



# Paying for the Troop Escalation in Afghanistan

Ten Ways to Cut Baseline Defense Spending to Fight  
this War within Our Means

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Lawrence J. Korb, Sean Duggan, Laura Conley, and Jacob Stokes December 2009



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# Introduction and summary

The 30,000 additional U.S. soldiers and Marines that President Barack Obama ordered to deploy to Afghanistan earlier this month are already beginning to depart for the region. We believe this troop escalation must be only one part of an overall strategy to reverse the deteriorating security situation in that country if the United States is to achieve its long-term objectives of preventing Afghanistan from once again becoming a launching pad for international terrorism and preventing a power vacuum in that country from destabilizing the region.

But any strategy must encompass more than a decision on how many troops or diplomats to deploy—it must also provide guidance for how those decisions will be supported at home. When our country goes to war, we must also have a plan for how to pay for it. From the War of 1812 to the Civil War, World Wars I and II, Korea, and Vietnam, the government has consistently increased taxes or reduced domestic spending in varying forms to pay for most of the cost of American military engagement.<sup>1</sup>

During its eight years in office, the George W. Bush administration refused to fund the wars in Iraq and Afghanistan through the regular defense appropriations process in Congress—or through domestic tax hikes—choosing instead to pay for both wars through opaque supplemental budget appropriations. Because these supplemental budgets were sent to Congress for review during the fiscal year, they were not subject to the same amount of congressional scrutiny as the regular defense budget. And these “supplementals” often included funding for pet weapons programs that had no practical use in either war, above and beyond the amount that was already allocated for them in the base budget.

Perhaps most significantly, however, these supplementals masked the baseline, or regular, defense budget’s true size. This kept the American people from becoming aware that this country has a defense budget that has eclipsed the amount spent on defense by all other countries in the world combined.

The Obama administration was right to put an end to this practice and submit funding for the wars in Iraq and Afghanistan at the same time as the fiscal year 2010 baseline defense budget. Yet this practice could quickly be reversed because President Obama has not explained how his administration will fund his troop increase in Afghanistan. During his speech announcing the new deployments, Obama made only vague reference to the financial burden of the 30,000 additional troops, stating that he will “work closely with Congress to address [the] costs.”

At the very least, the president and his administration must immediately begin the process of explaining to Congress and the American people how they intend to fund the most recent escalation. In the absence of such a plan, lawmakers have correctly begun to discuss how to pay for the troop escalation. Representative David Obey (D-WI), Chairman of the House Appropriations Committee, has called on the administration to institute a 1 percent “war surtax” to pay for the increased number of troops being deployed to Afghanistan.

Rep. Obey’s “war surtax” underscores the fact that for too long in the 21st century, the United States has gone to war without considering how to pay for it. The United States has spent more than \$1 trillion to fund the direct cost of operations in Iraq and Afghanistan over the last eight years—the majority of which had to be borrowed from overseas. The Obama administration has already budgeted approximately \$65 billion for operations in Afghanistan for FY 2010. And while estimates for the cost of increasing troops in Afghanistan vary, the Office of Management and Budget has concluded that the cost of each additional 1,000 troops in Afghanistan will be \$1 billion per year<sup>2</sup>—or approximately \$30 billion per year for Obama’s projected troop increase.

In this time of economic stagnation, increasing taxes to pay for higher defense spending would not be helpful in facilitating an economic turnaround. Moreover, given the fact that Congress has approved the FY2010 Defense Appropriations Act, it will be impossible to include funding for the Afghan troop escalation in the regular appropriations budget this fiscal year. At least the first nine months of this escalation (through the end of the fiscal year on September 30th, 2010) will therefore have to be funded through a one-time defense supplemental budget in FY2010.

Rather than allow the supplemental and additional costs of the escalation for FY2011 to add to the large and growing national deficit, the Obama administration should look to the base defense budget for programs and weapons platforms that can be eliminated or scaled back without jeopardizing our national defense strategy or capabilities. Our allies in Great Britain have adopted such a policy. In order to pay for the cost of sending an additional 500 troops and supporting equipment to the front lines in Afghanistan, the British government is currently “reprioritizing” existing Ministry of Defense spending, including domestic cuts in civilian staff, and a commitment to improve procurement.<sup>3</sup>

We recommend a similar approach for the United States. Given that defense investment funds—including procurement, research, and development—have grown by approximately 75 percent in inflation-adjusted dollars over the past decade, and that the Obama administration’s FY 2010 defense budget represented an approximately \$4 billion increase over even the outgoing Bush administration’s projected funding for this fiscal year, and that the total increase for the regular defense budget for FY2011 is now projected to be another \$14 billion above the administration’s earlier projections for that year, Obama should certainly be able to find the funding for his troop increase within the baseline budget in FY2011.<sup>4</sup>

Adjustments to nine costly and outmoded weapons platforms and programs and an across-the-board reduction in research, development, test and evaluation funding could more than pay for the additional 30,000 troops for Afghanistan for one year. These ten budget cuts would include:

- Ballistic Missile Defense
- The Virginia-Class Submarine
- The DDG-1000 Destroyer
- The V-22 Osprey
- The Expeditionary Fighting Vehicle
- The F-35 Joint Strike Fighter
- Offensive Space-based Weapons
- Future Combat Systems
- Scaling back the number of our nation’s nuclear forces
- Scaling back Research, Development, Test and Evaluation funding

Together these changes could save some \$40 billion in the next fiscal year, from which Obama can select the more than \$30 billion required to fund 30,000 troops for their first year in Afghanistan (see Table 1).

