fact: When adjusted for inflation, President Obama's April 2011 proposal to cut \$400 billion in long-term national security spending accounts for anywhere between 5%-to-8% of projected defense spending over a 12-year-period. For many, this appears to be only a marginal reduction in the Pentagon's budget.

However, the President's \$400 billion in cuts is best understood as a floor—rather than as a ceiling—for reductions to baseline defense spending. If news reports are accurate, senior Obama administration officials and key members of Congress appear open to cutting the military's future budget even more deeply. More likely, the cuts will occur over ten fiscal years starting in February 2012 when the President's 2013 defense budget request arrives on Capitol Hill.

Moreover, it is worth recalling that Obama has already presided over two rounds of reductions to defense spending. In 2009, \$330 billion was cut from future procurement programs and, in 2010, another \$78 billion was sliced from the Pentagon's budget. Add these to Obama's new \$400 billion in proposed cuts, and overall reductions to defense spending will surpass \$800 billion—with perhaps even more cuts to come. Combined with the “procurement holiday” of the Clinton years and the “hollow growth” of the Bush years,<sup>1</sup> when it comes to military modernization the Pentagon already finds itself in a deep hole. New cuts will create an even deeper hole.

Other factors will exacerbate the effect of Obama's \$400 billion in defense cuts. First, estimated long-term defense “savings” are premised, in part, on the Obama administration's assumptions about a total withdrawal from Iraq, a greatly reduced role in Afghanistan by 2014, and the absence of unforeseen crises and contingencies in the future.<sup>2</sup> Second, estimates of future defense spending requirements assume annual inflation will grow at just 2 percent, a rate that is wildly optimistic and in contradiction to the long-term tendency of defense inflation to outpace civilian inflation.<sup>3</sup> Third, without significant reform, costs for military health care—which already represent 9 percent of Pentagon spending—are on course to double by 2030.<sup>4</sup> And fourth, even before the administration began making cuts to national security spending, the

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<sup>1</sup> Todd Harrison, “Analysis of the FY2012 Defense Budget,” p.vi, July 15, 2011, at <http://www.csbaonline.org/wp-content/uploads/2011/07/2011.07.16-FY-2012-Defense-Budget.pdf>

<sup>2</sup> These estimates are based upon current budget projections that include \$130 billion in 2012 for war costs (other than Libya) and the administration's “place-holder” budget estimate for the future years of \$50 billion per year. Force reductions in Iraq and Afghanistan based on current policy—complete withdrawal from Iraq this year and the recovery of 33,000 “surge” forces from Afghanistan—would not appreciably reduce expenses in 2013. Withdrawing the minimum residual force in Afghanistan of 70,000 troops after 2014 could reduce future war costs to \$70-80 billion per year.

<sup>3</sup> For insights into the budgeting effect of greater-than-expected defense inflation, see “Summary of the Department of Defense Fiscal 2012 Budget Proposal,” at [http://www.defense.gov/pdf/SUMMARY\\_OF\\_THE\\_DOD\\_FISCAL\\_2012\\_BUDGET\\_PROPOSAL\\_\(3\).pdf](http://www.defense.gov/pdf/SUMMARY_OF_THE_DOD_FISCAL_2012_BUDGET_PROPOSAL_(3).pdf).

<sup>4</sup> Walter Pincus, “Pentagon costs rising fast, CBO warns,” *Washington Post*, June 30, 2011, at [http://www.washingtonpost.com/national/national-security/pentagon-costs-rising-fast-cbo-warns/2011/06/30/AG6NoosH\\_story.html](http://www.washingtonpost.com/national/national-security/pentagon-costs-rising-fast-cbo-warns/2011/06/30/AG6NoosH_story.html).

Congressional Budget Office (CBO) had already predicted that the Pentagon's research and procurement accounts would fall to just 28 percent of total defense spending.<sup>5</sup>

**Myth: Iraq and Afghanistan withdrawals will alleviate the military's manpower problems and allow the armed forces to control personnel spending.**

Fact: As recent U.S. military commitments outside of Afghanistan and Iraq have shown, the pace of operations is likely to remain high. President Obama has maintained every foreign policy commitment set by his predecessors and added to the military's missions. The President surged forces twice in Afghanistan, started a new operation in Libya, sent troops to Japan and Haiti for disaster relief operations, and kept 1,200 National Guard troops at America's southwest border.

The demand for military personnel may not decline.

The future posture and operational tempo of U.S. forces abroad are far from certain. In Iraq, current administration policy and defense planning are premised on a complete withdrawal by the end of 2011. That could quickly change, however. The government in Baghdad has indicated openness to a continuing American military presence after 2011. Indeed, Secretary of Defense Leon Panetta recently urged the Iraqis to consider allowing at least 10,000 U.S. troops to remain.

