Chapter 9

Military Readiness and Defense Modernization

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Former Secretary of State Madeleine Albright famously said last year that, "There are an awful lot of things going on that need understanding and explaining. . . . But to put it mildly, the world is a mess." Unfortunately, a year later, there is even more "going on" in even more places, and the world is even messier than it was. There are many reasons for this state of affairs among the affairs of states, but a common thread is the failure of the United States to effectively manage the global security commons. That failure, too, has many causes, but its common thread, in turn, is the Obama Administration's preference for "leading from behind" rather than anticipating and defusing risks of instability and aggression at earlier stages.

The next Administration must once again lead globally and purposefully, but that alone cannot restore a margin of safety for America. The right *policy* is certainly necessary but it is not sufficient by itself; the United States must also have the *power* to influence events, which is another way of restating the verity that America's armed forces constitute the foundation of its national security architecture.

To be sure, "hard power" should not be the primary instrument by which the United States executes its foreign policy and, except under rare conditions of total war, it never has been. But military might is and remains an indispensable attribute of a great power, and the instrument that makes credible the other tools in its possession. Ever since World War II, the primary purpose of American military power has been not to win wars but to prevent them, or at least to limit them—to deter aggressors and create an environment in which diplomacy, engagement, economic sanctions, and the other instruments of national influence have time and space to work.

That foundation is cracking. For most of the Clinton and Bush Administrations, America's armed forces, which had reached the apex of their strength in the late 1980s and early 1990s, were declining relative to the risks they confronted. In the Obama Administration, a slow bleed has become a gaping wound. Unless the next President makes it a paramount priority to engage in a Reagan-era restoration of America's armed forces, his or her foreign policy—no matter how thoughtful it otherwise may be—will fail for want of persuasive credibility. As a result, our security, and that of our allies, will be further compromised.

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The end of the Cold War led almost immediately to calls for a "peace dividend." Recognizing political reality, and hoping to preempt congressional pressure for even deeper cuts, Secretary of Defense Dick Cheney and JCS Chairman General Colin Powell announced in January 1990 what became known as the Base Force, a plan to reduce the U.S. military by approximately 25 percent by 1997. In brief, the plan called for the active-duty Army to downsize from 18 divisions and 760,000 soldiers to 12 divisions and 535,000 troops. The Marine Corps would retain its three-division structure, albeit with end-strength reductions. The Navy would undertake the wholesale retirement of older vessels, shrinking from 551

ships to 451. And the Air Force would drop from 28 active and reserve component fighter wings to 20.

Yet the Cheney-Powell plan did not satisfy the demands for reductions. The incoming Clinton Administration immediately undertook an assessment in early 1993 called the Bottom-Up Review. Secretary Aspin decided on a further 10 percent reduction, scaling the active Army to ten undermanned divisions and 495,000 soldiers, which fell a further 10,000 troops over the decade. The Navy was reduced to 346 ships, eventually dropping to 316 by the end of the decade.

Moreover, as military readiness declined through underfunding, the operational tempo of that smaller military dramatically increased. Even during the relatively peaceful 1990s, units were deployed at rates never seen during the Cold War (except during the Korean and Vietnam wars). Worse, as deployment rates skyrocketed, each service's modernization budget (the accounts that fund the procurement of new equipment) was cut to the bone. The "procurement holiday," as it came to be known, reduced new equipment purchases to a tiny fraction of what they had been over the preceding 15 years. For example, the number of tanks, artillery, and other armored vehicles procured each year during the 1990s averaged about 7 percent of what it had been annually between 1975 and 1990. Battle force ship procurement dropped to less than a third its previous numbers. Average annual fixed-wing aircraft procurement dropped to about a fifth that of the previous 15 years.

This combination of a smaller force operating at historically high tempo using aging equipment guaranteed a pronounced decline across the force. In 1998, General Hugh Shelton, then Chairman of the Joint Chiefs, testified that military readiness was "in a nose dive that might cause irreparable damage to the great force we have created, a nose dive that will take years to pull out of." The Bush Administration, recognizing these stresses, entered office in January 2001 determined to recapitalize the military and to deepen progress in what was known in defense circles as the "revolution in military affairs." Those plans were quickly overtaken by events. Following the terrorist attacks of September 11, 2001, combat operations in Afghanistan and Iraq, higher maintenance costs, higher personnel costs, and the cost of expanding the Army and Marine Corps to support the surge ate up an even substantially larger defense budget. For the first time, a major buildup in defense spending did not result in a substantial increase in actual capability; the armed forces ended the decade at approximately the same size and using much the same inventory of equipment with which they began.

