

The 2005 U.S. Defense Budget

In Line with Defense Transformation?

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Apart from minor changes, Congress approved the Bush Administration's proposal for the 2005 defense budget at the end of July. Spending on national defense will increase for the seventh year running, amounting to \$417.5 billion for the coming year in regular appropriations plus \$25 billion for military operations in Iraq and Afghanistan. Is the money well spent for defense transformation? Are the lessons of the most recent conflicts reflected in budgetary planning?

In the 2000 presidential election campaign, George W. Bush announced that if he won the election he would subject the U.S. armed forces to a "transformation" in order to prepare them to meet the new security challenges and to maintain the United States' global military dominance. He called for a new combination of technologies, operational planning, and organizational structures to achieve an exponential increase in the effectiveness and efficiency of the military. As defined by the Department of Defense (DoD), transformation is in essence about the capability to conduct network-centric warfare (NCW) to allow military operations across the whole spectrum to be conducted more quickly, more efficiently, and with fewer casualties. No longer were platform-centered concentrations of forces (weapons and delivery systems such as aircraft, tanks, and ships) at the fore, but instead the network-based concentration of firepower in space and

time made possible by innovations in information and communications technologies. The military was to become smaller, more mobile, more modular, more lethal, and rapidly deployable. The DoD therefore proposed reducing investment in traditional defense structures and programs. President Bush even spoke of »skipping a generation of weapons«.

The recent conflicts in Afghanistan and Iraq have underlined that defense transformation is indeed vital. The Pentagon's transformation approach, however, needs to be adjusted. While the NCW approach was certainly vindicated during the offensive phase of high-intensity warfare, the "small wars" that will dominate future conflicts bring with them new challenges for the U.S. military. Protracted stabilization operations run parallel to counterinsurgency operations against enemies whose asymmetrical tactics limits the benefits of a transformation strategy solely based on the

paradigm of »total situational awareness.« Therefore it would appear necessary to improve capabilities in the field of stabilization operations and increase investment in asymmetrical operations.

Record Spending but Little Innovation

The 2005 defense budget is the largest since the end of the Cold War. It represents a 5 percent increase over 2004 and a 12 percent increase above average Cold War funding levels. However, it contains little that is new in comparison to the budgets of previous years.

Take the funds for procurement and for research and development (R&D). More than \$77.7 billion are provided for procurement while the R&D budget increases to the previously unheard-of level of over \$69 billion. A comparison with Europe reveals the magnitude of the R&D sector—American spending is five times the total for the whole of Europe. Yet the lion's share of the money is still invested in developing and purchasing new, cost-intensive platforms (delivery systems) such as the F/A-22 fighter, the Joint Strike Fighter (JSF) and the DD(X) destroyer, all of which were inherited from the Clinton Administration. The only program to be stopped is the development of the Comanche attack helicopter for the U.S. Army. The funds thus freed will be used to fix the service's aviation by purchasing and/or upgrading existing helicopters such as the Apache Longbow, which does seem in line with a sensible transformation strategy.

The administration's adherence to this traditional procurement policy, which is largely an outcome of particular interests in the military, Congress, and industry, shows that despite the rhetoric, platform-centered thinking is by no means a thing of the past. A great deal of money could be saved if the advances in information and communications technologies were exploited much more methodically to develop network-based planning and equip-

ment. The firepower of existing platforms increases significantly if they are equipped with state-of-the-art information and communications systems and precision-guided munitions—one prime example of such a "legacy system" is the long-range B-52 bomber, dating from the 1950s. Such updated systems offer an economical, effective alternative to the development of new platforms and can be integrated seamlessly into the network architecture. The primary transformation effect is achieved not through individual weapons systems but through their robust networking in a "system of systems" and the resulting possibility of simultaneous joint strikes.

Part of the enormous R&D budget will in fact be used to advance transformational capabilities. For example, more than \$2.9 billion have been earmarked for developing the Army's Future Combat System (FCS). The FCS is a complex architecture comprising 18 air and land platforms and 53 critical information and communications technologies with more than 157 complementary systems. To that extent, defense transformation aimed at optimizing high-intensity operations—as announced by President Bush—is reflected in the defense budget.