In Afghanistan, Secretary Panetta has noted that, even after the "surge" drawdown scheduled to run through 2012, 70,000 U.S. troops will remain. While Afghan security forces are scheduled to "take the lead" in security missions after 2014, it is likely that a significant U.S. military presence in the country will still be required. To be sure, it would not be responsible to base future U.S. planning in Afghanistan on the assumption of continued large-scale NATO assistance. At minimum, the United States should be prepared to retain brigade-sized forces in Kabul and in all the current NATO regional commands, including a larger presence in the Pashtun south and east, while continuing efforts to build Afghan military capability. For such objectives, an estimate of 40,000 troops in Afghanistan past 2014 is conservative.

Forces in Iraq and Afghanistan would represent only a part of U.S. posture in the greater Middle East—a historically unstable region now in the throes of a further transition and facing the prospect of an accelerated regional nuclear arms race sparked by Iran. Both the Bush and Obama administrations have attempted to reposture and redeploy U.S. forces to the Pacific, though the efforts have been slowed due to wartime needs, limited construction funds, and political uncertainties.

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<sup>5</sup> Mathew Goldberg, "Long-term Implications of the Department of Defense's 2010 Budget Submission," Congressional Budget Office, November 9, 2009, at [http://www.cbo.gov/ftpdocs/107xx/doc10730/11-18-FY2010\\_DoD\\_Budget.pdf](http://www.cbo.gov/ftpdocs/107xx/doc10730/11-18-FY2010_DoD_Budget.pdf).

Importantly, recent history tells us to expect the unexpected. The last four U.S. presidents—two Republicans, two Democrats—have each sent America’s military into harm’s way for wars that were not anticipated.

Even if the U.S. military quickly clarifies its operational picture, it still will face, in addition to the rapid rise in health and benefits costs, expected increases in military pay. According to a Congressional Budget Office analysis, costs for base military pay will likely rise by \$5 billion more than planned in the next five years.<sup>6</sup> “Two of the big places the money is, is in pay and benefits,” lamented Adm. Mike Mullen, chairman of the Joint Chiefs of Staff.<sup>7</sup>

In sum, the size and disposition of today’s forces do not account for likely realities and unforeseen contingencies, and the military’s personnel accounts will continue to consume an increasing share of the Pentagon budget. Cuts to the military’s top-line budget will exacerbate all these troubles.

**Myth: U.S. armed forces will continue to enjoy a technological advantage over any and all adversaries.**

Fact: The Pentagon has nearly skipped a generation of modernization programs while, at the same time, failing to “transform” U.S. forces for the future. The defense budget growth of the past decade was largely on consumables related to current operations. All of the defense cuts over the past two years mortgaged the future to pay for the present.

Today America’s military flies the same basic planes (e.g., F-15, F-16 and F/A-18 fighters; B-52, B-1 and B-2 bombers and a variety of support aircraft), sails the same basic ships (e.g., Trident ballistic missile and Los Angeles-class attack submarines, Aegis-equipped destroyers and cruisers, Nimitz-class aircraft carriers), and employs the same basic ground systems (e.g., Abrams tanks, Bradley fighting vehicles, Black Hawk and Apache helicopters) that it did at the end of the Cold War. The White House and Congress prematurely terminated, or never brought to production, follow-on systems such as the F-22 fighter, the Seawolf-class sub, or the Comanche helicopter. As a result, tens of billions have been invested on development with little fielded reward.

The F-35 fighter remains the sole major pillar of post-Cold War procurement—yet even that has been whittled away and now stands in danger. In his final day at the Pentagon, Secretary Gates said that purchases of F-35 fighters “might be cut back as part of the Pentagon’s new budget review.”<sup>8</sup> Indeed, he had already placed the Marine Corps’

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<sup>6</sup> Walter Pincus, “Pentagon costs rising fast, CBO warns,” *op. cit.*

<sup>7</sup> Christian Lowe, “Mullen Says Pay, Benefits ‘On the Table,’” *Military.com*, June 3, 2011 at <http://www.military.com/news/article/mullen-says-pay-benefit-cuts-on-the-table.html>.

<sup>8</sup> Tony Capaccio and Violent Gienger, “Lockheed F-35 May Face Cuts in Budget Review, Gates Says,” *Bloomberg*, June 29, 2011, at <http://www.bloomberg.com/news/2011-06-29/lockheed-s-f-35-strike-fighter-may-face-cuts-in-budget-review-gates-says.html>.

variant of the F-35 on a two-year “probation.”<sup>9</sup> At the same time, while the Air Force has reduced its total F-35 procurement plans to about 1,700 aircraft, it has also identified a fighter shortfall of about 800 aircraft. The Air Force thus finds itself forced to extend the life of its existing F-15 and F-16 fleets. The Navy is in the same boat, and is extending its buy of F-18s fighters.<sup>10</sup> Even these efforts to maintain an aging legacy fleet and buy additional fourth-generation tactical fighters are at risk due to budget cuts already underway.

