

# INDEPENDENT POLICY REPORT

ROUTING


## Budgeting for Empire:

*The Effect of Iraq and Afghanistan on  
Military Forces, Budgets, and Plans*

David Isenberg\*

### *Executive Summary*

It is often said that the road to hell is paved with good intentions. The same might be said about the Pentagon's latest Quadrennial Defense Review (QDR). The QDR released on February 6, 2006, shows that U.S. defense plans continue to fail engagements with reality. Although the QDR is big on rhetoric, it is woefully short on action. Four years of war against Islamic extremists only persuaded Donald Rumsfeld (who drew up the plans when he was secretary of defense) to continue to maintain every conventional weapons system in the pipeline. Gone is the talk about canceling major purchases to direct money to a smaller, lighter, faster, high-tech force. Even Deputy Secretary of Defense Gordon R. England has said, "This is a midcourse correction and not a whole

new direction."<sup>1</sup> Meanwhile familiar problems such as the significant mismatch between the Department of Defense's (DOD) long-term force structure and modernization plans, on the one hand, and its projected funding levels, on the other, continue to worsen. In addition, the White House has chosen to fund the wars in Afghanistan and Iraq through supplemental appropriations and not through the regular budget, making the already inadequate oversight mechanisms even more opaque and useless. Moreover, the QDR does not cancel any signature weapons programs, eliminate any major redundancies among the services, or initiate any big, new, investment initiatives.

---

\*David Isenberg is a research fellow at the Independent Institute and a senior research analyst at the British American Security Information Council. He is also a member of the Coalition for a Realistic Foreign Policy and an advisor to the Straus Military Reform Project of the Center for Defense Information, Washington, D.C.



**Independent Policy Reports** are published by The Independent Institute, a nonprofit, nonpartisan, scholarly research and educational organization that sponsors comprehensive studies on the political economy of critical social and economic issues. Nothing herein should be construed as necessarily reflecting the views of The Independent Institute or as an attempt to aid or hinder the passage of any bill before Congress.

Copyright ©2007 by The Independent Institute

All rights reserved. No part of this book may be reproduced or transmitted in any form by electronic or mechanical means now known or to be invented, including photocopying, recording, or information storage and retrieval systems, without permission in writing from the publisher, except by a reviewer who may quote brief passages in a review.

The Independent Institute  
100 Swan Way, Oakland, CA 94621-1428  
Telephone: 510-632-1366 · Fax: 510-568-6040  
Email: [info@independent.org](mailto:info@independent.org)  
Website: [www.independent.org](http://www.independent.org)

# Budgeting for Empire: The Effect of Iraq and Afghanistan on Military Forces, Budgets, and Plans

*David Isenberg*

## **The U.S. Security Budget Is Gargantuan**

The George H. W. Bush administration's fiscal year (FY) 2007 budget request of \$439 billion marks an increase of approximately 27 percent in real terms since September 11, 2001. That figure does not include \$21.8 billion for Department of Energy (DOE) spending on nuclear weapons activities. Nor does it include spending on the wars we are actually fighting. When these costs are added in, military spending for 2007 will exceed \$600 billion—a figure that surpasses the spending heights of both the Reagan military buildup and the Vietnam War in inflation-adjusted terms.<sup>2</sup> Moreover, the 2007 budget figure does not include funding for the Department of Homeland Security (DHS). The admin-

istration's FY 2007 budget request for DHS is \$42.7 billion,<sup>3</sup> but in terms of real budget authority the actual appropriation provides \$34.8 billion. As it turns out, the FY 2007 Department of Defense Appropriations Act, which Congress passed and the president signed on September 29, 2006, totals \$447.6 billion. But that figure excludes \$58.9 billion in military construction and "quality of life" programs. Additional money will be requested at some point early in 2007. Thus, the FY 2007 appropriations for the DOD are likely to come to at least \$545.7 billion and perhaps as much as \$565.7 billion. However, even that is not the grand total. Still missing are amounts for DOE nuclear weapons activities and for "Other Defense-Related Activities." When they are added, the grand total ranges from \$566.9 billion to \$586.9 bil-

lion.<sup>4</sup> If the DHS appropriation is added in, the appropriations range from \$601.7 billion to \$621.7 billion.

### **The Impact of Defense Spending on the Federal Deficit**

The substantial increase in defense spending has had a predictable effect on the federal deficit. When one's spending exceeds one's revenues, there is a solution: increase one's debt. That is what Congress did back in March 2006 when it raised the limit on the federal government's borrowing by \$781 billion. It did so after the government bumped up against its \$8.18 trillion statutory debt ceiling in February, forcing the Treasury to borrow from employee pension funds to keep the government operating.<sup>5</sup> Also, various analyses have documented that overall military spending is computed in a way that excludes spending on the wars the United States is currently fighting. When this approach is factored in, any so-called progress in reducing the federal deficit vanishes.<sup>6</sup> In fact, we really have no idea how bad a problem the deficit will be in the future, except that it will get worse. As a report from the Center for Strategic and International Studies (CSIS) states, "Estimates of the trends in the national debt, budget deficit, or the future costs of mandatory expenditures/entitlement programs are so subject to political views and problems in cost estimates that the only thing really clear is a steadily growing vector of overspending."<sup>7</sup>

### **QDR Shortfalls**

Congress has mandated that the secretary of defense "conduct a comprehensive examination (to be known as a 'quadrennial defense review') of the national defense strategy, force structure, force modernization plans, infrastructure, budget plan, and other elements of the defense program and policies of the United States with a view toward determining and expressing the defense strategy of the United States and establishing a defense program for the next 20 years."<sup>8</sup>

Despite all the spin about how the recent QDR was fully managed by the Rumsfeld Pentagon from start to finish, many think that with much of his time taken up with the war in Iraq, Secretary Rumsfeld was far less involved in the 2006 review than he was in the previous review in 2001. This time, he delegated much of the decision making to his aides and to Deputy Defense Secretary Gordon R. England.<sup>9</sup> And England had this to say about the QDR: "This is a mid-course correction and not a whole new direction."<sup>10</sup> According to Secretary of Defense Rumsfeld, the QDR had four specific priorities: (1) defeating violent extremists, (2) defending our homeland, (3) helping countries at strategic crossroads, and (4) preventing terrorists and dangerous regimes from obtaining weapons of mass destruction.<sup>11</sup> The problem is that none of these missions is military. As one observer noted, "Military missions entail defending or conquering territory, or destroying the military capabilities of potential aggressors. Military forces are

not organized, equipped or trained to ‘defeat terrorist extremism,’ much less to ‘help shape the choices of countries.’ Those are jobs for police, intelligence services or diplomats, and nobody in his right mind would, for example, give the Pentagon responsibility for preventing Iran from acquiring nuclear weapons. And, thankfully, no one has.<sup>12</sup>

While the QDR was big on rhetoric, it was woefully short on action. Four years of war against Islamic extremists only persuaded Rumsfeld to maintain every conventional weapons system in the pipeline. Gone was the talk about canceling major purchases to direct our money to a smaller, lighter, faster, high-tech force.

The QDR speaks of an enlarged cadre of special forces trained to sneak into dangerous countries to tag, track, and even disarm nuclear weapons. But there is no explanation of how these thoroughly modern missions might connect with the many billions of dollars programmed for more dogfighting jets and a doubling of submarine production.<sup>13</sup>

Retired army major general Paul D. Eaton, in charge of training the Iraqi military from 2003 to 2004, has written that the QDR “shows that Mr. Rumsfeld also fails to understand the nature of protracted counter-insurgency warfare in Iraq and the demands it places on ground forces. The document, amazingly, does not call for enlarging the Army; rather, it increases only our Special Operations forces, by a token 15 percent, maybe 1,500 troops.”<sup>14</sup> Of course, if the United States makes the questionable decision to engage in brushfire wars overseas, as in Iraq,

it will need to expand the army. But rather than expanding the army, the QDR actually calls for reducing it to its pre-2001 level of 480,000 people. If the number of soldiers is reduced, the troops will not get to spend sufficient time at home before being sent back to the combat zone, and the Army National Guard and the Army Reserve will continue to be overused.

The army’s Future Combat System program represents by far the biggest single investment the army is planning to make during the next twenty years. The research and development portion of the program is scheduled to extend through 2016 and cost a total of \$21 billion from 2007 to 2016. The army estimates that total procurement costs for the first fifteen brigades’ worth of systems will be about \$100 billion, or an average unit procurement cost per brigade of \$6.7 billion.<sup>15</sup> Even if the need for the Future Combat System is accepted, questions remain about the program’s technical feasibility and affordability. Some experts doubt that the army can develop and test the necessary technologies in time to start producing lightweight manned vehicles by 2012—a requisite for meeting the deadline to field them, according to the army’s current schedule. Also, the air force is pumping huge amounts of money into the F-22 program, but some critics believe that adding this program will actually degrade U.S. combat capability because its enormous cost means reducing money for capabilities that make the critical difference in winning aerial combat, namely pilot training. And the cost of adding stealth capabilities to the F-22 is

extraordinary. Pentagon data show the total unit cost of the F-22 has grown from about \$130 million to more than \$350 million per aircraft. Thus, the original purchase plan of 750 aircraft is now down to 185.<sup>16</sup> On this topic, in June 2006 the U.S. Government Accountability Office (GAO) issued a report that recommends “that Secretary of Defense [*sic*] delay further investments in F-22A procurement and modernization until [DOD] completes a comprehensive business case analysis that adequately considers alternatives, justifies the need for further investments, and reconciles the numbers of F-22As that are needed (i.e., based on credible current and future threats and considering other alternative approaches) as well as affordable and sustainable (i.e., based on current and expected DOD resource levels).”<sup>17</sup> Other, ultra-high-cost Cold War weapons systems irrelevant to the wars the United States is currently fighting include the DD(X) destroyer and the V-22 “tilt-rotor” aircraft. Then, of course, there are unneeded nuclear weapons–related forces and activities. Annual funding for them is estimated at \$54 billion annually.<sup>18</sup> To put it bluntly, the QDR makes promises it cannot keep. A CSIS analysis has noted that

the most glaring flaw of the 2006 QDR was that it called for the DoD to have its cake and eat it too. Presumably, US force structure had to be realigned to counter the irregular and asymmetric threats posed by international terrorist networks, failed states, and the proliferation of weapons of mass destruction. But

this realignment could only take place through a far more dramatic shift in resources away from expensive Cold War–era weapon systems designed for conventional deterrence and major theater wars. Instead, the 2006 QDR and the FY2007 budget request preserved every major weapons system and simply added projects to deal with the new challenges without calling for an increase in the number of troops.<sup>19</sup>

The QDR was released just as the Bush administration unveiled its 2007 defense budget. In the budget, the Pentagon continued to fund three very costly short-range jet fighters—the F-22A Raptor, the F/A-18 Super Hornet, and the F-35 Joint Strike Fighter (which the Pentagon plans to produce before testing demonstrates acceptable performance)<sup>20</sup>—as well as the navy’s Virginia class nuclear attack submarine at \$2.4 billion each, the CVN-21 next-generation aircraft carrier, and the DD(X) destroyer. And the army’s expensive and futuristic Advanced Combat Systems program based on systems not yet invented is still rolling along.<sup>21</sup> The Center for Strategic and Budgetary Assessments noted in February 2006 that

