

CATO HANDBOOK FOR CONGRESS

POLICY RECOMMENDATIONS FOR THE 108TH CONGRESS

CATO
INSTITUTE

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48. The Defense Budget

Congress should

- reduce the budget for national defense from the current sum of about \$400 billion to about \$200 billion (in fiscal year 2004 dollars)—in increments over five years;
- add to the \$200 billion total the \$10 billion per year spent appropriately on military operations in the war on terrorism;
- make it clear that the reduced budget must be accompanied by a more restrained national military posture that requires enough forces to fight one major theater war instead of the current posture based on the need to fight in two theaters nearly simultaneously;
- restructure U.S. forces to reflect the American geostrategic advantage of virtual invulnerability to invasion by deeply cutting ground forces (Army and Marines) while retaining a larger percentage of the Navy and Air Force;
- authorize a force structure of 5 active-duty Army divisions (down from 10 now), 1 active Marine division (reduced from 3 now), 14 Air Force fighter wings (down from 20 now), 200 Navy ships (down from 316), and 6 carrier battle groups with 6 Navy air wings (reduced from 12 and 11, respectively);
- require that the armed services compensate for reduced active forces by relying more on the National Guard and the reserves in any major conflict;
- terminate force structure or weapons systems that are unneeded and use the savings to give taxpayers a break and to beef up neglected mission areas; and
- terminate all peacekeeping and overseas presence missions so that the armed services can concentrate on training to fight wars and to deploy from the U.S. homeland in an expeditionary mode should that become necessary.

The Context for Defense Policy

Paradoxically, the massive amount the United States spends on national defense each year, and the profligate military interventions conducted overseas with the forces generated by such spending, may actually make the United States less, rather than more, secure.

A nation's defense policy (including the defense budget) should reflect its security situation—that is, the geopolitical realities of its environment. U.S. defense policy fails to take such realities into account.

Advocates of higher military budgets regret that U.S. spending on national defense has declined to about 3 percent of the nation's gross domestic product, its lowest point since 1940. As a result, they argue that U.S. security is being severely compromised. Although defense spending as a percentage of GDP is a good indicator of what proportion of the national wealth is being appropriated for defense, it is not an indicator of what amount should be spent on a nation's defense. Such spending should be based on the nation's geostrategic situation and the threats to its vital interests (which have declined dramatically since the end of the Cold War). Besides, no nation ever fought another nation with a percentage of its GDP. Nations fight other nations with military forces that are purchased with finite quantities of resources.

When the U.S. annual budget for national defense is compared with those of other nations, the true magnitude of U.S. defense spending becomes clear. The United States alone accounts for more than one-third of the world's military spending. U.S. defense spending roughly equals the combined spending of the next 11 nations—8 of which are our wealthy friends and allies (only Russia and China fall outside this group). The United States spends more than all of its wealthy friends and allies combined and about double what all of its rich NATO allies combined spend. More important, the United States spends three times the combined amount spent by nations that are “potential threat states”—Russia, China, Iraq, Iran, Syria, Libya, Cuba, and North Korea.

The United States could probably spend less, not more, than other major nations and remain secure. The United States is blessed with one of the most secure geostrategic environments the world has ever seen. It is virtually invulnerable to an invasion. The United States has two great oceans separating it from other major powers and weak and friendly neighbors on its borders, and no major power exists in the Western Hemisphere to pose a challenge. Most important, any nation foolish enough to attack the United States would face the devastation of its homeland by

the world's most formidable nuclear arsenal. In short, a large portion of the \$400 billion spent annually on defense (almost \$1,400 per American) has nothing to do with U.S. security and lots to do with the expensive, self-appointed role of "world leader."

Of course, the attacks on September 11 brought home the vulnerability of the United States to strikes by terrorists using conventional means. Even the Bush administration admits that a strategy of global presence and engagement causes retaliatory attacks on the United States. The huge U.S. military is much larger than needed to conduct the small brushfire wars required to fight terrorism (much of the war on terrorism will be conducted by U.S. intelligence and law enforcement agencies, not the military)—the only real major threat to U.S. security in the post-Cold War world. (The \$10 billion per year spent appropriately on military operations in the war on terrorism is only a small portion of the \$400 billion per year spent on national defense and would be added to Cato's proposed \$200 billion budget for national defense.) In fact, the large military and the temptation to use it to intervene all over the world actually reduce the security of the U.S. homeland. Therefore, adopting a policy of military restraint and cutting the defense budget would actually enhance security at home.