No doubt, supposedly transformational systems like remotely-piloted vehicles have made immense contributions to the irregular warfare efforts in Iraq and Afghanistan. That said, the original vision of a new regime of high-technology conventional systems to offset Chinese military modernization has yet to be realized. The so-called “Next Generation Bomber,” the symbol of the defense transformation program, was originally planned for 2018 production, but then that date slipped with the 2010 budget cuts. Indeed, the project was directed to “close up shop” and has been subsumed in a broader long-range strike effort and a new program office created within the Air Force.<sup>11</sup>

This dilemma—shortfalls of modernization and failures of transformation—plagues all of the military services. The looming budget cuts will diminish the number of current procurements like the F-35 fighter, while also delaying the day when more revolutionary capabilities will be developed and fielded.

**Myth: Even if the future force is smaller, it will be well prepared for future crises and contingencies.**

Fact: The U.S. military is on an almost-inevitable—and unsustainable—path toward a 21st-century form of “hollowness” that will leave it less prepared for unforeseen crises and contingencies in the future.

The long-term geopolitical trends reflect protracted and persistent irregular wars in the Middle East, nuclear proliferation in unstable regions, and a rising China that continues to modernize its military with the aim of undermining American dominance in the Asia-Pacific theater. In contrast, the military has struggled to recapitalize our own forces, has fought two major wars with only incremental increases in manpower, is beset with rising personnel costs, and faces the prospect of rising operational and maintenance costs as it operates aging and worn-out systems.

The Defense Department and Congress have worked hard to ensure that troops sent into harm’s way are well prepared and equipped; however, the military’s superb performance

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<sup>9</sup> Office of the Assistant Secretary of Defense (Public Affairs), “DOD News Briefing with Secretary Gates and Adm. Mullen from the Pentagon,” press release, January 6, 2011, at <http://www.defense.gov/transcripts/transcript.aspx?transcriptid=4747>.

<sup>10</sup> John Reed, “JSF Woes Push AF to F-16s,” *DoD Buzz*, November 4, 2010.

<sup>11</sup> “Air Force Next Generation Bomber: Background and Issues for Congress,” Congressional Research Service, September 18, 2009.

on the battlefield masks the true state of overall readiness.<sup>12</sup> There is not a service—Reserves and National Guard included—which has not reported serious readiness shortfalls in the past few years. As an example, over half the Navy’s deployed aircraft is not ready for combat.

It is also important to consider the state of non-deployed U.S. forces, the country’s strategic reserve. Here the contrasts are increasingly stark. For example, the recent congressional testimony of Marine Lt. Gen. Frank Panter provides insight into the large-scale problem that all services face: “We continue to globally source equipment for Afghanistan and to meet other equipment requirements as we rapidly respond to emerging threats in the Middle East and elsewhere around the globe.”

In other words, the Marines are stripping equipment from units across the world to sustain those in the fight. Panter added: “The supply rating of units at home station hovers around 65 percent.” The Marines also discovered that their basic tables of organization and equipment were too small—that is, they didn’t have enough equipment to begin with before a decade of combat operations had ensued.

The result, combined with the fact that those in ground combat units are the most frequently deployed Marines and soldiers, is “a reduced ability of equipment to outfit and train our non-deployed units.”<sup>13</sup> As the Corps scrapes the global barrel to outfit units now fighting, those units recovering or preparing for deployment are unable to conduct sustainment training and must accept a risky, just-enough approach to high-end training immediately before going to war. The long-term effect of just-in-time readiness is therefore a growing bill just for “reset”—that is, the cost of restoring the Marines’ gear to its pre-war condition that puts aside the costs of it for the future. Indeed, the Marines now estimate their reset costs at \$10.6 billion, of which about \$5 billion remains unfunded.

While no comprehensive analysis for long-term readiness has been undertaken, the rough overall pattern is apparent: the future of American national security is being mortgaged to fight today’s wars and reduce the deficit by an insignificant amount. As a result, America’s armed forces, which have been stretched thin for nearly a decade, will likely be asked in the years ahead to do the same or more with even less if defense spending is cut once again.

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<sup>12</sup> Mackenzie Eaglen, “Pentagon Struggles to Keep Ships Sailing, Planes Flying as Budget Cuts Loom” AOL Defense. <http://defense.aol.com/2011/07/18/pentagon-struggles-to-keep-ships-sailing-planes-flying-as-budge/>

<sup>13</sup> Lt. Gen. Frank Panter, “Sustaining the Force: Challenges to Readiness,” statement before the House Armed Services Readiness Subcommittee, April 7, 2011, pp. 3-5.

**Image Credit:**

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Top: U.S. Marine Corps Photo by Sgt. Brian A. Lautenslager, courtesy of Flickr user “United States Marine Corps Official Page,” at [http://www.flickr.com/photos/marine\\_corps/5427552115/in/photostream/](http://www.flickr.com/photos/marine_corps/5427552115/in/photostream/).

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**The American Enterprise Institute**  
1150 17<sup>th</sup> St, NW  
Washington, DC 20036

**The Heritage Foundation**  
214 Massachusetts Ave NE  
Washington, DC 20002

**The Foreign Policy Initiative**  
11 Dupont Circle, NW, Suite 325  
Washington, DC 20036