

March 2, 1990

## FOUR IMPERATIVES FOR CUTTING THE DEFENSE BUDGET

### INTRODUCTION

The congressional clamor for a "peace dividend" is rising and with it a rush to slash deeply into George Bush's fiscal 1991 defense budget. The fact is that there already has been a dividend from the Pentagon. The United States defense budget has declined 14 percent when adjusted for inflation over the past five years. The money available for buying new weapons has dropped by nearly 50 percent.<sup>1</sup> More telling, Bush's 1991 defense budget will represent about 5 percent of U.S. gross national product, approaching its lowest level in the past four decades.<sup>2</sup>

Given developments in Eastern Europe and the Soviet Union, continued reductions in American defense outlays are warranted. In fact, Bush should be able to throttle back defense spending by another one percent to two percent this year. But these cuts should be made cautiously and deliberately. They should be made in areas where the threat to the U.S. has receded. And they should be made in a way that will allow America to reverse course quickly should the need arise.

**Hedging Bets.** The Soviet Union remains, for the time being, a formidable military power. In some ways, risks to America are greater because of the political uncertainty in Moscow and the rest of the U.S.S.R. It thus makes

---

1 Budget briefing by Department of Defense Controller Sean O'Keefe January 27, 1990.

2 Based on figures in Department of Defense, Office of Assistant Secretary of Defense for Public Affairs, News Release No. 29-90, *FY 1991 Budget Request*.

sense for the U.S. to hedge its bets about the potential decline of the Soviet military threat just a little longer.

Bush's 1991 Pentagon budget of \$295 billion is 2.6 percent less than the 1990 budget when inflation is taken into account. It strikes just about the right balance between the hope that a changing world soon will make deeper reductions possible and the reality that Soviet military might still requires balancing by American military power. For the most part Bush's cuts are on target. He wants to trim the Army, close some military bases, cancel such programs as M-1 *Abrams* tank and *Apache* helicopter, and reform Pentagon management to reduce waste. Bush can push these cuts a bit further, by delaying or cutting back some new aircraft programs (like the Air Force's C-17 transport and B-2 bomber), putting another Army division into the Reserves, and cancelling some programs likely to be anachronistic by the time they are ready to be deployed (like the Follow-on-to-Lance short-range missile).

**Meeting U.S. Needs.** Perhaps more important, Bush's budget protects programs that counter Soviet capabilities and meet other U.S. worldwide defense needs, such as the Strategic Defense Initiative (SDI), strategic nuclear forces (like the MX land-based ballistic missile), naval forces (such as aircraft carriers), Special Operations Forces needed to combat terrorism and other threats in the Third World, and research programs which advance U.S. technology, such as the National Aerospace Plane.

If Soviet capabilities in Europe continue to decline, the U.S. could pocket an even greater peace dividend than already has been earned. When this happens, Bush and Secretary of Defense Dick Cheney must approach the Pentagon budget with a scalpel, not a cleaver. They must identify the threats facing America and then determine the programs, systems, weapons, and personnel required to meet them. In this process, the White House and Pentagon should be guided by four imperatives.

**IMPERATIVE #1: Make no deep budget cuts until Soviet capabilities decrease substantially.** Despite some cutbacks, the Soviet Union still retains nuclear and conventional military forces able to challenge U.S. interests worldwide, including in Europe. American defense budget cuts should not outpace declines in Soviet military capabilities.

**IMPERATIVE #2: Protect programs essential to meeting current and expected threats, including:**

- ◆ **The Strategic Defense Initiative (SDI).**
- ◆ **Strategic nuclear forces, particularly land-based and submarine-launched missiles.**
- ◆ **Research and development into advanced technologies and new weapon systems, such as those needed to improve U.S. anti-submarine warfare capabilities.**

◆ **Programs critical to military morale and professionalism, such as training time and benefits for military personnel.**

◆ **Power projection forces capable of being rushed to defend American interests around the world, including the Navy, Marines, and Special Operations Forces such as anti-terrorist units.**

**IMPERATIVE #3: Find savings in response to a changing threat by:**

◆ **Reducing the size of the Army to correspond to what is almost certain to be a reduced military threat in Europe.**

◆ **Reevaluating Air Force new aircraft programs, including the C-17 cargo plane, Advanced Tactical Fighter (ATF), and the proposed B-2 "stealth" bomber, with an eye toward delays and program cutbacks. If the Soviet threat in Europe continues to recede, the U.S. will need fewer cargo planes like the C-17 to rush troops to a European war, and may not need a new advanced fighter in the next few years. Meanwhile, an extended testing program and slower initial procurement of the B-2 could give the U.S. needed time to reassess the size and role of the B-2 fleet in its post-Strategic Arms Reduction Treaty (START) nuclear arsenal.**

◆ **Delaying U.S. new Army weapons programs geared toward a major war in Europe, including the Follow-on-to-Lance (FOTL) short-range nuclear missile.**

◆ **Eliminating less important military bases.**

**IMPERATIVE #4: Plan for deeper cuts in the future. A changing world will require a fundamental restructuring of American military forces as the U.S. shifts its military priorities and strategies away from Europe and toward other areas of the globe. To restructure effectively, the Pentagon's civilian-controlled planning office under Defense Secretary Cheney will have to gain greater control over the Pentagon's budgeting process, which traditionally is controlled by the military services whose parochial interests often block strategically sound cuts in military programs.**

## **THE CHANGING SOVIET MILITARY THREAT**

For more than four decades, U.S. armed forces have been armed and organized to fight a global war started by a Soviet invasion of Europe. While this assumption is likely to change in coming years, it still remains a valid planning priority for the Pentagon. The Soviet Union still stations about 575,000 troops in Eastern Europe; it still deploys over 12,000 strategic nuclear weapons capable of waging limited or total war against the U.S.; and it still maintains an increasingly modern navy of over 700 submarines and surface ships capable of challenging U.S. interests over much of the globe. In the meantime, a two-decade Soviet military buildup, which continued to ac-

celerate until just last year, has created a tremendous reservoir of military power in the hands of the Kremlin leadership.