DoD faces a significant mismatch between its long-term force structure and modernization plans, and projected funding levels. And the QDR, as reflected in the FY 2007 budget request and the FY 2007–11 Future Years Defense Program (FYDP)

would do little to improve the affordability of DoD's long-term plans. Moreover, some of the proposed shifts in priorities—such as the accelerated fielding of a new long-range strike aircraft—are likely to be dependent, for their implementation, on the willingness and ability of a future administration to make offsetting cuts in other DoD priorities. The QDR and FY 2007 budget request have, for the most part, deferred these difficult choices.<sup>22</sup>

In addition, the concept of force transformation,<sup>23</sup> or what used to be called the “Revolution in Military Affairs,” is hardly something about which only liberals are skeptical. Consider what retired army officer Ralph Peters wrote in the neoconservative *Weekly Standard*:

From Iraq's Sunni Triangle to China's military high command, the counter-revolution in military affairs is well underway. We are seduced by what we can do; our enemies focus on what they must do.... Terrorists, for one lethal example, do not fear “network-centric warfare” because they have already mastered it for a tiny fraction of one cent on the dollar, achieving greater relative effects with the Internet, cell phones, and cheap airline tickets than all of our military technologies have delivered. Our prime weapon in our struggles with terrorists, insurgents, and warriors of

every patchwork sort remains the soldier or Marine; yet, confronted with reality's bloody evidence, we simply pretend that other, future, hypothetical wars will justify the systems we adore—purchased at the expense of the assets we need.<sup>24</sup>

We also have no real idea of what the total bill for force transformation will be. A July 2006 CSIS report noted that “the Department of Defense has never provided a detailed spending plan for force transformation. It has also never done anything approaching an adequate job of costing and funding future procurement.”<sup>25</sup> Moreover, several decisions coming out of the QDR are hard to square with what the Pentagon says about future challenges.<sup>26</sup> For example, if the global war on terror really is a “long war,” as the QDR report contends, why is the administration eliminating brigades from an overextended army? And if mobility is so critical to military success, why is it proposing to shut down both the C-130J and the C-17 lines, the only airlifters in production?<sup>27</sup>

The QDR does call for devoting resources to accelerate a long-range strike capability directed at hostile nations and for new investments aimed at countering biological and nuclear weapons—such as in teams able to defuse a nuclear bomb. But it made relatively minor adjustments in key weapons systems, thus leaving less room for investments in innovative programs and forces to address the types of problems that the QDR identifies, analysts say.<sup>28</sup>

In fact, the July 2006 issue of the *Budget*

*Bulletin*, a monthly publication prepared by the Senate Budget Committee's *Republican* staff, concluded that, over the coming decade, the military will fall drastically short of the money it needs to buy, operate, and maintain all the weapons systems churning through the pipeline. According to the report, the best way to keep defense spending in check in the coming years lies in "controlling the cost of weaponry," especially those programs that the Pentagon might not necessarily need.<sup>29</sup>

### **DOD Is Abusing Emergency Funding**

Of course, by using "tricks," Congress pretends to be more of a budget hawk than it is. For example, according to Winslow T. Wheeler of the Center for Defense Information Straus Military Reform Project, the annual defense appropriations bill has been supplemented in recent years by an additional Title IX, often called "Additional Appropriations." Wheeler notes:

This money ... is "emergency" spending, which has had a specific legislative meaning since a 1991 budget agreement between Congress and President George H. W. Bush. "Emergency" spending is appropriations that do not count in the "spending caps" Congress imposes on itself for appropriations. For example, the 2006 congressional budget resolution imposed a "cap" on the DOD Appropriation bill at \$402.3 billion.

The \$452.8 billion Congress appropriated for that bill was, of course, way over that limit. However, \$50 billion for Iraq and Afghanistan in Title IX and \$5.9 billion in Hurricane Katrina and avian flu expenses in other parts of the bill, were all exempted from being "scored" to the cost of the bill because they are designated as "emergency." Thus, the \$452.8 billion bill fits under the \$402.3 billion "cap" with room to spare.<sup>30</sup>

In addition, the White House has chosen to fund the wars in Afghanistan and Iraq through supplemental appropriations and not through the regular budget. According to the Center for Defense Information, "For virtually each year of the war, Bush has submitted at least one, but usually two, supplemental funding requests."<sup>31</sup> In fact, as of June 13, 2006, of the \$331 billion provided for military operations in Afghanistan, Iraq, and elsewhere, \$301 billion, or 91 percent, has been provided either in supplemental appropriations bills or as additional "emergency" funding in separate titles of annual defense appropriations acts.<sup>32</sup>

Interestingly, on June 28, 2006, the Pentagon delivered to Congress a report called *Fiscal Year 2007 President's Budget: Department of Defense Budget Allowance Details*, which spells out how the Pentagon wants to spend the \$50 billion it is seeking to pay for operations in the war on terrorism during the first few months of FY 2007. The Pentagon refused to release the report publicly. Moreover, as of late July 2006, the Bush

administration had not enforced a 2005 law requiring the Pentagon to estimate the cost of military operations in Iraq and Afghanistan through 2011.<sup>33</sup>

## Iraq War Costs Are Rising

The war in Iraq has been one of increasing budget costs. In January 2006, the Pentagon said it spent \$4.5 billion a month on recurring operational costs in Iraq in FY 2005, nearly \$300 million more than the average monthly costs for the previous year. But that monthly \$4.5 billion was only a piece of defense spending for the ongoing operations. It did not include more than \$1 billion spent each month on procurement and military construction projects or additional funds allocated for intelligence operations in Iraq.<sup>34</sup>

Iraq War costs are really averaging about \$6 billion a month, with Afghanistan costing another \$1 billion. Together, these monthly costs total more than the annual budget of the entire U.S. Coast Guard and fifteen times more than the DHS is budgeted to spend in FY 2007 on emergency preparedness for floods and other natural disasters.<sup>35</sup> In March 2006, the Congressional Research Service released a report that said spending on Afghanistan and Iraq would rise to \$9.8 billion a month from the \$6.8 billion a month the Pentagon spent in 2005. The report cited “substantial” expenses to replace or repair damaged weapons, aircraft, vehicles, radios, and spare parts. Thus, U.S. military spending in Iraq and Afghanistan will average 44 per-

cent more in FY 2006 than in FY 2005.

The report said it considered “all war and occupation costs” and figured in costs for health care, fuel, national intelligence, and the training of Iraqi and Afghan security forces—“now a substantial expense”—whereas the Pentagon counted just the cost of personnel, maintenance, and operations.<sup>36</sup>

Another Congressional Research Service report released on September 22, 2006, estimated that when all funding is completed for FY 2007, total war appropriations for Iraq, Afghanistan, and the global war on terrorism will reach \$549 billion. Thus, the Iraq War is now costing taxpayers almost \$2 billion a week—nearly twice as much as in the first year of the conflict and 20 percent more than in 2005.<sup>37</sup>

War costs are rising despite Pentagon estimates of lower personnel costs: \$2.6 billion for 2006, or 14 percent less than in 2005. Offsetting that decline is an increased request for procurement of new equipment: \$25.7 billion in 2006, up from the \$18.8 billion that Congress provided in 2005. And year-by-year comparisons show that appropriations for operations and maintenance spending for the army and marines are rising by better than 30 percent.<sup>38</sup> In fact, annual war costs in Iraq are easily outpacing the \$61 billion a year (in today’s dollars) that the United States spent in Vietnam between 1964 and 1972.<sup>39</sup>

Aside from direct costs, the Iraq War is having a negative effect on the deficit. According to an August 2006 budget projection, a phased withdrawal would save \$416 billion on the deficit over the next four years

and \$1.28 trillion over the next decade. A “stay-the-course” strategy, in contrast, would increase the deficit by \$313 billion over the next four years and \$1.3 trillion over the next decade.<sup>40</sup>

In July 2006, the army announced that due to the strain of continuing wars in Iraq and Afghanistan, it is tightening spending at home. Because of the costs of overseas combat operations, it said it is taking several steps, including canceling nonessential travel, limiting purchases to critical wartime needs, and freezing all new contract awards.<sup>41</sup>

In fact, the army is staring at budget shortfalls that might exceed \$20 billion annually, a figure that is compelling service officials to play hardball with the Pentagon in an attempt to keep afloat financially. Early in 2006, it was reported that top army officers were considering the possibility of submitting a budget proposal for FY 2008 and beyond that exceeds the guidance issued by senior defense officials. Defying department guidance would amount to an act of rebellion by army leaders.<sup>42</sup> But the situation has become so dire that Defense Secretary Rumsfeld allowed the military services to press their case for larger budgets directly with the White House’s Office of Management and Budget (OMB). The move is particularly critical for the U.S. Army, which wants \$141 billion in 2008 alone, \$30 billion more than the \$111.8 billion requested in 2005.<sup>43</sup>

Another example of the strain on the army was seen in August 2006, when the Pentagon announced it was extending the tour of the 172d Stryker Brigade by at least four months

and was sending back to Iraq three hundred of their just returned soldiers.<sup>44</sup>

On August 22, 2006, the U.S. Marine Corps said it has been authorized to recall thousands of marines to active duty, primarily because of a shortage of volunteers for duty in Iraq and Afghanistan. Up to 2,500 marines from the Individual Ready Reserve (IRR) will be brought back at any one time, but there is no cap on the total number of marines who may be forced back into service in the coming years as the military battles the war on terror.<sup>45</sup>

The Marine Corps’ authority to recall marines for jobs in the global war on terror—a war whose parameters remain largely undefined—has no expiration date. In July 2006, the Congressional Budget Office (CBO) released an analysis that found “the Congress has appropriated \$432 billion for military operations and other activities related to the war on terrorism since September 2001. According to CBO’s estimates, from the time U.S. forces invaded Iraq in March 2003, \$290 billion has been allocated for activities in Iraq, of which \$254 billion has gone to the Department of Defense (DoD) and other defense agencies for military operations.”<sup>46</sup>

Lack of accountability over Iraq War-related spending has been so obvious and blatant that some Republicans in Congress agreed to cosponsor with Democrats a landmark proposal to create a special House committee to investigate that spending. However, the proposal to create a modern-day “Truman Committee”—modeled after the oversight board run by then-senator Harry Truman

to root out contracting abuses during World War II—has been blocked from consideration by Republican leaders for more than a year.<sup>47</sup>

### **Cost of Refurbishing and Repairing Weapons Used in the Fighting Is High**

In 2005, senior marine officials admitted that if the war in Iraq ended tomorrow and marine units were shipped home, it would cost \$12.8 billion to reequip them with vehicles and gear lost in combat and through wear and tear. That outlay would take up a significant portion of the corps' yearly budget, which in 2004 stood at nearly \$17 billion.<sup>48</sup>

In July 2006, Democratic lawmakers sent a letter to President Bush noting that up to two-thirds of the army's combat brigades were not ready for wartime missions, largely because they were hampered by equipment shortfalls.<sup>49</sup> Much of the equipment deployed in Iraq is beginning to wear out as a result of heavy use, harsh operating conditions, and frequent insurgent attacks. Furthermore, the quantity and quality of weapons in units away from the war zone are eroding as equipment is transferred to deploying units. The latter problem is particularly pronounced in the reserves, which already were functioning with a deficit of modern equipment when the war began.