### Paying for the troop escalation in Afghanistan

Ten ways to cut current defense spending to fight this war within our means

Program	FY2010 Defense Appropriations Act <sup>5</sup>	CAP's 2011 Recommendations (in billions)
Ballistic Missile Defense	9.3	-6.0
Virginia-Class Submarine	3.9	-1.95
DDG-1000	1.4	-1.4
V-22 Osprey	2.7	-2.1
Expeditionary Fighting Vehicle	0.29	-0.29
F-35 Joint Strike Fighter	10.8	-3.6
Offensive Space Weapons	1.6	-0.053
Future Combat Systems	2.3	-0.76
Nuclear Forces	46.7 <sup>6</sup>	-13.1
RDT&E	80.5	-10.0
<b>Total savings</b>		<b>39.3</b>

Source: Center for American Progress.

None of these Cold War-era weapons platforms really provide the urgent capabilities needed for the wars in Iraq and Afghanistan nor likely future threats. By cutting or scaling back these programs, the Obama administration can both pay for the escalation of the war in Afghanistan and continue its pledge to create a more realistic defense budget in line with both our needs and our means.

Ensuring that the \$30 billion per year price tag for the escalation in Afghanistan will not add to the federal deficit will not make up for the hundreds of billions of dollars already spent on this war by the Bush administration, but it will be a step in the right direction. In righting the ship, President Obama can learn from President Lyndon B. Johnson's successful effort to balance the federal budget in 1969 at the height of the war in Vietnam. Through a combination of tax increases, reductions in the regular defense budget, and domestic spending cuts, the Johnson administration was able to produce a budget surplus in its last year in office and keep regular defense spending under control.

We do not believe tax increases or domestic spending cuts are necessary at this time to offset the increased cost of operations in Afghanistan for FY 2010. Nor do the American people. In a recent survey conducted by the *New York Times*, the majority of Americans (53 percent) stated that they would prefer that the government fund the most recent escalation in Afghanistan by implementing spending cuts as compared to adding to the budget deficit (19 percent) or increasing taxes (10 percent).<sup>7</sup>

As will be outlined below, adequate funds can be found by cutting or eliminating unnecessary programs in the Defense Department's base budget. Moreover, the United States already spends more money on research, development, test and evaluation—as measured in constant dollars of total obligational authority, or TOA—of weapons systems than the United States did at the height of the defense spending buildup under President Ronald Reagan in FY 1987. Obama should be able to trim these costs by at least \$10 billion, to help cover new operations in Afghanistan.<sup>8</sup> Finally, as tens of thousands of service members begin to redeploy from Iraq next year, funds can be reprogrammed from Iraq to fund continued operations in Afghanistan.

In the pages that follow, we'll detail precisely how these ten defense spending programs can be cut or reined in significantly to pay for the increase in troop strength in Afghanistan. The United States can pay for the wars we fight, just as we have done in the past. We need only the political will to do so.

# Lessons from 1969

Forty years ago, President Lyndon B. Johnson balanced the federal budget at the peak of U.S. troop deployments to Vietnam, which exceeded 500,000 troops, while dealing with an unstable U.S. economy and doggedly guarding his core Great Society programs. While analogies between the wars in Afghanistan and Vietnam are problematic and often poorly conceived, President Obama faces—as did President Johnson—a troubled and vulnerable economy at a time when the country is engaged in a significant overseas military effort.

The \$30 billion a year additional cost for the president’s recently announced troop expansion in Afghanistan should not be funded without confronting the same hard choices Johnson faced four decades ago.

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## Taxes

Between FY 1968 and FY 1969, LBJ turned a \$25.2 billion budget deficit into a \$3.2 billion surplus through a combination of measures including increasing taxes and reducing government spending.<sup>9</sup> The centerpiece of his new tax policy was a 10 percent war “surcharge,” levied on individual and corporate income taxes, from which the two lowest tax brackets were exempt.<sup>10</sup>

President Johnson had long resisted increasing taxes in order to balance the budget. By the late 1960s, however, the economic situation was grave and unsustainable. The United States faced a serious balance-of-payments deficit and growing inflation made worse by its substantial engagement in Vietnam.<sup>11</sup>

In 1967, President Johnson formally proposed a tax increase and made a strong plea for the support of lawmakers in his 1968 annual budget message to Congress. He argued that “the cost of meeting our most pressing defense and civilian requirements cannot be responsibly financed without a temporary tax increase.”<sup>12</sup>