**Soviet Decline.** Yet there are signs that Soviet military power in the world has crested and may decline rapidly. Soviet leader Mikhail Gorbachev is divesting the Soviet Union of its East European empire and the governments emerging from the East European revolutions of 1989 are likely to send Soviet forces packing soon. As important if not more so, these revolutions show no sign of stopping at the Soviet border. The U.S.S.R. itself may begin to break up. If these trends continue, the U.S. will be able to defend and assert its interests in the world with a far smaller and cheaper military force than it fields today. In the meantime, however, the U.S. needs forces capable of responding to Soviet military threat as it is — not as it may be.

Soviet military spending last year probably dropped only by about 1.5 percent following five years of annual increases averaging about 3 percent.<sup>3</sup> Gorbachev and other Soviet officials have talked about far deeper cuts in coming years, specifically of an eight percent reduction this year.<sup>4</sup> Despite these pronouncements, Georgiy Arbatov, the head of Moscow's USA and Canada Institute and a one-time enthusiastic supporter of Leonid Brezhnev's military buildup, revealed on Soviet television in mid-December that currently planned decreases in Soviet military programs do not add up to the cuts that have been promised.<sup>5</sup>

**Strategic Weapons.** One area of military modernization in which Moscow has shown little sign of letting up is strategic nuclear forces, particularly its land-based intercontinental missiles (ICBMs) and submarine-launched missiles (SLBMs). Moscow continues to deploy new mobile SS-24 and SS-25 ICBMs and now has fielded about 230 of them. Washington expects that within a few years these two missiles will comprise half of the Soviet land-based missile force.<sup>6</sup> By contrast, the U.S. has yet to field its proposed rail-based MX mobile missile or single-warhead *Midgetman* mobile missiles.

Moscow also has deployed two new versions of its SS-18 "heavy" missile with up to 30 percent more "throwweight," or the capacity to lift warhead payloads into space. One of these, the so-called "Mod 5," carries ten highly

---

3 The Pentagon has confirmed a decline. See Molly Moore, "Soviet Defense Spending Cut As Promised," *Washington Post*, November 15, 1989, p. 1.

4 "Soviets Announce a Cut in Military Budget of 8%," *Baltimore Sun*, December 16, 1989, p. 4.

5 "Arbatov on Economic Development," Moscow Television, December 16, 1989; transl. FBIS Soviet Union, December 18, 1989, p. 68.

6 U.S. Department of Defense, *Soviet Military Power*, 1989, p. 45.

accurate warheads capable of striking U.S. missile sites. The "Mod 6" is reported to carry a single warhead of 20 megatons, or 20 million tons of TNT; by contrast the largest warhead carried by a U.S. missile, the *Minuteman II*, is just over one megaton.<sup>7</sup> New and very capable Soviet *Typhoon* and *Delta IV* ballistic missile submarines were launched last year and additional *Delta IVs* are under production.<sup>8</sup> The Soviets have deployed fifteen new *Blackjack* long-range bombers, which are comparable in capability to the U.S. B-1B bomber, but its production rate is slower than anticipated by the Pentagon, about six or seven per year.<sup>9</sup>

**Conventional weapons production.** The Soviet Union began slowing tank production last year, which in 1988 had reached a post-World War II high of 3,700 tanks per year. Last year the Soviets built about 1,700 tanks compared to about 480 for the U.S.<sup>10</sup> Moscow, moreover, has deployed a new version of its most modern tank, the T-80, with additional armor, a new diesel engine, and an improved system for aiming and stabilizing its gun.<sup>11</sup> NATO Supreme Allied Commander General John Galvin noted in December that production rates for other Soviet conventional forces such as artillery and armored fighting vehicles are increasing.

**Soviet naval and power projection forces.** The Soviet Union continues to expand its fleet of nuclear attack submarines, the major threat to the U.S. navy, at a rate of five to six new boats per year. In addition the first Soviet large deck aircraft carrier is making its initial trial runs at sea while two more are being built. There has been no cut in the production rate for such major surface combat ships as cruisers and destroyers.<sup>12</sup> Nonetheless, the total number of Soviet naval ships will shrink as a result of retiring ships built in the 1950s. Soviet naval forces, meanwhile, have diminished their training and steaming time far from Soviet shores by about 25 percent, but have expanded operations in nearby waters.<sup>13</sup>

**Gorbachev's unilateral cutbacks.** Gorbachev promised in his December 7, 1988, speech to the United Nations to cut the Soviet military by 500,000 within two years, to withdraw 5,000 tanks and 50,000 men from Eastern Europe, and to reduce Soviet forces in the western Soviet Union by 10,000 tanks, 8,500 artillery pieces and 800 combat aircraft.

---

7 CIA Director William Webster cited in *Defense Daily*, January 25, 1990, p. 127.

8 Statement of Central Intelligence Director William Webster before the Senate Armed Services Committee, January 23, 1990.

9 *Ibid.*; *Soviet Military Power*, p. 46.

10 Soviet figure according to House Armed Services Chairman Les Aspin, "Soviets Cutting Forces - Aspin," *Defense Daily*, January 22, 1990, p. 98.

11 "New T-80 Variant," *Jane's Defense Weekly*, January 6, 1980, p. 6.