Nonetheless, the budget, with its focus on conventional warfare, shows that the Bush Administration has yet to assimilate the central lessons of the operations in Afghanistan and Iraq. There are good reasons to believe that wars in the classical sense are of lesser relevance. Instead, relatively short phases of high-intensity conflicts in which the benefits of NCW will come to bear will be followed by long, protracted conflicts that require labor-intensive Stability and Support Operations (SASO) as well as forces trained for counterinsurgency. Since medium- and low-intensity conflicts will be an integral component of almost any greater American military operation, a second pillar of transformation is required—but is nowhere to be found in the budget.

The 2005 defense budget demonstrates little willingness on the part of the Bush

Administration to progress beyond traditional defense budgetary planning. If the defense budget does envisage first, tentative steps toward strengthening capabilities for medium- and low-intensity conflicts, that is due solely to pressure from Congress.

Pressure from Congress

Although Congress largely complied with the wishes of the Bush Administration, especially where procurement programs were concerned, it did—as in previous years—insist on a number of significant changes.

The most important of these in terms of transformation concerns the active Army's end-strength. Despite massive resistance from the Pentagon and the Army leadership, Army end-strength will be permanently increased by up to 30,000 troops by 2009. Congress was reacting to the growing overstretch of American land forces coping with protracted and labor-intensive stabilization operations in Afghanistan and Iraq. Despite the problems in Iraq, the Pentagon had rejected a permanent increase in manpower and proposed instead a temporary expansion of the Army by 30,000 troops. This was because a permanent increase in active duty forces—which would give Congress a say if the overall numbers were to be reduced again at a future date—is diametrically opposed to the plans of Secretary of Defense Donald Rumsfeld, who would like to rely more on technology than on people. Originally it was planned to cut the Army's active divisions from ten to eight.

In view of the labor-intensive stabilization operations that are increasingly tying up American forces, Congress's initiative certainly points in the right direction. However, the 2005 Defense Appropriations Bill fails to specify how the additional forces are to be trained and deployed. It is to be expected that the allocated funds will be used to generate new combat troops. The wisdom of this is questionable, because the American military's current problems in Iraq do not result primarily from having

too few combat troops available, but from having insufficient forces trained for stabilization operations. Proposals by the National Defense University to establish two active divisions specifically trained for SASO were ignored. The Bush administration has yet to demonstrate that it really intends to apply transformation to the whole spectrum of defense operations.

Political pressure from Congress also forced the White House to put \$25 billion in the defense budget for ongoing operations in Iraq and Afghanistan—a move it originally wanted to leave until after the presidential elections. This sum comes on top of the regular items for operations and maintenance (more than \$141 billion), but will still not be anywhere near enough to cover the additional costs of operations in Afghanistan and Iraq next year. It is already foreseeable that at least another \$40 billion will be needed for foreign operations in 2005.

Budgetary Bottlenecks

Thus it would seem that even the record budget for 2005 will struggle to cover the Bush Administration's transformation plans, and defense transformation will come under severe budgetary pressure even just in the medium term. According to U.S. security experts, by 2006 the growing overall budget deficit and rising costs for long-term foreign operations will prevent any further real increase in the defense budget.

That, however, reduces the financial "window of opportunity" for investment in the field of transformation. If history is any guide, higher running costs will ultimately always be to the detriment of innovation—and according to current planning in Washington, the funds for procurement alone would have to rise to \$106 billion by 2009. Studies show that implementing Bush's plans would require an annual increase of \$70 billion in the defense budget, which is politically out of the question.

Conclusion

The U.S. defense budget for 2005 stands in the same tradition as the budgets of the three previous years. The terrorist attacks of September 11, 2001, have given the Bush Administration the political legitimation to significantly increase defense spending. Transformation of the U.S. armed forces to conduct high-intensity conflicts more effectively is being pursued strongly. In this field American predominance will continue to grow also *vis-à-vis* its European allies.

However, even the greatest increase in defense spending since 1989 does not necessarily mean that the American armed forces are being reoriented and adapted to meet the new challenges. The main difference to the Clinton Administration's spending plans appears to be that at least something approaching sufficient funding is being provided to implement the ambitious plans, but the 2005 defense budget does not really signal a departure from the emphasis on preparing for traditional forms of conflict. Military and technological superiority over conventional adversaries is of only very limited use in medium- and low-intensity conflicts. The necessary second pillar of transformation, which would have to encompass major investment in the fields of stabilization operations and asymmetrical warfare, is seriously underdeveloped. The pressure exerted by Congress to increase manpower to cope with the growing number of operations is but one step in the right direction. So there is still a question mark over the extent to which the 2005 defense budget will actually create the necessary financial framework to properly prepare the American armed forces for the increasingly complex conflict environment.

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