The defense industrial base had declined as well during this period, having consolidated and downsized over the course of 13 successive annual reductions in defense spending. Fewer competitors meant less competition, which, along with chronic management issues, increased the unit and overall costs of acquisition.

The armed forces were thus already highly stressed when President Obama took office. Nevertheless, Secretary of Defense Bob Gates recognized that war-level defense spending was unsustainable. Accordingly, he began an extensive review of Pentagon spending, hoping as Cheney and Powell did nearly two decades before, to forestall irresponsible cuts to the military budget. As he wrote in *Duty*, Gates undertook these efforts with the clear understanding from the White House that

savings and efficiencies would be used to modernize the services. After nearly 20 years of underinvestment in new equipment, 15 years of high-tempo deployments and years of combat in two theaters, the services desperately needed to be recapitalized. Gates identified $400 billion in cost reductions beginning in 2009 and, potentially, an additional $78 billion beginning in fiscal year 2012.

Also in 2009, Congress created a National Defense Panel to assess the condition of the military and to review the plans of the Department of Defense. Chaired by former Secretary of Defense William Perry and former National Security Adviser Stephen Hadley, the bipartisan 20-member panel issued a unanimous report in the spring of 2010 that recommended a substantial increase in the annual defense budget, primarily to increase the size of the Navy and to recapitalize the equipment inventories of all of the services.

In February 2011, Secretary Gates announced his ten-year budget proposal with modest increases in the defense topline. While not as substantial as the National Defense Panel's recommendations, the Gates budget would have supported increasing the size of the fleet and partially modernizing the equipment inventories of the other services. Yet two months later, President Obama scrapped his own Secretary of Defense's proposed budget, announcing his intention to reduce the annual defense budget by approximately $40 billion per year. Several weeks later, in negotiations with the House and Senate leadership, the White House proposed a further reduction in defense spending of approximately $500 billion over ten years. The President's proposed spending reductions were codified in the August 2011 Budget Control Act. Including the sequester, cuts to defense when compared with the proposed plan offered by Secretary Gates totaled nearly $1 trillion over the prospective ten-year period.

It is important to grasp the significance of these events. In only months, the analytical process by which a highly respected Secretary of Defense established funding priorities was tossed aside in favor of a budget-reduction process that was *ad hoc* in nature, politically driven, and conducted without regard for the impact on military capabilities or current and future threat assessments.

The consequences of these cuts are increasingly apparent across the force. Today's Navy is smaller than at any time since before World War I. It struggles to maintain a fleet of 272 deployable battle force ships and is expected under the current sequester baseline to shrink to between 240-260 ships. In contrast, the Chinese PLA Navy is expected to increase by 2020 to between 325-350 ships, nearly all of them modern and multi-mission capable. At today's deployment rates, U.S. Navy ships are not receiving the maintenance required for long-term readiness.

The active-duty Army will shrink to a planned 420,000 soldiers in 2019, the size of the service in mid-1941. Training for nearly two-thirds of the force is being curtailed to squad and platoon-level training. A substantial number of Army modernization programs have been cancelled or restructured due to funding reductions.

The Air Force expects to lose almost half of its fighter, bomber, and surveillance platforms by the end of 2019. Its inventory of KC-135 tankers, the fleet that makes possible the regional and global reach of our Air Force and Navy aircraft, now averages over 50 years in service and is budgeted to fly into the 2030s. The B-

52 bomber fleet, now also over 50 years of age, is budgeted to fly at least into the late 2020s.

Today's active-duty Corps is made up of 184,000 marines. Of that number, approximately 30,000 are deployed. In order for those units to be fully manned, trained, and equipped, more than half of the Corps' non-deployed units are reporting significant readiness shortfalls. In order to protect short-term readiness, only 9 percent of the Corps' budget can be allocated for modernization. The Corps' budget, in other words, places the service in an unsustainable situation.

As the funding cuts mandated by the Budget Control Act were felt across the services, Congress re-authorized the National Defense Panel, this time co-chaired by former Secretary of Defense William Perry and General John Abizaid (U.S. Army, Ret.). The panel's unanimous 2014 report stated that the defense budget cuts mandated by the BCA "constitute a serious strategic misstep [by] the United States . . . prompting our current and potential allies and adversaries to question our commitment and resolve." The Panel further found that the "effectiveness of America's . . . diplomacy and economic engagement, are critically intertwined with and dependent upon the perceived strength, presence and commitment of U.S. armed forces."