12 Norman Polmar, *The Soviet Navy*, *U.S. Naval Institute Proceedings*, January, 1990, pp. 132-134.

13 Policy Guidelines for 1991 Budget, unpublished, House Armed Services Committee, 1990.

Moscow so far has withdrawn half of the promised 5,000 tanks from Eastern Europe and the withdrawal continues. Many of these weapons, however, are stored in the Soviet Union or reassigned to other divisions in Europe and the Soviet Union rather than being destroyed or converted to civilian use as promised by Gorbachev in his U.N. speech.<sup>14</sup> Other combat equipment, such as armored troop carriers, artillery, and air defense guns associated with the tank divisions withdrawn from Eastern Europe, are simply reassigned to other divisions in Eastern Europe and the Soviet Union. This redeployment has convinced Western analysts that actual Soviet combat power will decline only by about 10 percent as a direct result of the withdrawals.<sup>15</sup>

**Independent East Europeans.** Gorbachev's unilateral cuts are not the only factor weakening Soviet power in Europe. Roughly one-third of the Warsaw Pact divisions facing NATO in Central Europe belong not to the Soviet Union but to Czechoslovakia, East Germany, Hungary, Poland, and other putative Soviet allies. Given the growing independence of these countries and their armed forces from Soviet control, it becomes increasingly likely that these forces would not be available to Soviet military commanders during wartime and could even fight against the Soviets in an attempted invasion of Western Europe.<sup>16</sup> Non-Soviet Warsaw Pact countries also have announced deep cuts in their own military spending and deployments and have become more independent: Hungarian Prime Minister Miklos Nemeth announced in December that Hungary no longer regards any member of NATO as a threat.<sup>17</sup> As East Europeans become more independent, they are taking steps to expel Soviet forces from their territory. Czechoslovakia and Hungary now are negotiating with Moscow for the removal of Soviet troops, and Lech Walesa has asked for Soviet troops to be withdrawn from Poland as well.

Furthermore, NATO and the Warsaw Pact have agreed on the outlines of a Conventional Forces in Europe (CFE) agreement which, if signed as expected later this year, will require the Soviet Union to withdraw at least 380,000 of its 575,000 troops from Eastern Europe and destroy about 100,000 major items of military equipment including tanks, other armored combat vehicles, artillery, and aircraft.<sup>18</sup>

At home the Soviet leadership faces a deepening economic crisis, a nationalities crisis which already has seen Soviet troops sent to quell a secessionist movement in Azerbaijan, and a political crisis which has brought into

---

14See U.S. House of Representatives, Committee on Armed Services, "Status of the Soviet Union's Unilateral Force Reductions and Restructuring of its Forces," October 16, 1989.

15Statement of Ted Warner, RAND Corporation, to the Senate Armed Services Committee, January 24, 1990.

16See Charles W. Corddry, "Soviets Will Lose Control of Armies, Analysts Say," *Baltimore Sun*, January 16, 1990.

17Radio Free Europe Background Report, "Major Reorganization of Hungary's Military Establishment," December 29, 1989.

18See Jay Kosminsky, "A U.S. Agenda for the Conventional Forces Reduction Talks," *Heritage Foundation Backgrounder* No. 725, September 1, 1989.

question the willingness and ability of the Communist Party to remain in power. On the one hand, domestic travails promise to keep the Kremlin leadership preoccupied with internal events for the foreseeable future. On the other, the volatile Soviet domestic situation increases the range of uncertainty that American leaders must weigh when looking at future Soviet behavior. A coup d'etat could bring Russian nationalists or communist hardliners to power who might seek to reverse the disintegration of the Soviet empire in Eastern Europe. A civil war between Soviet nationalities, such as the Azerbaijanis and Armenians, between factions of the Red Army, or perhaps between the Army and the KGB could dissolve the Soviet Union, with the chaos and fighting spilling into Eastern Europe. In such a situation, nuclear weapons could fall into the hands of desperate and unpredictable forces.

**Non-Soviet threats to U.S. interests.** The U.S. faces a myriad of other, and often serious, threats to its global interests aside from Soviet military power. These include terrorism, the drug trade, regional conflict, and insurgency warfare. Third World countries are increasingly well-armed – Iraq has about 4,500 tanks, Syria about 4,000. Much more alarming is the fact that as many as 22 Third World countries are developing or have bought ballistic short- or medium-range missiles, which in coming years could be adapted to deliver chemical and in some cases nuclear weapons.<sup>19</sup> The Soviet Union continues to pour \$15 billion in support annually into Third World governments such as Angola, Afghanistan, and Cuba militarily fighting American interests. Increasingly over the next few years the U.S. military will have to be restructured to better cope with threats outside of Europe, regardless of how Soviet military capabilities evolve.

## **FOUR IMPERATIVES FOR CUTTING THE PENTAGON BUDGET**

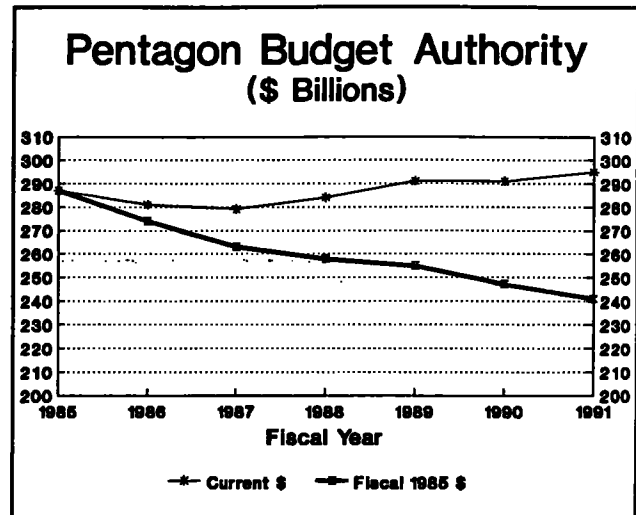
While Soviet military capability has declined somewhat, particularly in Europe, it has not done so irreversibly. In some areas of military power, like nuclear arms, the threat continues to increase. Thus while the Soviet military may be shrinking, it also is being “restructured” to field a smaller but higher quality force capable of better exploiting advanced technology. As such, America continues to require a military force with the size, firepower, quality and versatility to respond to what remains a formidable Soviet military threat, and to lesser challenges to U.S. interests around the globe.

The Bush Pentagon budget for fiscal 1991 recognizes this, striking a balance between maintaining a hedge against what remains a formidable

---

<sup>19</sup>Baker Spring, “Meeting the Threat of Ballistic Missiles in the Third” World, Heritage Foundation *Backgrounder* No. 726, September 21, 1989.