New Criterion for Determining the Size of U.S. Forces Is Needed

The virtual invulnerability of the United States allows it to define its vital interests narrowly and intervene militarily only when they are threatened. There has always been—and will always be—instability in the world (although, since the Cold War ended, most indicators have shown that it is declining). In the vast majority of cases, however, instability will not threaten vital American interests. If the United States pursued a policy of military restraint, it could reduce its budget for national defense by half—from \$400 billion to about \$200 billion (fiscal 2004 dollars) per year—and still be, by far, the most capable military power in the world. (Japan—which comes in a distant second among nations with first-rate militaries on any scale of defense expenditures—spends only about \$45 billion per year on defense.)

Adopting a policy of military restraint would allow the United States to size its forces to fight one major theater war instead of two concurrently, as envisioned by the Pentagon. Even that reduction in forces would provide some hedge against uncertainty. Acting as a "balancer of last resort," the

United States would assist other nations in shoring up a deteriorating balance of power only in such critical regions as Europe and East Asia (the areas of the world with large concentrations of economic and technological power). Like-minded nations in the affected region would provide most of the ground forces and some air forces; the United States would also provide air power—its comparative advantage. U.S. air power could quickly be dispatched to help friendly nations halt the offensive of a serious aggressor state. Some U.S. ground forces eventually might be needed to help retake lost territory, but that is a remote possibility that should not be considered a high-priority mission.

In a post–Cold War world, the goal of purchasing enough forces to fight in two theaters nearly simultaneously can be abandoned because it is now extremely unlikely that the United States would be required to balance against a regional hegemon in Europe and East Asia at the same time (a World War II scenario). The Bush administration has moved below the force posture needed to win two regional wars decisively, which was followed during the Clinton administration, but still wants enough forces to win decisively in one theater and to stop an enemy offensive in the other region. But if two regional aggressors arose simultaneously, there would be plenty of lead time to build up U.S. forces. It now takes much longer to develop and produce high-technology weapons than it did before World War II, and the United States would be in the lead rather than attempting to catch up with potential aggressors. In the unlikely event that two hegemons arose quickly, the United States could fight them sequentially rather than nearly simultaneously.

Optimal U.S. Force Structure

The Department of Defense’s 1993 Bottom-Up Review (BUR) allocated a block of forces to conduct one major regional conflict. The block consisted of 4–5 Army divisions, 4–5 Marine brigades (between 1 and 2 divisions), 10 Air Force wings, 100 heavy bombers, and 4–5 aircraft carrier battle groups. Prudent military planning might require that this “one war” force structure be augmented to add even more cushion for unforeseen circumstances. Thus, an optimal force structure can be created that still saves money. That force structure would consist of 5 active Army divisions (down from 10 now), 1 active Marine division (reduced from 3 now), 14 Air Force air wings (down from 20 now), 187 heavy bombers (down only slightly from 208 now), 200 ships (down from 317), 6 aircraft carrier battle groups and 6 Navy air wings (reduced from 12 and 11,

respectively), and 25 nuclear-powered attack submarines (down from the current force of 55 vessels).

Such a force structure would cut 5 active Army divisions, 2 active Marine divisions, 6 Air Force air wings, and more than 100 ships from existing forces. Thus, it would cut Army forces by 50 percent, Marine forces by 67 percent, tactical Air Force forces by 30 percent, and Navy forces by a little more than one-third (Table 48.1). (The optimal budget is roughly half the current level. Some of the savings accruing from reducing the forces are used to purchase high-technology items—such as electronic sensors and information systems and precision weapons—that are vital to winning future wars.)

In this alternative force structure, ground forces—the Army and the Marine Corps—have been reduced more than the Air Force and Navy. Such a shift of emphasis makes sense for a nation that faces no threat from an invading ground force. There are long distances between the United States and any potential adversary. With a small standing army, more reliance would need to be placed on the National Guard and the reserves. In the case of the rare, large-scale war in a foreign theater that requires substantial ground forces to win back lost territory, plenty of time will be available to mobilize the forces of the National Guard and the reserves.

Table 48.1
Proposed Cuts in U.S. Military Forces

Force Component	Planned Force	Optimal Force Structure	Percentage Reduction
Active Army divisions	10	5	50
Active Marine divisions	3	1	67
Air Force tactical fighter wings	20	14	30
Air Force heavy bombers	208	187	0
Total Navy ships	317	200	37
Navy aircraft carrier battle groups	12	6	50
Navy carrier air wings	11	6	45
Nuclear-powered attack submarines	55	25	55

SOURCE: Planned force structure from William Cohen, *Annual Report to the President and Congress* (Washington: U.S. Department of Defense, 2001).