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## Spending

Congress pushed back against Johnson's tax proposal with calls for domestic spending cuts. His budget proposal for FY 1969, which he sent up in early 1968, included an initial round of cuts, including reductions in construction programs, agriculture loans, and some National Aeronautics and Space Administration programs, among others. The budget produced a nominal increase in total obligational authority from \$75 billion in FY 1968 to \$77.8 billion in FY 1969, a total which included about \$29 billion (about \$186 billion in today's dollars) for the war in Vietnam, up from \$27 billion in 1968.<sup>13</sup>

Unlike today, most of the cost of the war in Vietnam was incorporated into the baseline budget rather than paid for through supplementals. For that year and in that same speech, Johnson made a direct connection between war spending and the need to reign in the federal budget, noting that "it is not the rise in regular budget outlays which requires a tax increase, but the cost of Vietnam."<sup>14</sup>

Congress eventually voted to give Johnson his proposed 10 percent tax increase, but the cost was further cuts in spending. In June, he signed the Revenue and Expenditure Control Act of 1968, which implemented the tax, but also obligated him "to reduce federal expenditures by \$6 billion from the January budget for the fiscal [year] 1969."<sup>15</sup> Johnson subsequently consulted with his budget director and remarked in September 1968 that "we reviewed ... what we had done on cuts and pointed out that we hoped that of the \$6 billion, we could get about \$3 billion of it in Defense."<sup>16</sup> Ultimately, however, Johnson left it up to Congress to make these additional reductions.

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## Fiscal Year 1969 Defense Budget

Johnson's final FY 1969 defense budget showed a limited increase in spending over FY 1968 as measured in current dollars of total obligational authority, or TOA—from roughly \$75 billion in FY 1968 to approximately \$77.8 billion in FY 1969. Yet, when measured in constant dollars of TOA—that is, dollars adjusted for inflation—the budget actually declined from approximately \$505.3 billion in FY 1968 to \$501.9 billion in FY 1969, for a total savings of approximately \$3.4 billion despite the fact that funding for the war increased by \$2.3 billion or approximately 9 percent.

This drop in the budget accommodated increased spending on military personnel, and operations and maintenance, which were necessary to support the heightened level of activity in Vietnam, and research, development, test and evaluation, or RTD&E costs, but offset these increases with cuts in procurement (\$6.5 billion less than in FY1968), military construction (approximately \$2.3 billion less), and family housing funds (\$566 million less) (see Table 2).

## How President Johnson cut defense spending to pay for Vietnam

Department of Defense total obligational authority for FY 1968–FY 1969,<sup>17</sup> constant FY 2008 dollars in millions

	FY 1968	FY 1969	Change
Military personnel	177,088	178,302	+1,214
Retired pay	14,992	16,605	+1,613
Operations and maintenance	138,240	140,276	+2,036
Procurement	124,413	117,900	-6,513
Research, Development, Test and Evaluation	39,219	40,282	+1,063
Military construction	8,009	5,713	-2,296
Family housing	3,378	2,812	-566
Trust, receipts, and other	0	21	+21
<b>Total</b>	<b>505,338</b>	<b>501,911</b>	<b>-3,427</b>

Source: National Defense Budget Estimates for FY2009.

\* Numbers may not total exactly due to rounding.

Johnson's reduced defense budget also came at a time when the cost of executing the war in Vietnam was rising—much like the cost of the war in Afghanistan today. The United States spent \$26.5 billion on the war in Vietnam in fiscal year 1968 and \$28.8 billion in fiscal year 1969, an increase of \$2.3 billion or approximately 9 percent.<sup>18</sup>

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### Lessons for Afghanistan

As the Obama administration deploys 30,000 additional troops to Afghanistan, it can learn from the Johnson administration's budgetary choices. Although President Johnson initially resisted raising taxes and cutting spending, he ultimately managed to balance the federal budget and reduce the overall defense budget—which included the rising cost of operations in Vietnam—in the same fiscal year that U.S. troop deployments reached their highest level of the war.<sup>19</sup>

Taxing the American people two years into a recession is not politically tenable nor is it economically advisable for President Obama and Congress. But the president should not allow the cost of new deployments to Afghanistan to increase the defense budget beyond current levels. Adding \$30 billion to a budget which, including war costs, is already larger than the rest of the world's defense spending combined, would be fiscally unsound and strategically unnecessary. Instead, Obama can find the money to cover the upcoming price tag for troop deployments within the limits of current baseline budget.<sup>20</sup>

It's too late to find \$30 billion in the FY 2010 defense bill to cover the troops that are expected to deploy to Afghanistan before the end of the fiscal year. There is time, however, for the president to factor these costs into his FY 2011 defense budget before he presents it to Congress next year. Although detailed projections for this budget are not yet available, the following pages detail approximately \$40 billion in cuts to the FY 2010 budget, which could be replicated with some minor adjustments to the FY 2011 budget if Obama commits to limit the increase in defense spending next year to adjust only for inflation.