Soviet military threat and recognizing that Soviet power, at present at least, is in decline. Bush's budget proposes for the Pentagon \$295.1 billion in budget authority in 1991; this is 2.6 percent below 1990 spending levels, when adjusted for inflation.<sup>20</sup> The Bush Administration also is planning to trim another 2 percent from the Pentagon's budget each year through 1995, although actual spending levels could be far less or far more depending on how the Soviet and other military threats evolve.



Bush's defense budget is a good start. But only a start. He and his Defense Secretary, while remaining prudent, also could be more entrepreneurial and find savings that would slice an extra percent or two from the Pentagon budget. In this process, of course, the White House, Pentagon, and Congress must recognize that there are some programs that should be protected just as there are some to be cut further. To ensure that spending reductions are made according to a plan, and not made haphazardly, four imperatives should guide the funding of America's defense.

**IMPERATIVE #1: Make no deep cuts until Soviet capabilities decrease substantially.**

An assessment of Soviet military might reveals a modest decrease in Soviet capabilities and a somewhat greater decrease in Moscow's apparent will and ability to employ its forces in strength abroad. Over the longer term this could allow America to reduce defense spending substantially without jeopardizing its security.

For now, however, only modest cuts are in order. Deep cuts in the 1991 defense budget would bring into question America's willingness and ability to defend itself and its allies against the continued Soviet threat.

Under optimistic projections, there will be a substantial reduction in Soviet military capability over the next few years. An East-West Conventional For-

<sup>20</sup>"Budget Authority" is the amount set aside in the 1991 budget for the Pentagon to spend, although not all will be spent in that year. For example, money "authorized" for an aircraft carrier this year would be spent over the several years it would take to build the ship. Defense "outlays" reflect the money the Pentagon will spend this year. Proposed defense outlays for 1991 are \$292.1. "Outlays" are what will show up in the 1991 budget deficit.



ces in Europe (CFE) agreement is likely to be signed in Vienna this year; Soviet forces may be pushed out of Eastern Europe altogether by their putative allies; and Soviet leaders may decide on deep defense cuts in the coming years. Such developments would change Washington's basic assumptions about the military threats facing America and about the strategies and forces needed to meet them. Undoubtedly this would permit major cuts in U.S. defense spending. The U.S., for example, would be able to bring home most of its 320,000 troops in Western Europe.

For more than four decades, however, America and its allies patiently have made the sacrifices necessary to contain Soviet expansionism. It is this patience and tenacity that have, at last, begun to defeat the Soviet Union. This then is no time for the U.S. and the West to become dizzy from success. Patience, perseverance, and tenacity are still needed — and will be rewarded.

As the Soviet empire collapses, for example, the U.S. faces a range of events that may threaten peace. Or the Soviet Union could implode from ethnic conflicts. Or a new Soviet leadership could try to reverse the demise of the Soviet empire. Keeping America's guard up during these waning days of the Cold War is a prudent hedge against uncertainty. Premature deep cuts in U.S. military capability could leave America vulnerable during what may yet turn out to be a rocky turning point in world history.

#### **IMPERATIVE #2: Protect key programs and capabilities.**

Trimming the Pentagon should respond to real, in contrast to promised, changes in Soviet military capabilities. It thus would be a grave mistake to impose across the board cuts which affect all the military services equally or all segments of the defense budget equally. This is the problem with mandatory cuts triggered by the Gramm-Rudman-Hollings deficit reduction bill of 1985. Mindless across-the-board cuts would jeopardize U.S. security in such areas as strategic nuclear forces in which the Soviets continue to build. Cuts also should take into account the possibility that the Soviet Union's slide as a world power will not proceed smoothly. The U.S., for example, cannot begin pulling its own forces back from Europe until large numbers of Soviet forces start to leave as a result of a CFE Treaty or because they are kicked out by East Europeans. Finally, the budget should begin to reflect the need to reorient U.S. defense toward such new threats as global ballistic missile proliferation.

Given these guidelines, the 1991 Pentagon budget should:

#### **◆ Fund fully the Strategic Defense Initiative (SDI).**

Bush has requested that Congress provide \$4.66 billion for SDI in fiscal 1991, up 22 percent from last year. This establishes SDI as a top defense priority. Indeed, there has been no slackening of the Soviet ballistic missile building program, the weapons against which SDI is designed to protect America. The U.S. spends almost \$300 billion a year to defend its interests around the globe, but still has not deployed a single weapon to defend U.S.

territory against the only serious threat to American survival – ballistic missiles armed with nuclear weapons. As U.S. defense requirements in places like Europe decline in coming years, more money should be made available to defend against this potential threat to American territory.

The ballistic missile threat to the U.S., moreover, is likely to grow. Today's political instability and armed conflict inside the Soviet Union itself is a reminder that the U.S. cannot be altogether certain which group or groups – such as Muslim fundamentalists in Azerbaijan or rogue KGB secret police forces in Russia itself – may come to control parts of the Soviet nuclear arsenal. As serious, according to CIA Chief William Webster in his statement to Congress last month, is ballistic missile proliferation in the Third World.<sup>21</sup> Argentina, India, Iran, Iraq, Libya, and probably other countries have missile programs which could develop a long-range nuclear missile capability in the next decade.

◆ **Preserve most strategic nuclear capability.**

The Bush defense proposal protects the full array of U.S. strategic weapons programs. The 1991 budget requests: \$1.4 billion for a *Trident* missile submarine and another \$1.5 billion for *Trident II* submarine-launched ballistic missiles; \$2.88 billion to deploy twelve MX ICBMs on railcars; \$202 million for development of the mobile single-warhead *Midgetman* ICBM; and \$5.5 billion for five B-2 “stealth” bombers, the Air Force's state-of-the-art long-range warplanes designed to be nearly invisible to Soviet air defense radars. Given the robust Soviet strategic program, which includes production of two new mobile missiles and continued modernization of the ten-warhead SS-18 class of ICBMs, U.S. strategic weapons programs should continue to receive high funding priority. These programs also give needed bargaining leverage to the Americans in Geneva in the final stages of negotiating a U.S.-Soviet Strategic Arms Reduction (START) agreement. Top strategic modernization priorities are the *Trident II* submarine-launched ballistic missile program, the *Midgetman* missile, and the rail-based MX missile.