A much smaller Marine Corps will also rely more heavily on the reserves. Although the BUR stated the need for more than one division to fight a major conflict, one existing reserve division can supplement the active division to meet that requirement. Only one Marine division needs to be active; there has been no large-scale amphibious assault since Inchon during the Korean War. In the post–World War II period, the Marines have most often been used in small-scale interventions in the Third World. Such interventions should be undertaken only rarely.

The Air Force would be cut the least of any service. Air power proved devastatingly effective during the wars in the Persian Gulf and Kosovo, and the United States has traditionally had a comparative advantage in air power. Air Force tactical aircraft should be favored over Navy tactical aircraft because land-based aircraft have a greater range and bomb-carrying capacity (that is, have greater efficiency) than aircraft that operate from carriers.

In any major war, friendly nations will more than likely provide land bases from which U.S. aircraft can operate. If such bases become more vulnerable to enemy missile attacks, the United States will need to buy theater missile defenses to protect the bases, purchase short-take-off aircraft that can be dispersed to unfinished airfields, or use long-range heavy bombers that can operate from distant bases in the region. Such measures would be better than relying more on expensive aircraft carriers and naval aircraft. For this reason, the U.S. heavy bomber fleet—which has great range and large bomb-carrying capacity—should be reduced only slightly.

Nonetheless, some aircraft carriers and naval aircraft are needed. Like the Marines, in the post–World War II period Navy carriers have been used primarily to provide forward presence in overseas theaters and for small-scale interventions in the Third World (so-called crisis response). If the United States observed a policy of military restraint, the need for such missions would be rare. Instead, carrier battle groups would sail from the United States and be used to control the seas, to protect American trade if it were threatened, and to provide air power in the rare instances when land bases were not available.

The elimination of the overseas military presence and crisis response missions would allow a substantial reduction in the number of carrier battle groups. Six carrier battle groups would suffice to control the seas and protect trade. The United States—with six carriers—would still have bone-crushing dominance over any other fleet in the world. Although the BUR suggested that four or five carriers would be needed to fight a

regional conflict, there has always been a dispute about whether that number included the carrier at the dock undergoing extensive overhaul. To be conservative, another carrier was added, bringing the total to six.

After the Cold War, the Navy's increased emphasis on providing air support for Marine amphibious assaults made Marine air wings redundant; such air wings should be eliminated.

The demise of the Soviet nuclear attack submarine fleet would allow the United States to cut its attack submarine force by more than half, from 55 to 25.

Savings achieved through decommissioning some military units and their existing equipment could be supplemented by savings accruing from canceling new weapons systems, currently in development or production, that are either unneeded in principle or relics of the Cold War. Some of those savings could be returned to taxpayers through reductions in the defense budget and some could be reallocated to increase funding for previously neglected, but important, military missions.

Terminate All Peacekeeping and Overseas Presence Missions

Peacekeeping and overseas presence missions (U.S. troops stationed overseas and regular naval deployments in overseas theaters) have nothing to do with safeguarding vital U.S. interests. In the more benign security environment of the post-Cold War world, such missions only discourage wealthy U.S. allies from spending the resources needed to provide for their own security. Furthermore, those missions lower morale in U.S. forces and consume resources and time that should be used for training to fight wars and to deploy from the United States in the rare cases in which a foreign conflict threatens U.S. vital interests.

Benefits of Adopting the Alternative Defense Posture

Adopting a foreign policy of military restraint overseas, buying the forces needed to fight one regional war, and reducing the budget for national defense by more than a third would help to keep the United States out of unnecessary foreign wars. Such potential quagmires have little to do with vital American security interests and incur exorbitant costs—in both resources and American lives (those of both U.S. military personnel overseas and civilians at home, who will be the victims of terrorist attacks in retaliation for an interventionist American foreign policy). A smaller military would also help safeguard U.S. liberties at home.

Suggested Readings

Carpenter, Ted Galen. *A Search for Enemies: America's Alliances after the Cold War*. Washington: Cato Institute, 1992.

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_____. "Tilting at Windmills: Post–Cold War Military Threats to U.S. Security." Cato Institute Policy Analysis no. 332, February 8, 1999.

Isenberg, David, and Ivan Eland. "Empty Promises: Why the Bush Administration's Half-Hearted Attempts at Defense Reform Have Failed." Cato Institute Policy Analysis no. 442, June 11, 2002.

Murray, Williamson. "Hard Choices: Fighter Procurement in the Next Century." Cato Institute Policy Analysis no. 334, February 26, 1999.

_____. "The United States Should Begin Work on a New Bomber Program Now." Cato Institute Policy Analysis no. 368, March 16, 2000.

—*Prepared by Ivan Eland*