In February 2006, *Defense News* reported that the army was asking for \$9 billion to “reset” its war-depleted stocks—the vast bulk

of this money to be used to replace and repair tanks, helicopters, and vehicles. This reset process takes used vehicles apart, inspects the parts, then replaces and refurbishes the equipment to like-new condition.<sup>50</sup> Since the Iraq insurgency heated up in fall 2003, the army's combat losses have included about 20 M1 Abrams tanks, 50 Bradley fighting vehicles, 20 Stryker wheeled combat vehicles, 20 M113 armored personnel carriers, and 250 Humvees, service sources said. The number of vehicles lost in battle comes to nearly 1,000 after adding in heavy and medium trucks and trailers, mine-clearing vehicles, and Fox wheeled reconnaissance vehicles.<sup>51</sup>

In March 2006, the army said unfunded repair and upgrade work alone totaled more than \$3 billion.<sup>52</sup> And just about five months after this *Defense News* report, army chief of staff General Peter J. Schoomaker said that the army needed \$17.1 billion in FY 2007 to “reset” or restore the service's equipment stocks.<sup>53</sup>

The situation is so serious that the Office of the Secretary of Defense was considering adding tens of billions of dollars to the army's base budget in the Pentagon's new six-year spending plan in order to address funding shortfalls that service officials said might threaten the viability of U.S. ground forces. The officials said an army request for an additional \$23 billion to its FY 2008 budget and further additions on that same order each year through 2013 were being seriously weighed in a round of highly unusual midsummer budget negotiations.<sup>54</sup>

In fact, General Schoomaker withheld

a required 2008 budget plan from Pentagon leaders in August 2006 after protesting to Defense Secretary Rumsfeld that the army could not maintain its current level of activity in Iraq plus its other global commitments without billions in additional funding. The decision to withhold the plan is believed to be unprecedented and signaled a widespread belief within the army that in the absence of significant troop withdrawals from Iraq, funding assumptions must be completely reworked. Schoomaker is reportedly now seeking \$138.8 billion for 2008, nearly \$25 billion higher than budget limits originally set by Rumsfeld. The army's 2006 budget was \$98.2 billion, making Schoomaker's request a 41 percent increase over current levels.<sup>55</sup>

However, Schoomaker is not making this request because he is greedy, but because he understands history. As James Jay Carafano, a senior research fellow at the Heritage Foundation, wrote: "The military has zero confidence that the politicians on the other side of the Potomac are going to seriously address this issue anytime soon. They figure that as soon as Iraq cools down, the big checks won't be so big anymore. So they are trying to get what they can now to get the Army into as good a shape as possible to weather the lean years ahead."<sup>56</sup>

Reset costs may actually be even higher. These costs have not been incorporated into the Pentagon's baseline budget, and many observers have predicted that it will take two years of supplemental appropriations following an end to operations in Iraq to reset the force fully. If these supplementals end once

the United States withdraws from Iraq, the U.S. military and especially the army will face a major budget crisis because the costs of resetting the force will have to compete with other priorities both within the Pentagon and in the rest of the federal government.<sup>57</sup>

According to the Association of the United States Army, during FY 2005 the army deployed 23 percent of its trucks, 15 percent of its combat vehicles, and 15 percent of its helicopters in Iraq. Much of this equipment does not rotate out when troops do, either because the army is trying to minimize transportation costs or because it wants to retain key items such as up-armored vehicles in the war zone.

As a result, the equipment is exposed to continuous use for long periods of time, more than two years in the case of some Chinook helicopters, and may not receive scheduled maintenance in a timely fashion. In an analysis of how such stresses affect fielded equipment, the army concluded that a single year of deployment in Iraq causes as much wear and tear as five years of peacetime use.

This information is hardly surprising, given the fact that much of the equipment in Iraq is being used at a rate several times higher than typically prevails in peacetime. The operating tempo, or "optempo," of helicopters is twice as high in the war zone as elsewhere. Combat vehicles such as the Abrams tank and the Bradley fighting vehicle operate at five or six times normal rates. And trucks are utilized at up to ten times their peacetime rates (which helps explain why so many are washed out during their time in Iraq).

But high utilization rates are only one

aspect of the stress problem; there is also the fact that the conditions under which systems operate in Iraq are harsher than those encountered in peacetime training exercises. For example, Abrams tanks are designed to operate in open country, but in Iraq they often travel on paved roads, accelerating wear. Their mechanical and electronic systems are exposed to sand, wind, precipitation, and vibration far in excess of what would be experienced in peacetime. Maintenance is deferred or carried out in suboptimal circumstances. And then there is the enemy, who seldom misses an opportunity to shoot a rocket-propelled grenade at whatever U.S. vehicle is going by.

Considering all the insults visited on army equipment in Iraq, it is impressive that the mission-capable rates of ground vehicles such as the Abrams tank and the Humvee have been maintained at 90 percent in the war zone, and the mission-capable rate for helicopters is a respectable 77 percent. But this high state of readiness is being bought at a high price. The equipment in Iraq is being run down rapidly, and reserve equipment in the United States is being transferred to deploying units so extensively that nondeploying National Guard units have virtually no night-vision goggles, up-armored Humvees, or equipment to detect chemical agents.<sup>58</sup> Simply put, the army is cutting resources to nondeployed forces to make sure frontline troops stay at the highest combat readiness.<sup>59</sup>

A report released in August 2006 by the Lexington Institute and the Center for American Progress said the Marine Corps

needs \$12 billion to bring its ground, communications, and aircraft equipment back up to their prewar levels. The service must also spend \$5 billion for equipment repairs each year it maintains a major presence in Iraq. Before the war started, marine officials spent about \$3 billion annually on refurbishing equipment that was twenty years old in many cases.<sup>60</sup>

An October 2005 GAO report assessing the conditions of thirty selected equipment items also found that reported readiness rates declined between FY 1999 and FY 2004 for most of these items. The decline in readiness, which occurred more markedly in FY 2003 and FY 2004, generally resulted from (1) the continued high use of equipment to support current operations and (2) maintenance issues caused by the advancing ages and complexity of the systems. Key equipment items—such as army and marine trucks, combat vehicles, and rotary-wing aircraft—have been used well beyond normal peacetime deployment rates.<sup>61</sup> Moreover, a June 26 memorandum<sup>62</sup> circulated on Capitol Hill by Representative Joel Hefley (R-Colo.), a House Armed Services Readiness Subcommittee chairman, raised concerns that army units training at home are so short on equipment and personnel that they are unready if needed urgently for Iraq, Afghanistan, or potentially any other crisis that may emerge domestically or abroad. The document suggested that the army had already deployed units to Iraq and Afghanistan that were officially rated at the lowest (category-3 and category-4), levels of readiness.<sup>63</sup>

And Iraq is not the only theater where equipment stocks are a problem. In 2005, it was assessed that critical U.S. military war stocks in South Korea have fallen into such significant disrepair that this problem will slow a U.S. ground response to possible North Korean hostilities or any other Pacific conflict.<sup>64</sup>

The war in Iraq has also badly depleted the National Guard's domestic store of vehicles, weapons, and communications gear, leaving units with one-third of the equipment needed to meet requirements for homeland security, its primary mission. Equipment taken to Iraq by National Guard units is being worn out, blown up, lent to U.S. forces rotating in-country, or given away to newly mustered Iraqi units. One result is that the guard is lean on equipment that might be needed in the aftermath of a major storm.<sup>65</sup> At the beginning of the hurricane season in 2006, Florida's National Guard officials estimated that the state units were as much as \$50 million short of needed supplies—mainly because the state's guard members had been ordered to leave their equipment behind in Iraq and Afghanistan after their deployments.<sup>66</sup> This cannibalization of guard units has happened previously, in the 1960s during the Vietnam War.

In July 2006, Lieutenant General H. Steven Blum, the chief of the National Guard Bureau, testified to Congress that more than two-thirds of the Army National Guard's thirty-four brigades were not combat ready, largely because of vast equipment shortfalls that would take as much as \$21 billion

to correct. His comments came after disclosures that two-thirds of the active army's brigades were not rated ready for war.<sup>67</sup> And September 2006 testimony by a GAO official before Congress said that Army National Guard units have less than one-third of their repaired equipment and that Army Reserve units have about half the modern equipment they need to deploy.<sup>68</sup>

On August 1, the National Security Advisory Group, a team of defense and national-security experts chaired by former secretary of defense William J. Perry, sent a letter to Democratic Party leaders noting that not a single nondeployed army brigade combat team in the United States is ready to deploy. The group said, "The bottom line is that our Army currently has no ready, strategic reserve. Not since the Vietnam era and its aftermath has the Army's readiness been so degraded."<sup>69</sup>

### **Deployments in Iraq and Afghanistan Have Stretched the Military**

Aside from the costs, the military is already overextended just in terms of the number of troops it has deployed. A CBO report issued in October 2005 noted that overall the total level of land forces deployed to Iraq and Afghanistan averaged about 175,000 to 200,000 personnel in 2005 and 2006. Those levels of force are well above what CBO considers sustainable over the long term.<sup>70</sup> For example, as of January 2006, nearly all of

the available combat units in the U.S. Army, Army National Guard, and Marine Corps have been used in current operations. Every available combat brigade from the active-duty army has already been to Afghanistan or Iraq at least once for a twelve-month tour. Many are now in their second or third tours of duty. Approximately 95 percent of the Army National Guard's combat battalions and special operations units have been mobilized since 9/11. Short of full mobilization or a new presidential declaration of a national emergency, little available combat capacity remains in the Army National Guard. Moreover, all active-duty Marine Corps units are being used on a "tight" rotation schedule—seven months deployed, less than a year home to reset, and then another seven months deployed—and all of marine reserve combat units have been mobilized.<sup>71</sup>

Senior army and marine officers have begun warning that unless there is a troop reduction in Iraq, the present schedule of combat tours will be difficult to sustain without an increase in the number of forces. The concerns have reached such a level that top army leaders have broached the subject of changing deployment rules to allow for more frequent call-ups of National Guard and reserve units to relieve pressure on the active-duty army. But because the army relied heavily on the guard and reserve early in the war, many units have hit legal deployment limits, which allow for two years overseas out of every five. Without a change in these rules to allow more frequent guard deployments, the army will be forced to consider a push for an

expansion of its active-duty force, which now stands at 504,000.<sup>72</sup>

Restrictions on the use of the guard are a matter of interpretation. Guard officials have said that under President Bush's current mobilization order, its members may not be called up if they have served for twenty-four consecutive months. But a conflicting DOD policy interprets the order as limiting the call-up of those who have tallied twenty-four months of total service, regardless of the length of time served consecutively. The latter view puts more guard members off-limits for remobilization without a new order from the president.<sup>73</sup>