◆ **Safeguard funding for research and development.**

The Bush Administration is requesting \$38 billion for research and development into new technologies and weapons systems, up just over \$1 billion since last year. Examples: anti-submarine warfare research; semiconductor technology research; and advanced propulsion and materials research through such programs as the National Aerospace Plane, a spacecraft which will take off and land like an airplane. Technological sophistication traditionally has given American arms a critical advantage over potential adversaries. Even if U.S. armed forces shrink in size, they should continue to be equipped with modern and effective weapons.

---

<sup>21</sup>Statement of the Director of Central Intelligence before the Senate Armed Services Committee, January 23, 1990.

Military research and development also are important hedges against a reversal of Soviet policy in Europe and a resurgence of Soviet expansionism. By developing, but not necessarily producing, new generations of weapon systems, the U.S. will remain able to turn out advanced generations of weapons systems as conditions dictate. Example: the Pentagon decided this year to complete the engineering development work, but not to begin production, of the FOG-M, a new anti-tank weapon designed primarily for U.S. forces in Europe. If the Soviet threat in Europe subsides, the weapon will not be deployed at least for several years; if the threat increases, production and deployment can proceed more quickly.

◆ **Protect funding for programs critical to morale and professionalism.**

December's Panama invasion demonstrated clearly the advantages of a professional, well-trained, and highly motivated military force. The mission's major military objectives were met quickly and the loss of American life due to poor planning or operational mistakes was proportionally lower than in the 1983 operations in Lebanon and Grenada. One of the major achievements of America's decade-long military buildup has been the increased professionalism of its armed forces. To preserve the forces' quality, it may be necessary to have a smaller force. Defense Secretary Cheney recognizes this in his proposal to demobilize two Army divisions this year. He explains that these cuts are preferable to maintaining large numbers of divisions in which there is "equipment that doesn't work, spare parts that are unavailable, inadequate fuel supplies, training, drug problems, and morale problems."<sup>22</sup>

**High Readiness Levels.** A key factor in fielding a professional and highly motivated force is combat readiness — the ability of military forces to be prepared for combat on short notice. Readiness requires adequate stocks of munitions and spare parts, sufficient training under mock combat conditions, and so-called "operating tempos," or on-the-job training time, which includes flying hours for pilots, steaming time for ship crews, and miles logged for tank crews. Bush's 1991 budget keeps readiness at high levels across the board. If readiness is cut, it should be done so selectively for those forces in the U.S. geared toward European conflict. What should not be cut is readiness for forces most likely to see combat on short notice: Army airborne and air-assault divisions, the Marines, and naval forces. The use of such forces in December's liberation of Panama demonstrate their importance to U.S. security.

Also critical to armed forces morale are such programs as family housing, home improvement loan programs, medical and dental care, child care, and education. And obviously, pay levels, which already have fallen 11 percent behind comparable civilian pay scales, must be kept up not only for morale, but to attract qualified personnel to the military, particularly engineers and pilots.

---

<sup>22</sup>Secretary of Defense Richard Cheney, News Briefing on the FY 1991 Department of Defense Budget, January 29, 1990, available DOD Public Affairs Office.

◆ **Protect strong power projection forces and maritime superiority.**

The U.S. forces that should be maintained in strength are those most likely to be used in combat. These must include the Navy, Marines, and Special Operations forces.

First among these is the Navy, which has played a central role in all but a dozen of the more than 200 conflicts in which American forces have seen action since 1945.<sup>23</sup> U.S. military influence in critical areas like the Mediterranean, Western Pacific, and Persian Gulf, moreover, depends almost entirely on the Navy. Here aircraft carrier battle groups are the mainstay, each fielding aircraft capable of attacking targets on land, defending the fleet against enemy aircraft, and defending against Soviet submarines. In addition to projecting power, these carriers ultimately have primary responsibility for protecting the sea lanes which assure American access not only to markets and to scarce resources such as oil, but to U.S. military bases overseas. The major threat to the Navy's ability to control the seas comes from Soviet *Akula*, *Sierra*, and other attack submarines, which the U.S.S.R. continues to produce at record rates.

**Unique Capabilities.** Given its global interests, America will continue to require the ability to dispatch troops abroad quickly and decisively to protect friendly governments, combat terrorism, or maintain peace in unstable regions. The Marine Corps is America's principal expeditionary force, capable of fighting its way into hostile territory and sustaining itself in combat. The Marines have unique capabilities to intervene globally. They station units on ships in the Mediterranean and the Pacific, and have transport ships to move their troops anywhere in the world. Their prepositioned forces, or "floating bases" of supplies and equipment, are stationed near such potential trouble spots as the Persian Gulf. While the Marines were hurt by last year's cancellation of the V-22 *Osprey* transport aircraft, which can take off from a ship's deck like a helicopter and fly like an airplane, other Marine modernization programs should continue. These include the LHD-1 helicopter carrier and transport ship, the LAV (for light armored vehicle) small armored personnel carrier, and the Landing Craft-Air Cushion, a hovercraft used to take Marines from ship to shore.

Special operations forces (SOF), such as the Army's Special Forces and Navy's SEALs, will continue to be essential to support Marine and Army operations, as they were in Panama where they secured such key areas as Rio Hato Airfield and Noriega's "Commandancia" headquarters at the outset of the invasion.<sup>24</sup> Special Operation Forces are trained to combat terrorism, rescue hostages, and seize bridges and other key military positions behind enemy lines. They also play a central role in counter-insurgency, anti-ter-

---

<sup>23</sup>Capt. Thomas B. Grasse, *U.S. Naval Institute Proceedings*, July 1989, p. 34.

