

Defense Report

from AUSA's Institute of Land Warfare



AUSA Torchbearer Issue:

The Fiscal Year 2000 Defense Budget — Path to Unpreparedness

For the past 14 years, the defense budget has been declining; the result has been a peace dividend of three-quarters of a trillion dollars for American taxpayers. However, we must now make adjustments because the dollars we are currently dedicating to the defense budget are a sure path to military unpreparedness.

The post-Cold War defense budget has been insufficient to carry out the national military strategy of engagement. Readiness has declined. The nation's defense establishment is fragile and increasingly in jeopardy of not being prepared to fight two near-simultaneous major theater wars while carrying out the day-to-day strategy of continuing international engagement. This situation emerged as a major defense issue in the fall of 1998 and continues to be a crucial issue being addressed by the President, the Secretary of Defense and Congress.

The gap between defense resources and requirements was a major national defense issue that was addressed by AUSA throughout 1998. The public debate of that issue continues into 1999.

AUSA's June 1998 assessment of the Fiscal Year 1999 defense budget pointed out that the most severe problem facing the Department of Defense is the funding gap which exists between the defense budget top line and the requirements of current operations and readiness, and the need for modernization. In the 1999 Resolutions promulgated at its Annual Meeting in October 1998, AUSA recommended that a reasonable share of the Gross Domestic Product (GDP) should be devoted to national defense, growing to something approaching 4 percent. And in his Torchbearer Message of January 1999, AUSA's president linked the shortfall in

funding with the decline in both short- and long-term military readiness.

What are the factors that have contributed to this emerging readiness gap?

First, the U.S. armed forces, reduced in size by some 40 percent since 1989, are at the forefront of the nation's international leadership role—carrying out a strategy of engagement with other countries worldwide. The national defense establishment is the primary instrument of national power in preserving U.S. interests abroad. In addition to 100,000 servicemen and women stationed in the Pacific, there are 100,000 stationed in Europe; complementing these forces stationed abroad are personnel involved in a wide range of operations, from peace operations (Bosnia, Sinai) to contingencies involving the possibility of warfighting missions (Kuwait, Korea). The Army alone has about 30,000 personnel away from their home stations on any given day, in about 70 countries, conducting some type of engagement mission. The other services have similar demands placed on their servicemembers and operating units.

The increasing number and scope of these operations—the operational tempo, or OPTEMPO—lead to repetitive deployments for individual servicemembers—personnel tempo, or PERSTEMPO—and significantly greater wear and tear on equipment. The costs for many of these operations are borne by DoD, requiring transfer of funds from other accounts, particularly accounts that would otherwise address training, modernization and infrastructure needs. The result is lessened readiness to meet the demands of major contingencies, including the capability to fight a major theater war to protect more vital U.S. interests.

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Second, the pace of technology, and its availability on the world market, is escalating, giving to potential adversaries potent capabilities heretofore limited to more major powers. This pace and scope of change, particularly with regard to information processing, is referred to by many as a revolution in military affairs (RMA). The RMA compels the U.S. armed forces to concurrently expend resources for ready and deployable forces to meet the more immediate contingencies and resources to address the doctrine, equipment and training requirements for RMA forces in the next decade or two. Shorter-term needs and longer-term needs compete for the same resources, with both losing most of the time.

Third, the threat to U.S. national security interests has changed from the Cold War focus on the former Soviet Union to multidimensional, unpredictable threats that range from terrorism, weapons of mass destruction, organized drug and criminal cartels, to the potential for major battlefield engagements in two or more far-flung parts of the world at the same time. Because no other country or nonstate actor is expected to have the warfighting capabilities to match those of the U.S. military for some time, potential adversaries can be expected to seek these other (asymmetric) means to counter U.S. capabilities, posing a new threat dimension to U.S. security.

This threat environment means the military services, while expending resources to maintain present military superiority, must also devote scarce resources to developing capabilities to counter asymmetric threats and, further out, a potential peer competitor. Without adequate investment in the capabilities to counter these threats, our armed forces will be unprepared to carry out the nation's military strategy.

The President's proposed FY 2000 defense budget would increase spending by \$12 billion; increases totaling \$112 billion are proposed over the next six years. The FY 2000 figure includes \$2 billion for Bosnia and \$2.5 billion for pay and retirement increases; the balance of \$7.5 billion is slated for modernization. However, the balance is to be generated primarily by savings that DoD can retain from expected lower rates of inflation and fuel costs.

In testimony before the House Armed Services Committee, the Army's Chief of Staff, General Dennis J. Reimer, pointed out that the "FY 2000 budget proposal is only a down payment on the resources needed to . . . assure future readiness." The Joint Chiefs pointed out last September that the funding needs of the services to fix the readiness problem are closer to \$20 billion for FY 2000 and about \$150 billion over the six-year period.

The corner may have been turned on defense spending. And the President's proposal may be the start of a process to shore up the readiness shortfall of the armed forces. However, the approach thus far provides little real money; it depends heavily on assumptions about future fuel costs and the rate of inflation. It also falls significantly short in meeting the services' requirements as stated by the Chairman and the service chiefs. Serious consideration must be given to providing full funding without reliance on transitory fuel and inflation savings.

To the national public agenda, where Social Security is presently a major concern, must be added the debate of national security and the needed adjustments to resourcing so the armed forces will be prepared to carry out the national security strategy.

Summary and Talking Points

-  Post-Cold War defense funding is insufficient for the armed forces to carry out the national military strategy. Consequently, military readiness, both short- and long-term, has suffered.
-  Worldwide operational missions have stretched the armed forces due to increased operating tempo, personnel tempo and the uncertainty of bearing the financial costs that require diversion of resources from modernization and infrastructure needs.
-  The rapid pace of technology and its availability to potential adversaries compel the services to devote resources to both short- and long-term capabilities. Without adequate resources, both long- and short-term readiness will continue to suffer.
-  The President's budget addresses the readiness shortfall; however, the \$12 billion increase (based in part on savings from lower inflation and fuel costs) proposed for FY 2000 and the \$112 billion increase over six years fall short of the recommendations of the JCS (\$20 billion in FY 2000 and \$150 billion over six years).
-  Much more serious consideration must be given to providing full funding without reliance on transitory fuel and inflation savings and consistent with the military advice of the JCS. A national debate on Social Security is underway; national security must also be added to the national agenda.

 (AUSA has established a series of Torchbearer messages to highlight current issues that impact the Total Army. This and future selected *Defense Reports* are designed to address these issues by providing succinct, factual information so that Association members and leaders can effectively participate in the national defense debate and help build support for a strong Army. Additional information is available on the AUSA homepage at www.ausa.org.)