# Proposed cuts

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## Missile Defense

Last April, Secretary of Defense Robert Gates announced important cuts in the budget for the Missile Defense Agency as well as in costly and unproven missile defense programs administered by the armed services. Consequently, total spending on missile defense for the FY 2010 budget request decreased by \$1.6 billion from \$10.9 billion in FY2009 to \$9.3 billion in FY2010. Importantly, the FY 2010 budget scales back or eliminates programs that have been plagued by cost overruns and technological problems such as Ground-based Midcourse Defense, the Airborne Laser, and the Kinetic Energy Interceptor.

However, the budget increases funding for more reliable programs such as the AEGIS Ballistic Missile Defense, the Thermal High Altitude Area Defense, or THAAD, and the Standard Missile-3, or SM-3 programs. These programs support Defense Department's goal of increasing capabilities against short-and medium-range missile threats for deployed forces and allies.

These are steps in the right direction. However questions remain about how effective and necessary the Missile Defense Agency's other systems are. Scientists argue that simple physics make boost-phase intercepts extraordinarily difficult—potential interceptors cannot reach target missiles fast enough to destroy them before they release their payloads.<sup>21</sup> Midcourse defenses remain vulnerable to basic countermeasures and can be overwhelmed by simple numbers of targets.<sup>22</sup> Terminal defenses are still plagued by the problem of “hitting a bullet with a bullet.” On top of these technical questions,

### CAP RECOMMENDATION

#### Continue RTD&E funding for reliable missile defense systems

A congressionally mandated study of the Missile Defense Agency's mission, roles, and structure concluded in 2008 that MDA should focus on ensuring that its systems work rather than deploying more of them.<sup>23</sup> We agree with this assessment.

Given the uncertainty over the effectiveness of even the less technically challenging systems such as THAAD and AEGIS Ballistic Missile Defense system, it is unwise to rush to deploy these systems while they are only semi-successful. The Missile Defense Agency needs to prove that its existing systems work as advertised before plowing ahead as if these systems have been proven to be effective.

The MDA should continue research and testing on lower-risk missile defense systems such as the AEGIS Ballistic Missile Defense system, THAAD, and the SM-3. All of these systems have the potential to protect American forces in the field from the more realistic threat of theater ballistic missiles and the Aegis system is also being developed to protect against longer-range missiles. Each of these systems should continue to be perfected to provide the most cost-effective means of missile defense available. Keeping many programs in the RTD&E phase would generate \$6 billion in savings in FY 2011.

missile defense critics such as Philip E. Coyle, former director of test and evaluation in the Department of Defense, question the strategic rationale for missile defenses, arguing that they needlessly provoke Russia.<sup>24</sup>

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## Virginia-Class submarine

The Virginia-class nuclear-powered submarine, the SSN-74, is designed as a more affordable alternative to the very costly Cold War-era Seawolf-class (SSN-21) attack submarine and is intended to replace the aging Los Angeles-class (SSN-688) submarine as the backbone of the Navy's undersea force. A total of 11 Virginia-class boats have been procured through FY 2009.

However, the Virginia-class sub has suffered from cost overruns despite being intended as an inexpensive alternative to the Seawolf-class sub. The Navy has made progress in reducing the cost per unit of new Virginia-class submarines, but the Congressional Research Service estimates that the latest sub authorized by Congress for FY 2010 will cost \$2.7 billion.<sup>25</sup> The Congressional Budget Office estimates that the average per-unit cost of the Virginia-class sub over the next 30 years will be \$2.8 billion, well above the Navy's original \$2 billion per unit goal.<sup>26</sup>

Attack submarines such as the Virginia-class sub are ill-suited to tackle the irregular challenges that the United States is most likely to confront in the near to mid future and are certainly not of use in operations in Afghanistan. Nevertheless, the Navy has been procuring Virginia class submarines at a rate of one per year for the past several years and the procurement rate is scheduled to increase to two boats per year starting in FY 2011. In total, eight boats are scheduled to be procured during the five-year period FY 2009-2013.

Limiting the production of the Virginia-class submarine to one boat per fiscal year, as the Navy has done for the past decade, would free up approximately \$2.7 billion per year for the next three fiscal years—\$8.1 billion in total—that can be spent on operations in Afghanistan. Limiting production to one boat per year will also have the ancillary benefit of preserving our nation's submarine-industrial base as a hedge against future conventional threats while freeing up a small but significant amount of money for other ship building priorities.

### CAP RECOMMENDATION

#### **Keep the Virginia-class attack submarine production steady at one per year instead of ramping up to two per year in FY 2011**

Keeping production of Virginia-class submarines steady at one per year will keep the nation's submarine industrial base alive while hedging against a future conventional threat. The Defense Appropriations Act allocated \$3.9 billion for FY2010 for two boats. Cutting the additional submarine from the budget will save \$1.95 billion.