Even if just spending more money would solve the readiness problem, a larger problem still exists. Military and Pentagon officials have previously hinted that they hoped U.S. troop deployments in Iraq would drop to 100,000 by the end of 2006. However, it is not possible to keep the current number of troops deployed in Iraq (or anywhere else) indefinitely. The ones in Iraq and elsewhere must eventually be relieved by fresh troops because excessively long or too frequent periods of time away from home create the risk that soldiers will decide against a military career. For a professional volunteer military force to be able to retain soldiers over time, the rule of thumb for active-duty units is a three-to-one rotation ratio (meaning three units are needed to keep one unit fielded). Therefore, keeping 135,000 troops in Iraq requires an additional 270,000 for rotation, or a total of 405,000 soldiers. This number is precariously close to the total size of the active-duty army, about

500,000 troops. Moreover, the U.S. Army has another 64,000 troops deployed elsewhere overseas that require a total of 192,000 troops to sustain it. So according to the math, the army is about 100,000 soldiers shy of being able to keep up the current deployments.<sup>74</sup>

Another report on the Iraq War commissioned by the Pentagon from Andrew F. Krepinevich, a retired army officer who is the director of the Center for Strategic and Budgetary Assessments, said defense officials risk “breaking the force” if current troop levels are maintained in Afghanistan and Iraq without increasing the size of the army or slowing the pace of deployments. Krepinevich suggested that the army did not have enough combat brigades to sustain its twelve-month rotations for Iraq and Afghanistan.<sup>75</sup>

Another factor causing rising costs is congressionally mandated benefits. Since 9/11, Congress has approved military reenlistment bonuses that can reach as high as \$90,000 as well as overall compensation packages worth an average of more than \$100,000 annually for active-duty personnel. These incentives, needed to recruit troops into the military during an unpopular war, are contributing to out-of-control military spending. Adding fuel to the fire, the 2006 National Defense Authorization Act provides for a doubling of army enlistment bonuses to \$40,000 for active-duty personnel and \$20,000 for reserves, as well as a boost in the maximum reenlistment benefit offered to personnel in hard-to-fill positions, from \$60,000 to \$90,000. The army currently offers a top reenlistment bonus of \$40,000, according to

an army spokesperson.<sup>76</sup>

In discussing the total value of military compensation packages, including pay, health care, bonuses, and retirement benefits, Comptroller General David M. Walker cited a January 2006 GAO report that pegged the average compensation for active-duty enlisted personnel and officers \$112,000. More than half of this compensation takes the form of health care and other benefits. This amounts to about double the average for civilian pay, Walker said.

Another January 2006 study, this time by the RAND Corporation, found that nearly three-fourths of military reservists called to serve in Afghanistan and Iraq are taking home more money on duty than in their civilian jobs. In many cases, the troops earn a higher gross salary in civilian life. But when the federal tax exemption and other allowances approved by Congress for troops in combat are factored in, soldiers in combat are about 72 percent better off than in civilian life. The RAND study, which the Pentagon funded, showed an average benefit of 25 percent above civilian pay, about \$10,000 a year.<sup>77</sup>

The total cost of active-duty compensation increased by 29 percent between 2000 and 2004, from \$123 billion to \$158 billion, according to the RAND report. Health-care costs were a major driver of this change, increasing 69 percent over the period, the report said.

In addition, the Pentagon is shouldering the ongoing expenses of two late-Clinton-era initiatives. One of these initiatives reversed a 1986 cost-saving decision to cut the percent-

age of base pay received by retired military personnel after twenty years of service to 40 percent from the traditional 50 percent. This reversal not only saddled the Pentagon with higher retirement costs for current and future personnel, but also mandated retroactive retirement payments to cover the 10 percent difference over the previous thirteen years.<sup>78</sup> The other initiative, Tricare for Life, guarantees all retired Medicare-eligible military personnel the right to continue receiving Pentagon-subsidized health care and prescription drug coverage. This program is part of the reason why military health-care costs rose from \$19 billion in 2001 to almost \$42 billion in 2006.<sup>79</sup>

Moreover, in 2003, the Pentagon lost the ability to lean on the Department of Veterans Affairs (VA) to help offset the cost of military retirement packages. The Pentagon previously saved money by reducing retirement pay for disabled military members who also received a VA disability pension. Allowing disabled retirees to “double dip” costs the Pentagon and taxpayers \$1.8 billion to \$5 billion per year.<sup>80</sup>

These facts are bad enough, but it turns out that the fiscal situation is even worse than previously thought. A September 2006 GAO report found that the government used pre-war data to estimate the cost of caring for veterans from Iraq and Afghanistan, contributing to a \$3 billion budget shortfall at the VA since 2005.<sup>81</sup>

## Wars Are Creating Personnel Challenges

In terms of dealing with critical military personnel issues, the QDR fails. A July 2006 report from the CSIS said:

The US experience in Iraq has, however, raised serious questions about the adequacy of the total pool of active and reserve US military personnel. For decades, US strategy has talked about how many wars US forces should be able to fight at or near the same time. In the process, the US has gone from 2.5 theater wars to two major regional contingencies. Now, according to the 2006 QDR, [the United States] is supposed to size its forces for two wars of undefined character, size, intensity, and duration that may include irregular long wars and conventional campaigns. There is a new emphasis on asymmetric warfare, but no indication that the US will need less military capability.<sup>82</sup>

In addition, Frederick Kagan, a military historian and resident scholar at the American Enterprise Institute, writing in the July–August 2006 issue of *Foreign Affairs*, noted that although the administration has permitted the army to maintain nearly 30,000 extra soldiers in its ranks for the past several years, the president’s budget for 2007 requires the army to shed those additional troops. And the ground forces proposed both in that budget and in the QDR would support a long-term

deployment of approximately only eighteen brigade teams (each comprising around 3,500 troops). At the height of the campaigns in Iraq and Afghanistan in 2003, by contrast, the United States had more than twenty brigade teams deployed to combat zones, and even they were not enough to pacify and rebuild those countries.<sup>83</sup> Thus, U.S. ground forces are unlikely to be able effectively to undertake this questionable mission.

Bear in mind that army transformation advocates talk at great length about the plan, called “modularization,” to expand the number of army and reserve brigades from sixty-six to seventy-seven and to make these “brigade combat teams,” no longer divisions, the primary level of command to fight twenty-first-century warfare. But they talk less about how this plan will shrink the army’s actual combat forces. Their apparent goal is to be achieved by reducing the number of ground combat maneuver battalions in each brigade, now generally three, to two in most new formations. Thus, although the number of brigade headquarters will increase by 11.5 percent (from 66 to 77), the number of actual combat units in the form of maneuver battalions will decrease from 201 to 161, or by 20 percent.<sup>84</sup>

The question is, why does the Pentagon continue to resist adding troops to the army, even when Congress has authorized the army to increase its active and reserve force by 50,000? According to former assistant secretary of defense Lawrence J. Korb, the real reason is that it would cost money. In this budget-constrained environment, adding

troops to the army would force the Pentagon to cancel cherished programs such as the F/A 22 or the DD(X) destroyer, which deal only with threats from a bygone era, to slow down the deployment of the untested national missile defense system, and to reduce the number of strategic nuclear weapons significantly.<sup>85</sup>

The army has embarked on a six-year plan to boost its combat power by 40,000 troops while reducing the number of noncombat jobs—essentially giving the nation more forces to deploy without a costly increase in the active-duty army’s authorized strength of 482,000. But this plan is based on two key conditions that remain far from certain: (1) that no major new demand will arise for U.S. soldiers at home or abroad, and (2) that the army will be able to recruit between 75,000 and 80,000 new soldiers each year through 2011—a target the service missed in FY 2006, when only 73,400 signed up.<sup>86</sup>

In 2005, Secretary of the Army Francis J. Harvey stated that the army can sustain current troop levels in Iraq and Afghanistan, even as it builds additional combat brigades, without personnel increases beyond the 30,000 already approved by Congress. He noted that the number of active-duty personnel is scheduled to peak at 512,400 in 2007 before dropping back to 482,400 from 2008 to 2011. Thus, he said, the number of people within the “operational” part of the army—troops who can deploy to plan, command, and carry out missions—will grow to 355,000 by 2007, from 315,000 in 2004.

This increase in troops would be accomplished through a variety of new personnel

policies, including trimming the institutional and administrative branches to 75,000 people between 2008 and 2011, down from 104,000 in 2004. Harvey also described a plan to reduce the number of people assigned at any one time to training slots, from 63,400 in 2004 to 52,400 by 2011.

In this regard, Joe Galloway, the senior military correspondent for the Knight Ridder news organization, noted:

Now Secretary Harvey has laid out how, without increasing the Army's strength, he'll beef up what he calls "the operational Army," the Army that kills people and blows things up, without increasing the long-term permanent strength of the Army by even one soldier above the hopelessly low total of 482,400.

It's a brilliant capitalist stroke worthy of a cold-blooded CEO. We'll hire civilians who like to be paid low civil service wages to replace military people who treat and nurse the wounded coming home from Iraq; replace those who handle payroll issues for other soldiers; replace those who do a thousand miserable jobs well because they know that what they do is important to other soldiers. Then we can ship the "savings" off to Iraq or some other pre-emptive war.

Another part of the plan calls for shutting down some of the Army schoolhouses and shifting more than 11,000 of those who educate and train soldiers to more lethal jobs. It seems

somewhat counterintuitive to reduce training at the same time that we begin to fill the ranks with the less fortunate or just plain unlucky.<sup>87</sup>

Among the people who are enlisting, though it tends not to get talked about, are those from that slice of life that can be politely called economically disadvantaged.<sup>88</sup> Enlisted men and women tend to come from households earning between \$32,000 and \$33,500, according to a 1999 DOD study. (The median American income is \$43,300.)<sup>89</sup> One recruiter candidly noted, "We have the most success in schools that have low college placement and low graduation rates.... That's just a fact."<sup>90</sup>

Nevertheless, a November 2005 GAO report found that DOD faces a significant challenge in recruiting and retaining hundreds of thousands of new servicemembers each year, not only to meet annual legislatively mandated aggregate personnel levels, but also to meet authorized personnel requirements within its hundreds of occupational specialties. To further complicate an already challenging recruiting environment, DOD reported that more than half of today's youth between the ages of sixteen and twenty-one are not qualified to serve in the military because they fail to meet the military's entry standards for education, aptitude, health, moral character, or other requirements.<sup>91</sup> Furthermore, parents, teachers, and other influencers have been less inclined to encourage young people to join the military.

But Harvey's projections also included a number of assumptions, the most important being that the army will not be assigned

any significant new missions beyond those it is carrying today. In addition, the personnel plans assumed that the number of National Guard and Army Reserve personnel mobilized to join active-duty forces, now about 129,000, would remain at that level at least through 2007.<sup>92</sup> That assumption is now passé. Currently, the number has dropped to below 100,000.