If funding levels mandated by the Budget Control Act are maintained, the long-term consequences are predictable. The Army, according to both Secretary John McHugh and General Ray Odierno, Army Chief of Staff, will no longer be capable of executing the national military strategy. A Navy of 240 ships would no longer be a global fleet. Given its capacity, it would instead be a regional navy, capable of maintaining a meaningful presence in only two critical regions on a rotational basis. By the end of the decade, the Air Force will field the smallest and oldest inventory in its history, without the ability to operate in contested air space, within an enemy's integrated air defense capability, and to generate needed levels of combat power.

Similarly, Secretary of Defense Ashton Carter recently observed that, given current budgets, the Army, Navy, and Marine Corps will not achieve *acceptable* levels of readiness until 2020, and the Air Force until 2023. And even if some acceptable level of readiness is achieved, the force will be much smaller, will field older equipment, and will have diminished or possibly no technological advantage over would-be adversaries, especially the Chinese. In other words, the longer-term impact of the spending reductions mandated by the Budget Control Act will result in a force that has to an appreciable extent forfeited the very attributes that have made U.S. armed forces so effective in combat.

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We agree with the recommendations of the 2014 National Defense Panel. We urge an immediate rebasing of the defense budget as a first step. We know that many will characterize this as a "build-up," but it is in fact only a restoration of defense spending levels necessary for the U.S. military to do what it is already committed to do.

First we must restore readiness, and this should be done as soon as possible. The price will not be small; it always costs more to restore rather than maintain readiness, but the sooner it is accomplished, the less the ultimate cost will be.

Second, it has been more than four years since the Department of Defense has engaged in even the basics of security planning: assessing current and probable future threats, identifying the capacities and capabilities necessary to meet those threats, and developing a budget designed to produce those capabilities. So the Department should be tasked to develop such a plan in the first year of the next Administration. The "pacing threat"—the threat against which the Department must primarily plan—is China, which has become a peer military competitor of the United States in the Western Pacific. The plan should take into account all known and probable threats and should aim, as the Reagan restoration did, to create a force that will, with continual improvements, be the foundation of American national security for the next several decades.

The plan should provide at minimum for several rectifications of the present situation. It must first and foremost increase the size and capabilities of the U.S. Navy. The United States must maintain presence and deterrent power in the Western Pacific while also being fully present, and able to project power, in the Persian Gulf/Indian Ocean and Eastern Mediterranean. The burden will only grow if Iran, much less other countries in the region, acquire nuclear weapons. The Navy should be sized, at a minimum, at 325-346 ships, and will need to be bigger if, as is likely, China continues its buildup. The Navy's budget must include room for buying the necessary naval aircraft, increasing the procurement of *Virginia*-class submarines, fully replacing the *Ohio*-class SSBNs to maintain the nuclear triad, and increasing the number of surface combatants.

Second, the plan must recapitalize the U.S. Air Force. The Air Force needs several capabilities that are currently in danger: air superiority, ISR, long-range precision strike, and ground-combat support are noteworthy. Currently, the average age of its inventory is over 25 years old; lowering it substantially will require a large and sustained period of procurement and development.

Third, Army personnel end strength must be sustained at no less than the level thought necessary in the Clinton Administration: approximately 495,000 soldiers. Everyone should understand, further, that an objective and unbiased planning process would almost certainly recommend a higher number. In fact, in 1991, Secretary of Defense Dick Cheney recommended going forward that the Army be sized at 535,000 men. Given the chaos in the Middle East, the threat of aggression in Europe, and the instability and unpredictability of the North Korean regime—risks that were not present 20 years ago—the number thought necessary 20 years ago is not enough today. Much of the Army's vehicle inventory must be modernized or replaced.

Fourth, the U.S. nuclear arsenal must be modernized, if not increased in numbers. Consistent with the New START agreement, both the U.S. and Russian governments are reducing launchers and operational warheads. But the strategic nuclear equation is decidedly more complex than it was during the Cold War. The entirety of the U.S. nuclear arsenal—*Ohio*-class SSBNs, B-52s, and the Minuteman III inventory—must be replaced. Russia is adding new ICBMs each year. Only recently,

President Vladimir Putin stated that Russia would produce fifty new Tu-160 "Blackjack" bombers.