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## Zumwalt-Class Destroyer (DDG-1000)

The Zumwalt-class destroyer—known more commonly in defense circles as the DDG-1000—is a new class of guided-missile destroyer incorporating a host of new technologies, including stealth technologies, a new power system, and advanced computer networks. The DDG-1000 is characterized as a multi-mission destroyer and was designed with two 155-millimeter Advanced Gun System cannons to provide naval fire support to ground forces ashore.<sup>27</sup> The Zumwalt-class is far larger than the Navy’s current surface combatants, displacing roughly 15,000 tons compared to the Ticonderoga-class Aegis cruiser’s 9,500 tons.<sup>28</sup>

Costs for the Zumwalt-class destroyer have skyrocketed above the original estimate. CRS estimates the combined procurement cost for the first two ships of the class—already authorized by Congress—at \$6.6 billion, or \$3.3 billion each.<sup>29</sup> The Navy originally planned to buy seven DDG-1000s and then decided to stop production after two. But Defense Secretary Robert Gates announced last spring that the Defense Department intends to finish a third ship and then cancel production of the DDG-1000 and redirect funding to the DDG-51. The Defense Appropriations Act allocated \$1.4 billion in advance procurement for the final DDG-1000.

But the DDG-1000, designed in the early 1990s as the Soviet Union collapsed, does not provide the capabilities needed to meet today’s threats. Moreover, Navy officials say that the service wants destroyer procurement over the next several years to emphasize three mission capabilities—area-defense anti-air warfare, additional Ballistic Missile Defense capabilities, and open-ocean antisubmarine warfare<sup>30</sup>—all capabilities that the DDG-1000 cannot provide at the best cost.

### CAP RECOMMENDATION

#### Cancel the Zumwalt-class DDG-1000 at two ships

CRS estimates the total cost of procuring the third DDG-1000 to be approximately \$2.7 billion.<sup>31</sup> As noted before, the Defense Appropriations Act allocated \$1.4 billion for the final ship. Halting production of the DDG-1000 at two ships, as the Navy recommended, will free up \$1.4 billion in funding for the escalation in Afghanistan while giving the Navy the flexibility to purchase more DDG-51s that have only marginally inferior capabilities.

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## V-22 Osprey

The MV-22B Osprey is a tilt-rotor transport intended to replace the Marine Corps’ aging CH-46 transport. The Air Force is also procuring a modified Osprey, the CV-22, for its special operations forces. The V-22 is a unique aircraft because its engine nacelles, mounted on each wing tip, can rotate in flight, allowing the V-22 to take off and land vertically while maintaining fixed-wing performance in normal flight. Marine MV-22s have deployed to Iraq performing cargo and transport runs and have only recently been deployed on limited missions in Afghanistan.<sup>32</sup>

According to CRS, Department of Defense plans call for procuring “a total of 458 V-22s—360 MV-22s for the Marine Corps; 50 CV-22 special operations variants for U.S. Special Operations Command, or USSOCOM (funded jointly by the Air Force and USSOCOM); and 48 HV-22s for the Navy.”<sup>33</sup> Through FY 2009, a total of 181 V-22s have been procured: 155 for the Marine Corps and 26 for Special Operations Command.

The Defense Appropriations Act allocated \$2.7 billion for 30 more MV-22s and five CV-22s. The V-22 has had a long and troubled development history. A prototype first flew in 1989, but operational testing did not begin until 10 years later. The V-22 was plagued by accidents during its test phase; two prototypes crashed in the early 1990s, killing seven people. Later accidents jeopardized the entire program. Two V-22 crashes killed 23 Marines in 2000 and led to redesigns of critical systems.<sup>34</sup> The Marine Corps sacrificed critical features to make the V-22 workable, such as autorotation—the ability of helicopters to safely land without engine power—and critics still doubt its combat capability.<sup>35</sup>

It remains unclear whether the MV-22 provides enough added capability over contemporary transport helicopters such as the Sikorsky H-92 and Augusta Westland AW101. The AW101 can carry 24 combat-equipped troops—the same number as the V-22—but the V-22 has greater range and speed; the H-92 can carry 22 troops.<sup>36</sup> Yet in light of the uncertainty over whether these additional capabilities are worth the high cost and high risk of the MV-22, the production should be terminated.

#### CAP RECOMMENDATION

### Cancel the MV-22 Osprey and substitute cheaper helicopters while continuing production of the CV-22

The MV-22's advantages in speed and range over helicopters such as the AW101 and H-92 do not make up for its much higher cost of over \$100 million per plane. We recommend substituting AW101s or H-92s. At the same time, the Air Force and Special Operations Command should continue procuring the CV-22 for its special operations forces. The combination of speed and range makes the Osprey an attractive candidate for special operations over normal helicopters. By canceling the procurement of 30 MV-22s and retaining the five CV-22s the administration can save approximately \$2.1 billion in FY 2011 and still leave the Marines with over 200 MV-22s.

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## Expeditionary Fighting Vehicle

The Marine Corps' Expeditionary Fighting Vehicle, or EFV, is an armored amphibious vehicle designed to launch from a ship within 25 miles of shore. The EFV's design calls for it to be capable of transporting marines up to 345 miles on land in order to execute their mission.