Ironically, about the same time Harvey was announcing his “operational army” plan, the newest recruiting figures were released, showing an army recruiting shortfall of more than 6,700 active-duty soldiers, which set back his plan. The army brought in nearly 73,300 active-duty recruits in FY 2006—about 1,000 fewer than the annual average over the past ten years and well short of the 80,000 needed to generate the planned temporary boost in army strength.<sup>93</sup> The army has also placed particular emphasis on recruiting Hispanics. Its efforts have become so aggressive, however, that a counter-recruitment movement has emerged.<sup>94</sup>

Furthermore, in another sign of strain, seventy-three soldiers in a special reserve program defied orders to appear for wartime duty, some for more than a year, yet the army chose not to act against them. The soldiers are part of the IRR, a pool of about 110,000 inactive troops who still have contractual obligations to the military but are rarely summoned back to active duty. But an army stretched thin by the demands of war in Iraq and Afghanistan began a phased call-up of 6,545 of these soldiers in June 2004.<sup>95</sup> Subsequently, in November 2005, the army suspended

plans to expand the program.<sup>96</sup> Yet even after that the army continued sending mobilization orders to IRR members, saying they are part of the original involuntary mobilization authorized in 2004 and that the army will keep on issuing such orders until it has successfully deployed 5,600 active-duty soldiers from the ranks of the IRR.<sup>97</sup>

As for the Marine Corps, in August 2006 it was announced that the corps had begun calling up its last line of reservists, men and women so removed from active duty that they were no longer attached to a unit. Unless volunteers stepped forward, the Marine Corps said it would issue orders requiring up to 2,500 such troops to report for training, a rare move that analysts regarded as a sign that the U.S. engagement in Iraq is far from winding down.<sup>98</sup> Although obligated to serve if called, these reservists had expected that their days in uniform were behind them.

Another way in which the military hangs onto its personnel is in a sense to keep them prisoner. Admittedly, the term *prisoner* is an exaggeration, but what does one call a situation in which a soldier has completed his or her military obligation and the Pentagon refuses to discharge him or her? The Pentagon calls it *stop-loss*. The policy applies to soldiers in units due to deploy for the Iraq and Afghanistan wars. The army says the stop-loss is vital to maintain units that are cohesive and ready to fight. By the end of January 2006, the U.S. Army had forced about 50,000 soldiers to continue serving under “stop-loss” after their voluntary stints had ended. Some dispute the policy’s fairness, but court chal-

lenges have fallen flat.<sup>99</sup> As of August 2006, it was reported that such policies were freezing more than 10,000 army soldiers in the service indefinitely.<sup>100</sup>

But perhaps the most jaw-dropping indicator of the stress on U.S. forces was the idea to create an American Foreign Legion. In July 2006, testifying before the Senate Armed Services Committee, Undersecretary of Defense for Personnel and Readiness David S. C. Chu listed a series of inducements currently offered to get foreigners to risk life and limb for Uncle Sam. They included “President Bush’s executive order allowing non-citizens to apply for citizenship after only one day of active-duty military service,” a streamlined application process for service members, and the elimination of “all application fees for non-citizens in the military.”

Although noting that approximately 40,000 noncitizens are already serving in the U.S. Armed Forces, Chu offered his own solution to the immigration crisis. With the services denied the possibility of a draft, he made a pitch for creating a true foreign legion from a group “potentially interested in military service,” the “estimated 50,000 to 65,000 undocumented alien young adults who entered the U.S. at an early age.” Chu then talked up legislation such as the 2003 DREAM Act, that would give undocumented workers the opportunity, among other options, to join the military as a means to achieve conditional permanent resident status.<sup>101</sup>

Recruiting and keeping personnel in specific military specialties is also a challenge. A November 2005 GAO report showed that

the army, National Guard, and marines had signed up only one-third of the special forces soldiers, intelligence specialists, and translators that they had aimed for over the past year. The report found that, in all, the military had failed to fully staff 41 percent of its array of combat and noncombat specialties. GAO officials said that some of the critical shortfalls were masked by the overfilling of other positions in an effort to reach overall recruiting goals. As a result, the GAO report questioned whether the Pentagon had given Congress an accurate picture of the military’s ability to maintain the force it needs for Iraq and Afghanistan.<sup>102</sup>

At the start of FY 2006, the DOD did open its new recruiting year with good news, announcing that the army had met its goal for October 2005, the first month of the new fiscal year. But officials also said that the army had lowered its October recruiting goal by about one-third from the prior year’s goal. Army officials noted that they had recruited 4,925 soldiers into active duty, exceeding the new monthly goal of 4,700. In October 2004, the army had slightly exceeded its then goal of 6,935.<sup>103</sup> To make up the difference, it looked to sign up more recruits later: in July 2006 it sought to bring in 7,450 soldiers; for July 2007 it is seeking 10,450, an extra 3,000. Backloading the recruiting calendar prevents the Pentagon from having to explain missed quotas throughout the year. Perhaps most important, it also allows time for events on the ground in Iraq to change.<sup>104</sup> Furthermore, in early 2006, the army said it would increase the age limit for active-duty enlistees from

thirty-four to thirty-nine.<sup>105</sup> Then in June, just five months later, it raised the enlistment age limit to just under forty-two.<sup>106</sup> Despite all these efforts, the overall trend has been dismaying. Consider the numbers given in table I.

Just who is declining the opportunity to “be all they can be”? Minorities, for one. African American enlistments, for decades a sure thing, have declined about 40 percent since 2000. Five years ago nearly one in four recruits was black, according to the Army Recruiting Command at Fort Knox, Kentucky. In FY 2005, however, the number of black enlistees fell to about one in seven.<sup>107</sup>

In response, released Pentagon demographic data show that the military is leaning heavily for recruits on economically depressed, rural areas where youths’ need for jobs may outweigh the risks of going to war. More than 44 percent of U.S. military

recruits come from rural areas, Pentagon figures show. In contrast, 14 percent come from major cities. Youths living in the most sparsely populated zip codes are 22 percent more likely to join the army, with an opposite trend in cities.<sup>108</sup>

Nor are lower numbers just a problem in the enlisted ranks. The commissioned officer corps has been experiencing difficulties also. In November 2005, *USA Today* reported that the army was offering a series of new incentives to young officers to stem a rising exodus of West Point and Reserve Officers’ Training Corps (ROTC) scholarship grads in 2005 and 2006. After the September 11, 2001, terrorist attacks, the number of lieutenants and captains leaving had dropped, but now it has increased almost to pre-9/11 levels because of mounting concerns about repeat tours of duty in Iraq and Afghanistan.

Among the new incentives that the army

TABLE I Recruiting and Retention<sup>109</sup>

Number of recruits by which the army missed its fiscal year 2005 recruiting goal of 80,000:	6,627
Number of the six reserve components that fell short of their fiscal year 2005 recruiting goals:	4
Total number of recruits by which the six reserve components fell short of their cumulative fiscal year 2005 recruiting goal:	18,864
Year in which the army last experienced a recruiting shortfall as large as the fiscal year 2005 shortfall:	1979
Approximate number of troops the Army currently is short (in junior ranks):	18,000
Approximate number of troops the Army is expected to be short (in junior ranks) by the end of fiscal year 2006:	30,000
Percent of army enlisted special operations personnel leaving in 2003:	6
Percent of army enlisted special operations personnel leaving the force in 2004:	13
Shortage of captains, who serve as unit-level leaders, in the army reserve:	52
Percentage change in national enrollment for the army Reserve Officers’ Training Corps (ROTC) since 2002:	-14
Maximum enlistment age for the U.S. Army in December 2005:	35
Maximum enlistment age for the U.S. Army today:	42

now offers to try and keep young officers are:

- Offering free graduate school to an additional two hundred young officers now serving and to six hundred future officers beginning in 2010 if they agree to stay past their initial hitches;
- Allowing some young officers to choose where they will be assigned and what job they will have if they agree to remain three years beyond their first commitment;
- Asking Congress to approve cash bonuses for officers who stay past their initial stint;
- Cutting the time it takes to get promoted to captain and major.<sup>110</sup>

Young army officers, including growing numbers of captains who leave as soon as their initial commitment is fulfilled, are bailing out of active-duty service at rates that have alarmed senior officers. In 2005, more than one-third of the West Point class of 2000 left active duty at the earliest possible moment after completing their five-year obligation. Mirroring the problem among West Pointers, graduates of ROTC programs at universities also are increasingly leaving the service at the end of the four-year stint in uniform that follows their commissioning.<sup>111</sup>

In December 2005, the army disclosed that almost two-thirds of the army officers in a special reserve program were allowed to resign rather than go to war. That option has not been granted to enlisted soldiers who also have been called back to duty from the ready reserve. The possible repercussions for them if

they do not report range from receiving less-than-honorable discharges to being declared AWOL or deserters.<sup>112</sup>

The army has another incentive for both former enlisted and officers: they can reenter at their former rank if they have not been out of the service for more than four years, and they are eligible for a signing bonus of up to \$19,000.<sup>113</sup> Despite these incentives, the army has struggled to retain enough officers to lead its forces and has begun dramatically to increase the number of soldiers it promotes, raising fears within the service that wartime strains are diluting the quality of the officer corps. In 2005, the army promoted 97 percent of all eligible captains to the rank of major. That was up from a historical average of 70 percent to 80 percent. The army has traditionally used the step to major as a winnowing point to push lower-performing soldiers out of the military.<sup>114</sup> The problems inherent in this policy are highlighted in a July 2006 Congressional Research Service report: “The Army ... estimates that annual shortages in excess of 3,000 officers will persist through FY2013 unless accessions (the number of new lieutenants brought to active duty annually) can be increased and retention can be improved. It presently takes 10 years to ‘grow’ a major (from lieutenant to promotion to major), and 14 years if that major is an academy or ROTC graduate. Therefore, the projected shortage appears to be a significant long-term challenge especially as the Army continues to transform and maintain a significant role in fighting the Global War on Terror.”<sup>115</sup>

Nor is this problem confined to the active force. The guard and reserves also have difficulties. In fact, the Army National Guard, battling a falloff in recruiting, is offering troops a finder's fee for lining up new soldiers. The Guard Recruiter Assistant Program offers National Guard members \$1,000 for enlisting a recruit and another \$1,000 when the prospect shows up for basic training.<sup>116</sup>

Furthermore, numbers are only part of the problem. Equally important is quality—something that is proving more difficult to get. In October 2005, Army Secretary Harvey told reporters that he would begin accepting more people who score in the bottom third on the military's aptitude test, known as Category IV recruits. What Harvey did not say was that the army had already done that. Recruiting figures released during that time showed that about 4 percent—or roughly 2,900 of the 73,000 recruits—had scored at the bottom of the army's test. In 2004, the army had accepted just 440 soldiers from the lowest category, or about 0.6 percent of 70,000 recruits. Army rules then allowed the service to accept up to 2 percent of low scorers. Since the 1980s, the DOD has mandated that no more than 2 percent of incoming recruits each year may score below thirty out of ninety-nine on the army's aptitude test. By doubling that percentage to 4, the army will bring in more low scorers than at any time since 1989, according to army records.<sup>117</sup> News reports indicate that by the time FY 2007 has ended, the army will have enlisted 3,200 Category IV recruits, amounting to 4 percent of the 80,000 volunteers the army will enroll in this

year.<sup>118</sup> If these recruits are added to the 2,900 who signed up in 2005, it means that for the next three years the army will field two brigades' worth of soldiers who finished in the bottom 30 percent of all those taking the test. This prospect is not good, considering that fighting the counterinsurgency operations in Iraq, Afghanistan, and elsewhere requires bright soldiers. Things may get worse. Federal law allows the military to take up to 20 percent from the lowest category annually.<sup>119</sup> Low scores are hardly the most embarrassing aspect of the situation, however. Writing in *Slate* in October 2005, Fred Kaplan reported that recruiters, having failed to meet their enlistment targets, were authorized to pursue high school dropouts. He has also noted that the number of Category IV recruits was starting to skyrocket.<sup>120</sup> In October 2005, 12 percent of active-duty recruits were Category IV. November was another disastrous month; army officials will not even say how many Category IV applicants they then took in, except to acknowledge that the percentage was in the "double digits."