<sup>24</sup>See Robert Ropelewski, "How Panama Worked," *Armed Forces Journal International*, February 1990, p. 27.

rorism, and anti-drug operations, situations in which U.S. forces are likely to become involved in the next decade.

**IMPERATIVE #3: Seek savings where warranted by a changing threat.**

When making cuts, the U.S. should balance its preparation to meet existing threats with the need to prepare to defend its interests in a rapidly changing world. So far, spending could be cut without endangering U.S. interests, by:

● **Reducing the size of the Army.**

The Bush budget calls for demobilizing, or disbanding, two of the Army's eighteen active or combat-ready divisions: the 9th Infantry Division based in Fort Lewis, Washington, and the 2nd Armored (tank) Division based in Fort Hood, Texas.<sup>25</sup> Savings from this will be \$1.2 billion in the 1991 budget and almost an additional \$5 billion from 1992 through 1994.<sup>26</sup> A division consists of between 10,000 and 16,500 combat personnel and up to 20,000 support personnel like mechanics. Cheney is planning cuts of an additional three Army divisions and five Air Force Tactical Air Wings – each consisting of about 72 attack and fighter aircraft such as the F-16 and over 2,000 personnel – in coming years if a Conventional Forces in Europe (CFE) agreement is signed this year in Vienna.<sup>27</sup>

These moves are a good first step. Smaller forces in an era of declining budgets are acceptable if they are kept armed with modern weapons and maintained at high preparedness. Cutting a tank and motorized division based in the U.S., as Cheney has recommended, is warranted given the reductions, albeit modest so far, in Soviet military capabilities in Europe. Beyond this, Cheney should consider this year moving the equivalent of another Army Light Infantry Division into the reserves (this could be accomplished by taking brigades or battalions from different divisions). Light Infantry Divisions are smaller than so-called "heavy" divisions, numbering around 10,000 men, and lacking such heavy equipment as tanks and armored personnel carriers. These Light Infantry Divisions largely duplicate existing Marine Corps capabilities. According to the Congressional Budget Office, this could save about \$300 million to \$400 million in the first year, and more later.

**Changed Premises.** A CFE agreement and the anticipated withdrawal of most Soviet troops from Eastern Europe would decrease overall Soviet military capabilities and increase NATO's warning time before a Soviet attack. This would change significantly the premises upon which America's

---

<sup>25</sup>Active divisions are manned at or near full strength. The U.S. now has eighteen active army divisions. The U.S. also has ten divisions in the reserves or national guard. These divisions are maintained by core personnel and filled out by reservists in the event they are called up for combat.

<sup>26</sup>News Release, No. 29-90, U.S. Department of Defense, *FYI 1991 Dept. of Defense Budget Request*.

<sup>27</sup>News Briefing with Defense Secretary Richard Cheney, News Briefing on FY 1991 DOD Budget, January 24, 1990.

troop commitments to Europe have been based. For decades, the U.S. has had to have ten tank and armored divisions ready to be in place in Europe ten days after a Soviet mobilization. Under a CFE agreement, and particularly if the Soviet Union withdraws from Eastern Europe, these requirements can be relaxed. The bulk of the U.S. active divisions now earmarked for NATO rapid reinforcement could be transferred to the National Guard and Reserves. There they still will be available for timely mobilization given the longer warning that the West will have of an impending Soviet attack. Reserve divisions could be maintained for between 50 percent and 80 percent less than the annual cost of about \$2.5 billion for a fully active heavy division.<sup>28</sup> Some savings gained from such cuts would be offset by the need to bolster the capabilities of Reserve and National Guard forces since the U.S. will have to rely on them more heavily. For example, more funding should be provided for training the Reserves and National Guard.

● **Reviewing new aircraft programs.**

The Air Force now is proceeding with three new major aircraft programs. These include the B-2 "stealth" strategic bomber, designed to deliver nuclear weapons, which will cost \$70 billion for 132 planes; about \$30 billion of this money already has been spent for research, development, and early production. The Air Force also is working on the Advanced Tactical Fighter, another "stealth" plane that eventually will replace the Air Force's F-16 *Fighting Falcon*, and will cost about \$70 billion for 750 planes. The Air Force's C-17 transport has a price tag of nearly \$42 billion for 211 planes, of which about \$11 billion has been spent. The Navy is nearing production of a new aircraft carrier-based "stealth" bomber, the Advanced Tactical Aircraft (ATA), whose funding still is classified. The Navy also plans an aircraft carrier version of the Air Force's ATF. The Army is developing the LHX helicopter, expected to cost about \$33 billion for 2,096 aircraft.<sup>29</sup>

If the military threat faced by the U.S. remains unchanged, the money to deploy all these systems this decade should be spent. If the threat continues to subside, tremendous savings can be found by delaying or cutting back some of these new aircraft programs. Even though there is legitimate disagreement over the precise cost of each new aircraft, the sums are very high — particularly when the money is being diverted from weapons systems more relevant to the changing nature of the threat.

In looking carefully for savings, the Bush Administration should consider delaying production of the C-17 transport plane but continuing to test the planes already in production so that the program can be started again if the

---

28 Congressional Budget Office figures and Warren W. Lenhart, *The Mix of U.S. Active and Reserve Forces*, Congressional Research Service, November 1983, adjusted for inflation.

29 Figures for aircraft programs from Selected Acquisition report (SAR), Defense Department, November 1989, and through direct inquiry to the military services.

situation warrants. This would save about \$2.1 billion of the \$2.7 billion requested for the C-17 this year. The main reason that this aircraft program was initiated in 1981 was that it would allow the Air Force to meet its requirements for rushing troops to Europe in a crisis. Pending the outcome of political developments in Europe, the requirements for transporting rapid reinforcements to Europe may be reduced. If a CFE agreement is signed and the Soviet Union withdraws most or all of its forces from Europe, the U.S. will be able to rely more heavily on ships rather than cargo planes for ferrying troops and equipment to Europe. Although the C-17 also is designed for other missions, such as landing on Third World combat airstrips near a battlefield, these missions alone do not justify the enormous cost of the program given existing airlift capabilities. If the U.S. cancels the C-17, it will have to face the question of modernizing airlift capabilities

again later this decade. The C-17 could play a role then, or it might be less expensive to modernize the existing fleet of C-141 *Starlifters* and resume production of C-5 *Galaxies*. The Pentagon is studying this question.