Although the EFV was designed to provide significantly improved capabilities over older models, the program has been beset by design failures, setbacks, and questions about whether its design is suitable for current conflicts. During an operational assessment in 2006, the EFV experienced breakdowns every 4.5 hours on average and could complete only “2 out of 11 attempted amphibious tests, 1 out of 10 gunnery tests, and none of the 3 scheduled land mobility tests.”<sup>37</sup> Based on these failures, the Corps has begun working with contractors to redesign the vehicle and new prototypes are expected in 2010.<sup>38</sup>

However even this redesign may not provide enough additional capabilities to justify funding the program. The EFV's 25-mile amphibious range is a significant upgrade from older models, but anti-ship missile technology has evolved to the point where even that "over-the-horizon" capability cannot keep the ships launching the EFV safe from attack.<sup>39</sup>

Moreover, once on land, the EFV's smooth, low underbelly would be exceptionally vulnerable to attacks by improvised explosive devices such as the ones confronting American forces in Afghanistan and Iraq. According to the Congressional Research Service, the Marine Corps argues that additional armor kits and the vehicle's built-in mobility would mitigate the threat from IEDs.<sup>40</sup> Yet the vulnerability of humvees—maneuverable, flat-bottomed, low-sitting vehicles—and the Pentagon's efforts to replace them with the heavily armored Mine Resistance Ambush Protected, or MRAP vehicles, suggests that the EFV is likely to face some difficulties in adapting to current operations.

#### CAP RECOMMENDATION

### Cancel the Expeditionary Fighting Vehicle program

In 2007, the Marine Corps "completed a 10-year, \$300-million-plus overhaul" of the EFV's predecessor, the Amphibious Assault Vehicle, which could give the older craft an additional six years of service.<sup>41</sup> These older vehicles provide less advanced capabilities than the EFV, but the vulnerabilities of the new vehicle outweigh the advances it provides when considered in the context of the current threat environment. The Defense Department requested \$293.5 million for RDT&E for the program in FY 2010, which Congress agreed to fund.<sup>42</sup> This amount, absent any funds required to close down the program, should be reprogrammed to Afghanistan costs in the next fiscal year.

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## F-35 Joint Strike Fighter

The F-35 Joint Strike Fighter is slated to replace the Air Force's F-16 and A-10 Warthog fleets, the Navy's older F/A-18A/B/C/D Hornets, and all of the Marine Corps' tactical fighters (F/A-18s and AV-8B Harriers). It is being produced in three variants:

- The F-35A, a conventional take-off version for the Air Force.
- The F-35B, a short take-off/vertical landing version for the Marine Corps.
- The F-35C, a carrier-capable version for the Navy.

All versions of the F-35 incorporate stealth technology, advanced sensors, and improved pilot situational awareness.

The F-35 is primarily a strike aircraft. The Air Force's F-35A can carry two 2,000-pound satellite-guided bombs and two air-to-air missiles internally, which allows it to maintain stealth and offer a strike capability similar to the F-117. The Navy's F-35C will carry a similar internal weapons load, but will not have the F-35A's gun; the Marine Corps' F-35B will have a reduced internal payload of two 1,000-pound satellite-guided bombs and not carry the F-35A's gun. All F-35 variants will be capable of carrying external stores at the expense of stealth capabilities.<sup>43</sup>

The Joint Strike Fighter has experienced a series of delays and technical problems that have increased the overall cost of the program. The Government Accountability Office currently estimates that the entire JSF program will run more than \$300 billion, a nearly 30 percent increase over the \$233 billion estimated when the program started in 2001.<sup>44</sup> The Defense Department has collapsed the test-flight program to try and reduce costs, but this means the F-35 will still be undergoing flight testing while the military takes delivery of full-scale production aircraft. GAO concluded that overall program cost increases and delivery delays are more likely given the compressed nature of the test program.<sup>45</sup>

In April 2009, Secretary of Defense Gates announced that the United States would buy 30 JSFs in FY2010 and plans to purchase 513 of an eventual 2,443 aircraft by the end of FY2015.<sup>46</sup> The FY 2010 defense appropriations bill confirmed funding for 30 planes, as well as funding for an alternate engine program for the F-35, which could also be removed at a cost savings of \$465 million.<sup>47</sup>

#### CAP RECOMMENDATION

### Cut FY 2011 F-35 purchase in half and slow down production of the aircraft

President Obama has a variety of options to save on the near-term costs of the F-35. The President could cancel the F-35 and substitute cheaper, up-graded current-generation fighters, including the F-16 Block 60, the F/A-18 E/F, and unmanned systems such as the armed MQ-9 Reaper drone. Yet strike aircraft are necessary in current conflicts and the U.S. fighter fleet is aging. A more moderate approach would entail slowing procurement of the F-35, allowing development and additional testing to proceed, and substituting cheaper, older fighters, or unmanned systems, in the interim as needed.