China's nuclear arsenal is mostly a mystery. Beijing is deploying its new *Jin*-class SSBNs, which are expected to begin operational patrols this year, and is now developing its next-generation SSBN. We know little of its land-based force. And then there's Iran and North Korea: Both countries are developing increasingly more capable multi-stage ballistic missiles. Iran may deploy a capable ICBM within a few years. Only the United States considers itself bound to comply with current strategic arms control agreements. China is not a party to any, and what exists on paper between North Korea and the United States and Iran and the United States has either already been violated or is worth little. Russia has been caught in violation of the INF agreement, which suggests that its fealty to the New START numbers is weak. Taken together, this situation equates to increasing imbalance.

America's space architecture is also growing old and is increasingly vulnerable to Chinese anti-satellite capabilities. The Department of Defense is only now beginning to study how to replace or harden the satellites on which both military and civilian communication depends. A plan, with the resources to match, should be developed and implemented as soon as possible.

This list is by no means exhaustive, but even these requirements are impossible to fund under the sequester baseline, or anything close to it. The minimum necessary is the Gates baseline, and more will probably be needed. Secretary Gates proposed his budgets in 2011, when Iraq and the Middle East were still relatively stable, ISIS did not exist, NATO was not threatened by Russian arms moving west, and China had only begun its aggressive conduct in its near seas. Moreover, though the armed forces were already highly stressed at that time, they were in much better condition than they are now by every significant measure.

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The core defense budget—the amount spent on sustaining the armed forces exclusive of the cost of overseas operations—is currently slightly less than 3 percent of GDP. Ramping up to the Gates baseline would move that number to approximately 3.5 percent of GDP, a historically low figure and an amount that no economist would say, in isolation, is unaffordable.

The reason for the fiscal constraints under which the Department of Defense has been forced to operate is not that its own needs are too great, but that the structural deficit in the entitlement programs is crowding out the discretionary budget, including defense. In other words, the fiscal challenge facing the U.S. Federal government is the large and growing gap between what it is spending on entitlement programs and what it is collecting for those programs. Because that gap is squeezing out the rest of the Federal budget, the sequester of defense funds, far from being a solution to the government's fiscal challenge, is actually a symptom of it. Moreover, it has made that challenge even worse, because the sequester has masked the size of the short-term deficit, thereby reducing the political pressure to deal with the underlying problem.

Providing for the common defense is the first constitutional priority of the Federal government; it is therefore the first claimant on Federal funds. In addition,

without adequate security for the American homeland, for the right of Americans to trade and travel, and for the norm-based international system under which America has prospered, the economy cannot grow to the degree necessary to fund other priorities, including reducing the debt. For all these reasons, a plan for restoring America's military strength should not be seen as the enemy of fiscal responsibility, but one of its preconditions.

Most of the threats facing America and its armed forces today did not exist 20 years ago, certainly not in the form in which they are manifested today. In the 1990s, there was no global terrorist threat, no ISIS, no nuclear North Korea, no resurgent and aggressive China, and no unfriendly Russia threatening Eastern Europe. Bill Clinton, certainly no defense hawk, was President, yet the force that the Clinton Administration believed necessary then, in relatively peaceful times, was substantially larger than the force of today. It had much more modern equipment and much greater technological superiority over potential aggressors than the force of today.

America's defense policy over the past generation has been, in essence, to live off the capital that the Reagan Administration accumulated in the 1980s. That capital had been substantially reduced by the time Barack Obama took office; after the past six fiscal years of accumulating cuts, sequesters, and chaos in the Department of Defense, that capital is gone. The next President must do what Ronald Reagan did: Restore American strength and, in the process, determine the size, shape, and posture of America's armed forces for the next generation.

The restoration of America's armed forces should be viewed not as a burden but as an opportunity to resurrect America's global credibility. In a fundamental way, defense policy *is* foreign policy, not only because the armed forces are an important tool of power, but because whether and how America sustains its military will communicate to the world the state of American leadership and commitment. Because our purposes as a nation are forever bound to our power, if the next President doesn't rebuild America's armed forces, his or her foreign policy will fail. Contrarily, no action the next Administration could take would do more to restore America's global standing, and recover its fortunes than a successful effort to rebuild and refashion America's armed forces.