It is worth noting that the army has been down this road previously. During the Vietnam War, Defense Secretary Robert S. McNamara created Project 100,000, a program intended to help the approximately 300,000 men who annually failed the Armed Forces Qualification Test for reasons of aptitude. Research conducted in the late 1980s revealed that across the armed services, Project 100,000 recruits were reassigned at rates up to eleven times greater than their peers.<sup>121</sup>

There's even more bad news on the

recruitment front: the army is now granting “waivers” to an increasingly high percentage of recruits with criminal records—and trying to hide it. The use of a little-known, but increasingly important, escape clause known as a *waiver* is another means by which the military is attempting to meet recruiting targets. Generally approved at the Pentagon, waivers allow recruiters to sign up men and women who otherwise would be ineligible for service because of legal convictions, medical problems, or other reasons preventing them from meeting minimum standards. According to a February 2006 article in *Salon*, the army said that 17 percent (21,880 new soldiers) of its 2005 recruits were admitted under waivers. Put another way, more soldiers than are in an entire infantry division entered the army in 2005 without meeting normal standards. This use of waivers represents a 42 percent increase since the pre-Iraq War year of 2000. In fact, the article continued, even the already high rate of 17 percent underestimates the use of waivers because “the Pentagon combined the army’s figures with the lower ones for reserve forces to dilute the apparent percentage. Equally significant is the army’s currently liberal use of ‘moral waivers,’ which are issued to recruits who have committed what are loosely defined as criminal offenses. Officially, the Pentagon states that most waivers issued on moral grounds are for minor infractions like traffic tickets.”<sup>122</sup> Yet documents show that many of the offenses are more serious and include drunken driving and domestic abuse. In 2005, 37 percent of the army’s waivers (about 8,000 soldiers) were granted based on

moral grounds. Like waivers as a whole, these waivers are proliferating; they are 32 percent higher than in the prewar year of 2000. “As a result, the odds are going up that the soldiers fighting and taking the casualties in Iraq entered the army with a criminal record,” the article concluded.

There also was a significant increase in the number of recruits with what the army terms “serious criminal misconduct” in their background. This category includes committing aggravated assault, robbery, or vehicular manslaughter; receiving stolen property; and making terrorist threats. In 2005, the number of recruits in the category increased to 630, up from 408 in 2004, reversing at least a four-year trend in which the number of recruits with serious criminal misconduct in their background had declined, according to army statistics.<sup>123</sup>

Similarly, in late 2005, a key drug test for recent use of marijuana was softened. About the same time, a high school equivalency program was put in place for high school dropouts. And that spring, a ban on childhood asthmatics was removed. But perhaps the most significant revision was a loophole that allowed recruits who are too heavy to meet weight or body fat limits to take the fitness test anyway.<sup>124</sup> Those who think that worrying about high school diplomas and criminal records is much ado about nothing should remember that on the last day of January 2005, Steven D. Green, the former army private accused of raping a fourteen-year-old Iraqi girl and murdering her family, sat in a Texas jail on alcohol-possession charges. He

was an unemployed, nineteen-year-old high school dropout who had just racked up his third misdemeanor conviction. Green had received a moral waiver.<sup>125</sup> A link between preservice behavior and criminal acts while in the military should come as no surprise to Pentagon officials. A 2003 study done for the deputy assistant secretary of defense for military personnel policy found that “[a] number of research studies have been conducted to isolate factors associated with destructive behavior by military personnel. Two areas of concern have been identified: (1) lack of effective prescreening procedures to identify military entrants with criminal records and other behavioral adjustment problems, and (2) inadequate management practices that have allowed the retention on active duty of military personnel who have shown a pattern of substandard behavior. As a result, a number of individuals are in positions where destructive acts could have the most serious consequences.”<sup>126</sup> With the advantage of hindsight, the army is at least partly responsible for the dilemma it faces. In May 2005, it released a directive that attempted to alleviate its personnel crunch by retaining soldiers who were earmarked for early discharge during their first term of enlistment because of alcohol or drug abuse, unsatisfactory performance, or obesity, among other reasons. By retaining these soldiers, the army lowered the quality of its force and placed a heavy burden on commanders who have to take the poor performers into harm’s way.<sup>127</sup>

The military’s actions, although deplorable, are at least understandable. All the ser-

vices are competing for recruits in a very small pool. The Pentagon reported in July 2006 that 72 percent of young adults are ineligible for service because they are physically unfit, drug users, or otherwise unsuitable for duty. As a consequence, recruiters for the service branches, along with the Federal Bureau of Investigation and other federal agencies, target the same 28 percent of eligible candidates. Furthermore, the lack of desirable recruits, many of whom are in college, makes it necessary for the services to cling to those already in uniform, and strategies must be developed to “nurture” them until retirement age to save on training costs—which means offering them increased benefits to keep them in the service.<sup>128</sup>

The army has also contacted nearly 78,000 prior-service soldiers, sailors, airmen, and marines, including about 7,000 former officers, to see if they might be interested in returning to active duty in the army.<sup>129</sup>

In addition, retention is a problem. The army exceeded its goals for keeping soldiers in FY 2005 with the help of bonuses. That year it paid out approximately \$505 million in reenlistment bonuses, almost five times the \$102 million spent in 2003. Yet it still missed its retention goals for the first two months of FY 2006.<sup>130</sup>

The overall increased pace and workload for soldiers is also taking its toll. A RAND study found that the biggest gripes of active-duty troops are long days and greater work load, not the personal danger they face in Iraq and Afghanistan.<sup>131</sup> Why are Iraq and Afghanistan so stressful for American ground

forces? As Fred Kaplan wrote in January 2006,

Lawrence Korb, who was assistant secretary of defense for manpower and reserve affairs in the Reagan administration, states the issue baldly: “We cannot fight a long, sustained war without a larger ground force.”

The claim may seem strange, until you peel apart the numbers. Of the Army’s one million soldiers, fewer than 400,000 are combat troops (the rest are support personnel). Only about 150,000 of those combat troops are on active duty; the rest are in the National Guard and Reserves.

Then there is the matter of rotation. Combat units, at least in an all-volunteer force, cannot be deployed for much longer than a year.... Therefore, to sustain one active brigade (about 3,500 troops) in a war zone, one or two additional brigades must be ready to replace it.<sup>132</sup>

## Defense Pork

If the military budget is supposed to be a reflection of the QDR’s vision of transformation, then the QDR is a failure. The \$439.3 billion defense budget request for FY 2007 is a 4.8 percent real (inflation-adjusted) increase over the previous year and includes \$84.2 billion in weapons purchases, up 8 percent in

real terms from the 2006 request. As noted earlier, to pay for equipment, the military is offering up cuts in personnel.<sup>133</sup>

Stuffing the military budget with unnecessary projects is a very old story but a sad one nevertheless. A preliminary analysis by Taxpayers for Common Sense found that the FY 2006 Department of Defense Appropriations bill has exceeded the parochial and politically motivated earmarks worth \$12.2 billion in the 2005 bill, both record highs.<sup>134</sup> (An earmark is defined narrowly as an allocation of funds at a level of specificity below the normal line-item level.)

The *2006 Pig Book*, an annual compilation of the pork-barrel projects in the federal budget, produced by Citizens Against Government Waste, also found some choice items. In looking at the FY 2006 Defense Appropriations bill, it noted that from FY 2005 to FY 2006, the number of pork-barrel projects jumped 8 percent, from 2,606 to 2,822, and the total project cost went up 17 percent, from \$12.7 billion to \$14.9 billion.<sup>135</sup>

Furthermore, a January 2006 Congressional Research Service report found that the number of congressional earmarks in the Defense Appropriations bill appears to have grown significantly between FY 1994 and FY 2005: from about 587 in FY 1994 to 644 in FY 1998; 997 in FY 2000; 1,409 in FY 2002; 2,208 in FY 2004; and 2,506 in FY 2005. The amount of money earmarked in this way also grew: from approximately \$4.2 billion in FY 1994 to \$4.4 billion in FY 1998, \$6.1 billion in FY 2000, \$7.2 billion in FY 2002, \$8.5 billion in FY 2004, and \$9.0 billion in FY 2005. The amounts earmarked by this definition

climbed from about 1.8 percent of the total money in each bill in FY 1994 and FY 1998 to about 2.3 percent in FYs 2000, 2002, 2004, and 2005.<sup>136</sup>

Indeed, even while blindfolded, one could virtually throw a dart at the military appropriations bill and still hit a pork earmark. Veteran military analyst Winslow T. Wheeler wrote in January 2006 that to conduct the suggested exercise of a random page flip to find pork in the research-and-development title of the legislation, one might go to any page between 335 and 451.<sup>137</sup> However, none of this amazing increase seems to faze members of Congress. The FY 2007 Defense Authorization Act, which Congress passed in September 2006, is reportedly packed with thousands of earmarks.<sup>138</sup>

Actually, the problem is even worse than just a larding of the military budget with unneeded and unwanted items. The real problem is that there is no process to identify what is good or bad. Wheeler explained it in this way: “The worst part of the pork process is that no one has established whether any specific earmark is junk or very much needed in even larger amounts.”<sup>139</sup> According to Wheeler, the solution to reducing earmarks is to impose due diligence on the spending process. In other words, each congressional earmark for additional spending in the defense budget should be the subject of the following:

[a]n estimate of the cost from the Congressional Budget Office (CBO); an evaluation by the Government Accountability Office (GAO), or

another reputable evaluation entity, on the effectiveness and appropriateness of the proposed spending; a written statement on the desirability of the earmark from the manager in DOD, whether civilian or military, who would oversee implementation of the project; detailed explanation in committee reports and conference reports of the nature of each earmark, its short and long term costs, and its worth as identified by GAO and CBO, together with the identity of any member of Congress seeking the earmark; and a requirement that any earmark that makes it through this process can only be awarded to a contractor after complete and open nation-wide contract competition.<sup>140</sup>