The Defense Appropriation Act allocated \$10.8 billion for 30 aircraft plus RDT&E in FY 2010 including an additional \$465 million for the alternative engine. If the Obama administration opts to cut its 2011 purchase by half, but continue development funding, it could save approximately \$3.4 billion next year. This move would ensure that the program advances, even as production of the planes slows. The administration could also opt to replace these 15 planes with MQ-9 Reaper drones, which can carry up to four 500-pound guided bombs or eight Hellfire missiles, and have greater persistence over the battlefield than manned fighters, while carrying comparable payloads. Each Reaper costs approximately \$20.4 million, meaning the administration could still expect to save \$3.6 billion next year by cutting its JSF order by half, cancelling the alternate engine and procuring more reaper drones.

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## Future Combat Systems

FCS—the Army’s core modernization program—was first proposed in 1999 as a group of 18 manned and unmanned systems. These components were to be connected at multiple layers of command by integrated radio and computer networks and were intended to support the new Army structure, making brigade combat teams more easily deployable, efficient, and sustainable in the field for a longer period of time.<sup>48</sup>

FCS has long been among the Army’s most costly acquisition programs—before major restructuring this year it was estimated to carry a lifetime cost of \$200 billion. The service attempted to preserve the program by cutting the number of systems from 18 to 14 and extending its timeline for launching the first FCS-capable brigade from 2011 to 2015.

Yet earlier this year Defense Secretary Gates still found it necessary to make a major restructuring of FCS. Gates canceled the manned ground vehicles portion of the program,

which was not well designed to meet the challenges of an unconventional battlefield, while allowing the Army to move forward with spin-off technologies.

Based on Secretary Gates' cuts, the former FCS program will eventually transition to become the Army Brigade Combat Team Modernization effort. The service requested approximately \$2.98 billion to continue FCS in the upcoming fiscal year, a price tag which includes work on unmanned ground and aerial vehicles, ground sensors, as well as termination costs for the ground vehicle program.<sup>49</sup> The FY2010 Defense Appropriations Act allocated approximately \$2.29 billion for FCS that year. The Army plans to issue a request for proposals for a new ground combat vehicle early next year.

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## Space-based weapons

The Defense Department controls a bevy of space-based platforms, including communications and navigation satellites, as well as a less prominent space-based weapons effort. In early 2009, the White House website noted that Obama would "seek a worldwide ban on weapons that interfere with military and commercial satellites," but the policy has not advanced since he took office.<sup>52</sup>

If the Obama administration chooses to fund the escalation in Afghanistan within the current baseline budget, space-based weapons systems should be on the list of potential reductions. According to Taxpayers for Common Sense, which last year produced a comprehensive report on U.S. government space spending, the U.S. budget for "space control,"—that is, programs which "are tasked with protecting U.S. space assets from

### CAP RECOMMENDATION

#### Cut FY 2011 funding by one third

Due to the major restructuring of the FCS program earlier this year, the most flawed component of the program, the manned ground vehicle development, has been eliminated for an estimated savings of \$22.9 billion over the life of the project. The program, however, still suffers from widespread development problems and could be slowed down to facilitate further critical technology development and save money in the short term. GAO noted earlier this year that, "numerous performance trade-offs will be needed to close gaps between FCS requirements and designs."<sup>50</sup> In order to close this gap, the president should cut FCS funding to two-thirds of current levels next fiscal year. The FY 2010 appropriations act provided \$2.29 billion in funding for FCS for FY2010, meaning that a one-third cut could save approximately \$763 million.<sup>51</sup>

### CAP RECOMMENDATION

#### Continue space-based weapons development at a low rate

The United States should continue research on space-based weapons programs to guard against future threats, but their development and deployment should be strictly limited. Specifically, the Obama administration should reduce by half the current budgets for a number of potentially provocative programs. The Air Force's Space Systems Protection program, for example, is designed to develop "tools, instruments, and mitigation techniques required to assure operation of U.S. space assets in potentially hostile warfighting environments." The administration requested \$8.118 million in RDT&E funding for the program in the next fiscal year, and could save approximately \$4 million by slowing its development by half.<sup>54</sup> Other potential cuts could come from RDT&E funding for the Air Force's Space Control Technology programs, which support space situational awareness, defensive and offensive counter-space activities, and command-and-control battle management.<sup>55</sup> The Air Force requested \$97.7 million for these programs in FY2010, meaning the Obama administration could save approximately \$48.9 million from these programs next year.

enemies as well as space debris,”—has increased in recent years. TCS notes that unclassified space control programs received almost \$1 billion in FY 2009—up 37 percent from five years ago—and “space situational awareness programs,”—that is, those programs that allow the United States to identify and locate objects in space around the earth—received almost \$560 million last fiscal year, which represents 35 percent growth over five years.<sup>53</sup>

While communications and navigation satellites provide undeniable benefits for U.S. efforts around the world, the utility of space-based weapons systems is less clear. The continued development of these systems creates the incentive for a new arms race. China and the United States have already demonstrated the capacity to shoot down orbiting satellites. Moreover, funding these programs at current levels while the United States is engaged in an intense ground war with a low-technology enemy does not make fiscal or strategic sense.