**Extraordinary Technology.** The B-2 bomber also merits careful review. There is no questioning the success of the B-2's initial test flights, the plane's extraordinary technology, or its impressive ability to penetrate Soviet airspace during wartime. What is at question is whether the \$40 billion needed to complete the \$70 billion program cost could not be spent more wisely on other important strategic weapons programs, including: SDI (requiring an estimated \$55 billion to deploy); the single-warhead mobile *Midgetman* ICBM (between \$25 and \$37 billion); the rail-mobile MX ICBM (\$7 billion) and the *Trident II* missile (\$35 billion, of which \$18 billion

### C-17 Cargo Plane\*

**Mission:** Transport troops and cargo into combat in Europe or Third World. Would supplement C-5 *Galaxy* and C-141 *Starlifter* airlift aircraft.

**Capabilities:** Could carry up to 167,000 pounds of cargo 2,400 nautical miles. Designed to land on short runways under combat conditions.

**Expected Program Cost:** \$42 billion.

**Spent through 1990:** \$11 billion.

**Planned production:** 210 planes by 2000.

**Paid through 1990:** 10 planes.

**Recommendation:** Delay production.

**Rationale:** Reduced threat and diminished U.S. military role in Europe requires less airlift for NATO rapid reinforcement from the U.S. Research and testing should continue so the program can be started quickly if needed.

\*U.S. Air Force and Pentagon Selected Acquisition Report (November 1989) figures.

Heritage DataChart

remains to be spent).<sup>30</sup> With the B-2 claiming so much of the Pentagon's financial resources, the Pentagon should consider proceeding with the B-2 program only if this does not require cancelling another strategic program.

**Scaling Back.** B-2 options for the Pentagon include slowing initial production and purchasing a smaller fleet than now planned. Slowing early production will buy very essential time with which to test and evaluate the B-2 fully and to assess U.S. bomber requirements after a U.S.-Soviet START accord and in light of changes over the next few years in the Soviet military threat.<sup>31</sup> Meanwhile, Cheney should scale back the number of B-2s requested in this year's budget to fewer than five.

As for the Air Force and Naval versions of the Advanced Tactical Fighter, the Pentagon should proceed with research, development, and initial testing of them, but consider delaying production and deployment in favor of upgrading such aircraft as the F-15 *Eagle*, F-16 *Fighting Falcon*, and F-18 *Hornet*, if the Soviet threat continues to recede. The Navy's ATA should proceed on schedule because of the critical need to replace aging aircraft carrier attack planes later this decade.

### **B-2 Bomber\***

**Mission:** Penetrate Soviet air defenses to deliver nuclear weapons against such targets as buried command posts. Find and destroy targets missed in initial nuclear missile strike. Would supplement B-1B bomber and B-52s armed with cruise missiles.

**Capabilities:** "Stealth" design to make it nearly invisible to Soviet radar. Designed to carry 37,000 pound payload (8 nuclear bombs and 8 nuclear attack missiles) up to 6,300 nautical miles.

**Expected program cost:** \$70 billion.

**Spent through 1990:** Nearly \$30 billion.

**Planned production:** 132 by late 1990s.

**Paid through 1990:** 13 planes.

**Recommendation:** Slow the program with an eye toward building a smaller fleet.

**Rationale:** The cost threatens to squeeze more important strategic nuclear programs out of the budget.

\*U.S. Air Force and General Accounting Office Figures.

Heritage DataChart

<sup>30</sup>*Ibid.*

<sup>31</sup> Cheney is expected to report to Congress this month with precise spending data on stretching out and cutting back the B-2 program.



◆ **Considering cancelling and delaying programs geared toward conflict in Europe.**

This year's budget terminates thirteen programs, seven of which are the Army's, most of them geared toward conflict against Soviet forces in Europe. Ending these programs will save \$2.3 billion. The biggest of these is the M-1 tank program — 7,000 already have been produced — which will save about \$1 billion this year and over \$6 billion in planned spending through 1994.<sup>32</sup> The Pentagon also has decided to complete research, development, and testing for certain weapons, but to stop short of deployment. Example: the highly accurate anti-tank weapon (FOG-M), designed mainly to stop Soviet tanks in Europe.

It makes sense that weapons to be used primarily to fight Soviet forces in Europe, where the U.S. may soon be reducing its military role, be considered first for terminations and delays. Cancelling nearly completed programs such as the M-1 and holding some new programs in abeyance does not cut into existing military capability. If the U.S. does not reduce its role in Europe, then delayed programs can be restarted.

**German Opposition.** This certainly could be the case with the Follow-on-to-Lance (FOTL). FOTL is a nuclear-armed short-range missile proposed for deployment primarily in West Germany later this decade and budgeted at \$112 million this year. For one thing, German opposition to having this weapon

**Follow-on-to-Lance Missile (FOTL)\***

**Mission:** To deliver nuclear weapons against enemy troops, communications posts, bridges and other targets behind enemy lines, mainly on NATO's central front in Germany. Would replace aging *Lance* missile.

**Capabilities:** Mobile. Could deliver nuclear warheads to 280 miles.

**Expected program cost:** \$1.2 billion

**Spent through 1990:** \$40 million

**Planned production:** 1,000.

**Paid for through 1990:** None.

**Recommendation:** Cancel program.

**Rationale:** Germany will not accept FOTL deployment on its territory. NATO nuclear strategy is likely to change after German reunification and the withdrawal of most or all Soviet forces from Eastern Europe, reducing need for FOTL. An air-launched missile, the Tactical Air to Surface Missile (TASM), is favored over FOTL by NATO allies and could accomplish many FOTL missions.