### **Fraud, Waste, and Abuse**

Instances of fraud, waste, and abuse are rife within the Pentagon. Examples range from the absurd to the surreal. In 2005, a retired Army Reserve officer complained to the Pentagon’s fraud hotline that the DOD had overpaid for kitchen appliances, shelling out \$1,000 for popcorn makers and toasters and \$5,500 for a deep-fat fryer that cost other government agencies \$1,919. Although he provided a four-page spreadsheet showing 135 cases of higher prices, the DOD dismissed his tip without checking up on his claims.<sup>141</sup>

Compounding all of the other problems mentioned so far is the obvious, though rarely

mentioned, fact that the Pentagon's accounting systems are broken. In 2005, Managing Director Gregory D. Kutz of the GAO told Congress that these DOD accounting problems would cost taxpayers approximately \$13 billion in 2005. Indeed, since the 1990s, the GAO has classified the Pentagon's accounting systems as "high risk."<sup>142</sup>

Indeed, the Pentagon's ignorance about its own financial management amazes even some of the most hawkish administration officials. For example, a November 2005 op-ed by former CBO director Dan Crippen noted, "As we approach the law's [the Chief Financial Officers Act of 1990] 15-year anniversary [the act was signed by President George H. W. Bush on November 15, 1990] the largest federal agency, the Department of Defense, has yet to undergo an independent financial audit. Indeed, the Department of Defense is the only federal agency required by the CFO act to be independently audited that has failed to do so."<sup>143</sup>

The Congressional Research Service has also said that confusing Pentagon accounting procedures and bookkeeping lapses have complicated the legislative branch's ability to track billions of dollars that have been spent on military contracts and operations.<sup>144</sup> Moreover, a July 2006 GAO report found that since 2001, the GAO had concerns about the reliability of DOD's reconstruction and training cost data. Through April 2006, the GAO wrote, "DOD has reported about \$273 billion in incremental costs for Global War on Terror (GWOT) related operations overseas—costs that would not otherwise have

been incurred." In addition, "DOD's reported GWOT costs for GWOT-related appropriated amounts differ generally because DOD's cost reporting does not capture some items, such as intelligence and Army modular force transformation." And DOD has not yet "used funding made available for multiple years, such as procurement and military construction."<sup>145</sup>

Even worse, the Pentagon's own business practices make effective weapons-cost management nearly impossible. A previous GAO study found that although the DOD's 729 managers oversee \$144 billion worth of weapon purchases and development each year, they have little real authority over the programs they manage. They are virtually powerless to keep costs down or development on schedule. The reasons include:

- Program managers are forced to fight one another annually for funding because Pentagon leaders habitually buy more than their budgets can pay for and refuse to set priorities. The funding struggles prompt managers to hide problems rather than solve them and to delay tests that might reveal deficiencies.
- Programs often go forward before critical technologies are known to work. The programs invariably fall far behind schedule and exceed budgets as managers labor to overcome technical glitches.
- Managers cannot veto the services' demands for ever-newer capabilities. Updating and upgrading ships, planes, and other weapons before construction is completed increase costs and prolong

development.<sup>146</sup>

Simply put, Pentagon management is incompetent. For example, every three months, the OMB rates federal agencies on five measures of governance. The Executive Branch Management Scorecard for March 2006 ranked the DOD “unsatisfactory,” the worst rating given, in three of five categories; in the other two categories, the best DOD could do was “mixed results.” Of the twenty-five agencies rated, only the VA did worse. Moreover, GAO has identified more areas of managerial concern in the Pentagon than in any other cabinet-level department in its “high-risk” series of reports.<sup>147</sup>

Ironically, on September 10, 2001, Defense Secretary Rumsfeld delivered a blistering attack on the Pentagon bureaucracy. He called for quicker decision making, greater accountability, and a streamlined process to get weapons into the hands of soldiers faster. In this speech, he compared the Pentagon to Soviet planning. “We must transform the way the department works and what it works on,” he said. “It could be said that it’s a matter of life and death ultimately, every American’s.” But after the 9/11 attacks, military spending jumped by hundreds of billions of dollars, as did waste and fraud.<sup>148</sup>

Nor is just weapons contracting a problem. In July 2006, the GAO reported, “In recent years, the Pentagon has increasingly relied on goods and services provided by the private sector under contract. Since fiscal year 2000, DOD’s contracting for goods and services has nearly doubled, and this trend is expected to continue. In fiscal year 2005

alone, DOD obligated nearly \$270 billion on contracts for goods and services.” The same report found that “DOD faces vulnerabilities to contracting, fraud, waste, and abuse due to weaknesses in five key areas: sustained senior leadership, capable acquisition workforce, adequate pricing, appropriate contracting approaches and techniques, and sufficient contract surveillance.”<sup>149</sup>

Significant cost overruns also affect thirty-six of the DOD’s major weapons systems, including key fighter jet, ship, and satellite programs, according to a Pentagon report released in April 2006. This report was the first review of major weapons programs since Congress tightened terms for calculating cost increases. The new law requires the Pentagon to compare current unit prices with original cost estimates and with more recent revised projections. The report, based on year-end figures, said that twenty-five programs—including three satellites, the army’s Future Combat System, and upgrades of the Bradley fighting vehicle and two helicopters—had cost increases of more than 50 percent from their initial estimates. Eleven programs—including the Joint Strike Fighter, the F/A-18 navy fighter, a new submarine, and two chemical demilitarization programs—now cost at least 30 percent more than their original estimates.<sup>150</sup>

When confronted with these realities, someone in the Pentagon usually claims the problem can be solved through acquisition reform. Such claims, however, have been made for decades, and very little has come from them.<sup>151</sup> In April 2006 testimony to

Congress, the head of the GAO said, “At this time, however, DoD is simply not positioned to deliver high quality products in a timely and cost-efficient fashion.”<sup>152</sup>

Sometimes the Pentagon resorts to budget tricks. Consider a comment by *Boston Globe* reporter Brian Bender on National Public Radio:

Well, I think there’s some evidence of a shell game, if you will. For example, there’s about \$4 or \$5 billion per year that the Army is spending on redesigning its frontline units to make them, as the Army says, more modular. But that’s a program that was in place long before the Iraq War. However, that chunk of money, this \$4 or \$5 billion a year, has been shifted into the special war budget and taken out of the annual budget. But yet at the same time, when the Pentagon puts out its tallies for how much it’s spending on the war, it doesn’t include that \$4 or \$5 billion per year. So it’s including it in the war budget but not counting it as part of the war cost.<sup>153</sup>

Estimating the actual cost of military spending is almost impossible, however. To get a sense of how arcane this art is, consider a CBO report released in April 2006.<sup>154</sup> It listed budget line items from 2001 to 2006, comparing the figures for each line as computed by the OMB and the CBO. It was a report only accountants and financial auditors could love, but it illustrated that the Pentagon bud-

get has grown so complex that even such specialized government auditors can vary by wide margins in their analysis of the same budget documents.

## What to Do about the High Cost of Defense

Many unneeded weapons systems can still be removed. A report from the Center for American Progress advocates cutting development and production of eight major weapons types: the F-22 fighter, the Virginia class submarine, the DD(X) destroyer, the V-22 Osprey, the C-130J transport aircraft, offensive space-based weaponry, further deployment of the U.S. national missile defense system, and “obsolete and unnecessary elements of the nuclear posture.”<sup>155</sup>

Congress might be more willing to cut weapon systems under development if it knew about problems with them that were uncovered during testing. But the Office of Operational Test and Evaluation—created by Congress, as a result of the procurement scandals in the Reagan administration, to review the performance of new weapons—has not publicly released an assessment in four years, raising concerns that the DOD’s commitment to oversight is dwindling at a time when weapons spending is on the rise. Although this office still prepares annual reports, none has been made public since 2002. Between 1998 and 2002, however, it issued dozens of reports on weapons under development for the various military branches.<sup>156</sup>

Of course, it is not just lack of knowledge that prevents Congress from cutting unnecessary weapons. Any honest appraisal of the problem has to recognize that members of Congress, in an effort to benefit their states and districts, are often just as guilty of lobbying for a system that is not wanted or needed. For example, in 2006 in an effort to save money, Gordon R. England, secretary of the navy at the time, proposed building a new \$3 billion destroyer in just one shipyard rather than at facilities in both Mississippi and Maine. He estimated the move could cut \$300 million from the cost of each ship. Congressional reaction was swift. Senators from the two states stalled England's promotion to deputy defense secretary. One Maine senator even used her seat on the Armed Services Committee to help push through legislation that blocked the idea.<sup>157</sup>

Months before the QDR was released in February 2006, it was reported that the Pentagon had decided to stick with having the capability of being able to fight two major conflicts at once, retaining the requirement that the Pentagon maintain active forces and reserves able to repel and occupy an enemy in one war and defeat a second enemy but not necessarily occupy the capital. Furthermore, it would endorse the current military strategy known as "1421." The first number represents defending the home front. The "four" is the ability to deter hostilities in four global regions. The "two" is the overriding requirement to defeat two enemies nearly simultaneously. The final "one" means the capability of decisively defeating one of those enemies and

occupying the country if necessary.<sup>158</sup>

As tremendous as the Pentagon's budgetary ambitions are, they are exceeded both by the U.S. strategy and by the forces needed for implementing this strategy. In other words, strategy exceeds forces programmed, and forces programmed exceed planned budget funding.

## Conclusions

Not only is the situation in regard to the U.S. military bad, it is worse than we think. Current U.S. military spending exceeds the maximum levels of both the Reagan era spend-up and the Vietnam War, in inflation-adjusted terms. Actual levels of military spending are higher than commonly assumed due to budgetary artifices used by both the executive and legislative branches, such as excluding the costs of fighting in Iraq, Afghanistan, and elsewhere from regular budget appropriations. The costs of fighting the two wars are rising, but the U.S. military does not effectively program or manage military spending. The levels of deceit and ignorance are so high that we cannot even begin to understand how bad overall American fiscal irresponsibility is.

Nevertheless, Congress continues its politically irresponsible habit of loading up military appropriations' bills with billions of dollars of earmarks for projects that usually have very little, if any, bearing on military needs. Along with various forms of fraud, waste, and abuse, this habit annually wastes

many billions of dollars.

The human and fiscal costs of fighting in Iraq have been far higher than ever dreamed or anticipated. Eighteen years after Paul Kennedy published *The Rise and Fall of Great Powers*,<sup>159</sup> the U.S. military indisputably finds itself overstretched. Putting aside the sheer financial cost, other costs have been significant in terms of equipment. The optempo has been so high that it has seriously affected the equipment being used, thus necessitating a reset, either by refurbishing the used equipment or by buying new systems, that will run into the tens of billions of dollars.

The Iraq War has also adversely affected recruiting and retention for both active and reserve forces. Although the Pentagon's latest recruiting numbers show that recruiting goals are being met for the active forces, these goals have been achieved at significant financial costs. More important, the Pentagon has had to lower its standards to meet its quotas. This is troubling news, and many military officials are already despairing over what they see as a return to the "hollow force" days of the immediate post-Vietnam War era.