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## Nuclear forces

The total amount of funding allocated to maintain the nation’s strategic nuclear arsenal is not publicly known and is—by its very nature—secretive. Adding to the complicated nature of determining the cost of maintaining the nation’s nuclear weapons capability is the fact that its funding is spread across several federal government departments and agencies, including the departments of Energy, Homeland Security, Health and Human Services, Justice, Labor, State, and Commerce.

The United States maintains approximately 2,700 operationally deployed warheads in its arsenal. In addition, the United States also has approximately 2,500 reserve warheads and another 4,200 warheads awaiting dismantlement. But the cost of this nuclear stockpile of over 5,200 goes well beyond the cost of operating, maintaining, and modernizing the nuclear warheads. This includes the cost of operating delivery systems, long-range bombers that can carry both nuclear and conventional weapons, environmental cleanup and nuclear waste disposal, nonproliferation activities, and homeland defense, among others.

While a comprehensive overview of the cost of maintaining the nation’s stockpile and other elements of U.S. nuclear policy outlined above is not publically known, the most accurate estimate was produced by Stephen Schwartz and

### CAP RECOMMENDATION

#### **Reduce arsenal to 600 deployed warheads and 400 in reserve**

According to retired Air Force General Eugene Habiger, former head of the Strategic Command, maintaining 600 deployed nuclear warheads with 400 in reserve—1,000 in total—is more than enough capability to both deter aggressor states and to respond around the globe with overwhelming force should the United States need to retaliate to a nuclear strike. Moreover, significantly reducing the U.S. nuclear arsenal would send a powerful signal to friends and allies alike that the United States seeks a world without nuclear weapons as President Obama has stated. Reducing the U.S. stockpile would also reduce the salience of nuclear weapons and send the appropriate signal to hostile regimes that are currently seeking to acquire nuclear weapons capabilities.

Reducing the U.S. stockpile to 600 deployed and 400 reserve warheads could save the United States \$12.0 billion in FY 2011. Eliminating spending on the Trident II missile can generate another \$1.1 billion making total savings \$13.1 billion.

Deepti Choubey of the Carnegie Endowment for International Peace for FY 2008. That year, Schwartz and Choubey estimated the nuclear weapons budget—encompassing nuclear forces and operational support, deferred environmental and health costs, nuclear threat reduction, and nuclear incident management—to be \$43.2 billion.<sup>56</sup> Adjusted for the average increase in the defense budget since FY 2008, this total would be approximately \$46.7 billion this fiscal year. Unfortunately, this figure is an estimate due to the fact that any effective oversight of the nation’s nuclear arsenal is made impossible by the secretive nature of the program.

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## Defense Department-Wide Research, Development, Test and Evaluation

By making smart cuts in existing weapons systems and weapons development projects, President Obama can fund 30,000 additional troops for Afghanistan next year within the existing baseline defense budget. But we recognize that political realities may make it difficult for the president to gain Congress’ acquiescence for the full menu of reductions we have recommended. In that case, Obama could opt to include an across the board reduction in research, development, test and evaluation, or RDT&E funding, to obtain any additional funding needed to meet the \$30 billion cost of one year’s operations.

The Defense Department requested \$78.6 billion in RDT&E funding for fiscal year 2010 for the baseline budget.<sup>57</sup> The FY2010 Defense Appropriations Act provides approximately \$80.5 billion for RDT&E next year.<sup>58</sup> If necessary, Obama should ask DoD to reduce RDT&E funding by up to \$10 billion in order to free up money for overseas operations. This reduction could be made through an across the board cut to all existing programs and would still leave U.S. RDT&E funding for FY 2011 significantly above Reagan’s FY 1987 level (\$59 billion in today’s dollars), during the height of the Reagan buildup.

### CAP RECOMMENDATION

#### Cut RDT&E spending as needed to meet the cost of operations in Afghanistan

If President Obama is unable to obtain the \$30 billion needed to fund the troop increase in the next fiscal year through reducing funds for outdated weapons systems, he should ask DoD for an across-the-board cut in RDT&E spending. The Defense Department’s RDT&E budget can sustain such a reduction, but the president should use this option as a last resort as it will impact weapons systems that could prove useful in current conflicts.

# Conclusion

President Obama in his recent West Point speech detailed his strategic plan for Afghanistan, making a number of points about America's long-term security. Evoking President Dwight Eisenhower, he said that we must "maintain balance in and among national programs," and that we can't simply ignore the price of these wars because America's economic and technological vigor underpin our ability to play a world role. At a time when the budget deficit for 2009 exceeds 9.9 percent of our gross domestic product and publicly held debt is about 56 percent of GDP, Obama is certainly right to make these points.

While our current economic situation will not allow us to raise taxes or cut social programs at the present time, the president can begin to deal with the situation by reducing baseline defense spending by at least \$30 billion—or 5 percent—to pay for the cost of the first year of deployment for the additional 30,000 troops he is sending to Afghanistan. Such a move makes both strategic and economic sense.

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