\* Cost and other figures from testimony of Jay Scully, Army Assistant Secretary for Research, Development, and Acquisition, before the House Appropriations Committee, March 22, 1989 (DOD Appropriations Hearings, Part 7, p. 150.)

Heritage DataChart

32 Cheney briefing, *op cit.*

on German soil is mounting and may be near-universal. For another, the NATO assumptions on which the need for FOTL has been based are that NATO conventional forces are inferior to the Warsaw Pact and that a clear front line exists between two Germanies. Both assumptions probably will not be valid for long.

Another candidate for cancellation is the ground-launched version of the *Tacit Rainbow* "anti-radiation drone," a weapon that attacks air defense sites by homing in on their radar emissions. A similar weapon, the *Harpy*, already has been developed and fielded by Israel's Air Force. A version of this drone tailored for U.S. forces is being developed jointly by America's General Dynamics Corporation and Israel Aircraft Industries. *Harpy* could be purchased at about 50 percent the cost of ground-launched *Tacit Rainbow*, which is budgeted for over \$100 million in development costs this year.

#### ◆ Closing Bases.

The Bush 1991 Pentagon budget proposes to close 35 of America's 871 military installations, including Fort Ord, California; Alameda Naval Air Station, California; the Philadelphia Naval Shipyard, and Bergstrom Air Force Base, Texas. Twelve overseas bases also will be closed, including Hellenikon Air Base in Greece and Kwang Ju Air Base in South Korea. Shutting these bases, along with those recommended last year by the bipartisan and independent Commission on Base Realignments and Closures, will cost \$3.4 billion over the next five years. At the same time, some \$4.6 billion will be saved in operating costs, for a \$1.2 billion net saving.<sup>33</sup> As the military budget decreases and forces are cut, it will become increasingly difficult to justify maintaining marginal bases, as well as an inefficient and wasteful expenditure of scarce resources.

#### **IMPERATIVE #4: Plan deeper cuts for the future.**

Given the political upheaval in Eastern Europe and the Soviet Union, and what they could mean for America's role in the world, now is the time for the Pentagon to review and contemplate changes in U.S. strategy. It is unreasonable, however, to expect this year's budget to reflect much of this new thinking. This year's budget must meet the threat on the ground today. Despite the reasonable hopes and expectations about the future, so far the threat has not diminished much and in ways has increased.

This picture may change dramatically. In just a few years, America is likely to face a vastly different set of military requirements. If Soviet forces leave Eastern Europe, the U.S. should withdraw most of its land forces from the continent and become an offshore power, providing mainly naval, air, and reserve manpower in support of its European allies.

---

33 O'Keefe briefing, *op. cit.*

Because of a changed military environment, the U.S. may not need all of its bases in the Pacific; this surely was the meaning of Cheney's remarks on the future of America's air and naval bases in the Philippines. If the U.S. vacates some Pacific bases, then the U.S. will depend more on long-range naval and air power in this critical region.

Defending America's interests in this new environment will require a reevaluation of U.S. military missions and the development of new strategies for meeting them. Defense budgets in coming years will have to reflect this. For this, Pentagon budget procedures will have to change. From all reports, this year the military services were given bottom-line budget figures and told to meet them by making their own cuts. They were given very little guidance regarding where the cuts should be made.

In coming years, the Secretary of Defense must provide creative and tough guidance to push the services to tailor spending to new missions and strategies based on new requirements. This means that Cheney's planning staff, under the direction of Undersecretary of Defense Paul Wolfowitz, will have to exercise more direct authority over the Pentagon's budget process, now dominated by the military services. The extent to which Cheney's planning directives are incorporated into the service's budgets will depend more than anything on Cheney's willingness to see that his overall strategic vision is reflected in the plans and budgets of the military services.

## CONCLUSION

The crumbling of the Warsaw Pact and Soviet preoccupation with internal problems probably mean that the chances of war in Europe today are at a post-World War II low. At the same time, Soviet military capabilities in Europe and elsewhere remain largely in place, despite promising rhetoric and developments. Continuing military instability in Eastern Europe and within the Soviet Union, moreover, make for an uncertain near-term future. During this time, it makes sense for America to sustain a strong military effort as a hedge against a reversal of Soviet policy. Wholesale cuts in the defense budget are not justified.

Selective cuts are.

A careful selection process would identify some programs that must be spared cuts or expanded. These include: SDI; strategic nuclear forces; research and development on weapons technology; programs critical to professionalism and morale such as training and competitive benefits; and forces most likely to see combat like the Navy, Marines, and Special Operations Forces.

**Candidates for Cuts.** Other programs can be identified as candidates for cuts. These include: Army divisions; weapon programs geared mainly toward a major war in Europe, like the Follow-on-to-Lance missile; expensive new Air Force aircraft programs such as the C-17 transport plane and B-2 bomber; and military bases.

**First-Order Questions.** Looking beyond this year's budget, the Pentagon should be preparing a reassessment of first-order questions about U.S. military requirements and strategy and incorporating these findings into the budget process. With the Warsaw Pact collapsing, a conventional forces agreement on the horizon, and Soviet forces perhaps on their way out of Europe, it is possible, if not likely, that in the future the U.S. will be able to defend and assert its global interests with a smaller and cheaper military force than it fields today.

Creating a force able to do so effectively will require not only budget cutting, but careful budget planning based on a reassessment of U.S. military strategy in light of the fundamentally changing strategic environment.

Jay P. Kosminsky  
Deputy Director of Defense Policy Studies

Heritage Foundation Policy Analyst Baker Spring contributed sections of this study. Research Assistants Dennis Kilcoyne and Ivan Lozowy also contributed.

*All Heritage Foundation papers are now available electronically to subscribers of the "NEXIS" on-line data retrieval service. The Heritage Foundation's Reports (HFRPTS) can be found in the OMNI, CURRNT, NWLTRS, and GVT group files of the NEXIS library and in the GOVT and OMNI group files of the GOVNEWS library.*