The war has also negatively impacted America's strategic reserve, the National Guard and Army Reserve. Their use as an operational force has worn out much of their equipment and has required that units deploying to Iraq equip themselves from the stocks of other units, leaving many units ill equipped to handle critical homeland security missions.

The latest QDR has come and gone but has had little positive impact. Because it was

not driven by strategy, it has the same problems that past QDRs did. Despite Defense Secretary Rumsfeld's proclaimed mission of transforming the military, another goal whose eventual total cost do not know, every single Cold War weapon system that was previously in the procurement pipeline still remains. A review that was supposed to aid in restructuring the military to deal with asymmetric threats revealed that the Pentagon's biggest asymmetrical threat is its own internal planning.

There is no easy solution to any of these problems. It has taken years to get to this point. Fixing the various problems will assuredly take longer. The first step, however, is to acknowledge that we have an addiction, namely to the use of military force. The old saying "When all you have is a hammer, everything looks like a nail" applies here. But the U.S. military is not some all-purpose handy gadget. The number of things for which it can usefully be employed is actually quite limited. The military can be "transformed" many times, but fighting a counter-insurgency, for example, will continue to be a dangerous, messy, people-intensive effort. And relying on the military as the primary defense against attacks by Islamic terrorists is equally problematic. That battle will eventually be won by security, intelligence, and law enforcement personnel around the world working together.

In fairness, the military's problems are not all of its own making. It exists to carry out the U.S. national-security strategy. The latest version of that strategy, released in March 2006,

continues to confuse preemption with preventive war, emphasizes the unachievable goal of “ending tyranny” completely throughout the world, and fails to make a realistic assessment of the threats to our security.<sup>160</sup>

Once this is understood, certain steps can be taken. That U.S. forces need to withdraw soon from Iraq is a certainty, not a possibility, despite all the rhetoric about not cutting and running. Once U.S. forces are withdrawn, current high optempo strains will ease, permitting the military to start retraining and reequipping its forces.

The November 8, 2006, announcement, after the midterm elections, of the resignation of Defense Secretary Rumsfeld presents an opening to start making changes. His announced successor, Robert Gates, is not known as an advocate of force transformation, which presents an opportunity to reduce or cancel some purchases of planned weapons systems.

Reequipping forces, however, does not mean proceeding with the manufacture of unneeded Cold War legacy systems. Eliminating some of the major weapons systems previously cited will not only save hundreds of billions of dollars, but also allow funds to be transferred to other equally critical needs, such as manpower and operations and maintenance costs.

In particular, tactical aviation programs are egregious examples of Pentagon mismanagement. The F-22A Raptor program has experienced one of the largest reductions in buying power. The addition of air-to-ground strike capabilities to what was originally

designed as an air superiority fighter has contributed significantly to the program’s ever-increasing costs. The original F-22 acquisition program, which officially started in 1986, was intended to produce 750 aircraft for more than \$90 billion, at no more than \$149 million per aircraft. The current F-22 acquisition plan is to buy 183 aircraft for \$65 billion at \$355 million per aircraft. Between 2008 and 2010, the air force wants to buy its final sixty aircraft in a “multiyear” procurement. Paying for this procurement started in 2006; the total cost will be \$10.5 billion. This final purchase should be promptly cancelled. The capabilities are just not worth the cost.

The Joint Strike Fighter is almost as much of a cost escalation nightmare as the F-22. To paraphrase a World War II song, it is being built on a “wing and a prayer.” It is greatly dependent on a business case that invests heavily in production before testing has demonstrated acceptable aircraft performance. The program expects to begin low-rate initial procurement in 2007, with less than 1 percent of the flight test program completed and no production representative prototypes built for the three fighter variants.<sup>161</sup> Earlier in 2006, the GAO released a report that essentially said the Pentagon is unable to justify more F-22s; there is no current or future threat to warrant them; and they not affordable.<sup>162</sup> Funding for the Joint Strike Fighter should be frozen until the DOD can make the case that continued production of variants is militarily necessary and that it has developed sufficiently effective program management to prevent further cost escalation.

The army's Future Combat System is the army's program to build a group of eighteen combat vehicles and other systems and link them together into an integrated and complex system. Although the program is necessary for the army, its current schedule is far too ambitious, given its complexity. In September 2005, Army Secretary Harvey estimated the program would cost \$125 billion over twenty years. The QDR left the Future Combat System intact and continued the program's spending binge.

The Virginia class submarine was originally intended to combat the next generation of Russian submarines, which will never be built. The navy plans to buy thirty of these boats to replace the SSN-668 class of Los Angeles class submarines at an estimated cost of \$94 billion. However, not only is the Virginia class submarine cost ineffective, but it also fails to provide significant new capabilities beyond those of the Los Angeles class. Canceling the Virginia class submarine and refueling the reactors of the Los Angeles class can save \$65 billion over the next fifteen years.

The DD(X) destroyer is the navy's next-generation, multimission surface combatant with an emphasis on naval surface fire support. Yet the navy currently has more than 7,000 vertical launch system cells in its Arleigh Burke class destroyers and Ticonderoga class Aegis cruisers, which it can dedicate in large part to the land attack mission—thus making the new destroyer's capabilities unnecessary.

Furthermore, the Marine Corp's vertical lift tilt-rotor V-22 Osprey aircraft has experi-

enced massive costs, performance problems, and delays during its sixteen-year development. Many of its original specifications and mission capabilities, including firepower, survivability, and range payload, have had to be reduced. Its program costs have soared. The corps will likely be able to buy the Osprey only if it does not fund its other lift and amphibious programs and must plan to borrow firepower and other assets from the army in a major contingency.

If the corps were to cancel the Osprey, it might rely on the MH-60S Knighthawk, which presents a viable alternative to the Osprey. It is nearly identical to the already well-known and combat-tested UH-60L Black Hawk currently in production for the army. It carries nearly the same payload as the Osprey. Although it has room for only thirteen soldiers, compared to eighteen for the Osprey, it, unlike the Osprey, also can carry machine guns, rockets, and Hellfire missiles.

Missile defense continues to be a bottomless pit. President Bush has spent more than \$40 billion on it since taking office.<sup>163</sup> Though the administration has already placed missile interceptors at launch sites in Alaska and California, its record of operational testing continues to be mixed at best. Furthermore, there is no reason to believe that any actual or future adversary with ballistic missiles will be undeterred by U.S. conventional or strategic forces. The total cost of the Bush plan over the next twenty years will exceed \$200 billion.<sup>164</sup>

Cuts in modernization programs are necessary, but it is equally important to cut force

structure. Although this is not the time to cut army or marine forces, given the wars in Iraq and Afghanistan, the navy and air force are already going in that direction, having reduced their end strengths. Formalizing that situation will allow significant cost savings in the future. Smaller forces will relieve pressure on procurement budgets in that the services will be able to get rid of their older systems first, allowing for a procurement holiday. And because at least some of the new systems are more capable than their predecessors, there will not be a need for one-for-one replacement.

A final point to emphasize is that continuing to try and maintain global military hegemony is ultimately self-defeating. The United States must learn to work cooperatively, substantively as well as rhetorically, with other countries. And it needs to stop looking at every other rising power—e.g., China—as the next military challenger.

## Endnotes

- <sup>1</sup> David S. Cloud, “Pentagon Review Calls For No Big Changes,” *New York Times*, February 2, 2006.
- <sup>2</sup> Miriam Pemberton and Lawrence Korb, *Report of the Task Force on a Unified Security Budget for the United States, 2007*, special report (Washington, D.C.: Foreign Policy in Focus and Center for Defense Information, May 3, 2006), <http://www.fpiif.org/fpifxt/3253>.
- <sup>3</sup> U.S. Department of Homeland Security, *Fact Sheet: U.S. Department of Homeland Security Announces Six Percent Increase in Fiscal Year 2007 Budget Request*, press release (Washington, D.C.: U.S. Department of Homeland Security, February 6, 2006), [http://www.dhs.gov/xnews/releases/press\\_release\\_0848.shtm](http://www.dhs.gov/xnews/releases/press_release_0848.shtm).
- <sup>4</sup> Winslow T. Wheeler, *The 2007 Defense Budget May Not Be What You Think* (Washington, D.C.: Center for Defense Information, Straus Military Reform Project, October 5, 2006).
- <sup>5</sup> Jonathan Weisman and Shailagh Murray, “Congress Raises Ceiling for Borrowing,” *Washington Post*, March 17, 2006, p. 1.
- <sup>6</sup> Miriam Pemberton, “Fudging the Numbers,” *TomPaine.com*, January 19, 2006, [http://www.tompaine.com/print/funding\\_the\\_numbers.php](http://www.tompaine.com/print/funding_the_numbers.php).
- <sup>7</sup> Anthony H. Cordesman and William D. Sullivan, *U.S. Defense Planning: The Challenge of Resources*, working draft (Washington, D.C.: Center for Strategic and International Studies, July 7, 2006), p. ii, [http://www.csis.org/media/isis/pubs/060707\\_defense\\_resource\\_challenges.pdf](http://www.csis.org/media/isis/pubs/060707_defense_resource_challenges.pdf).
- <sup>8</sup> [http://www.fas.org/man/docs/qdr/quadr\\_leg.html](http://www.fas.org/man/docs/qdr/quadr_leg.html).
- <sup>9</sup> David S. Cloud, “Pentagon Review Calls for No Big Changes,” *New York Times*, February 2, 2006.
- <sup>10</sup> Gopal Ratnam, “QDR Won’t Call for ‘Whole New Direction’ in U.S. Defense, England Says,” *DefenseNews.com*, February 2, 2006.
- <sup>11</sup> DOD News Briefing with Secretary Rumsfeld and Adm. Giambastiani, February 1, 2006, <http://defenselink.mil/transcripts/2006/tr20060201-12403.html>.
- <sup>12</sup> Giovanni de Briganti, “The QDR’s Devil Is Not in the Details,” *defense-aerospace.com*, February 7, 2006.
- <sup>13</sup> David Von Drehle, “Rumsfeld’s Transformation,” *Washington Post*, February 12, 2006, p. B2.
- <sup>14</sup> Paul D. Eaton, “A Top-Down Review for the Pentagon,” *New York Times*, March 19, 2006.
- <sup>15</sup> Congressional Budget Office (CBO) *The Army’s Future Combat Systems Program and Alternatives* (Washington, D.C.: CBO, August 2006), p. xv.
- <sup>16</sup> Pierre Sprey and James Stevenson, “The F-22: Not What We Were Hoping For,” *Jane’s Defence Weekly* (Surrey, U.K.), September 20, 2006, p.

- 23.
- <sup>17</sup> U.S. Government Accounting Office (GAO), *Tactical Aircraft: DOD Should Present a New F-22A Business Case before Making Further Investments*, GAO-06-455R, F-22A (Washington, D.C.: U.S.-GAO, June 20, 2006), p. 7.
- <sup>18</sup> Steven M. Kosiak, *Spending on U.S. Strategic Nuclear Forces: Plans and Options for the 21st Century* (Washington, D.C.: Center for Strategic and Budgetary Assessments, September 14, 2006), p. i.
- <sup>19</sup> Anthony H. Cordesman and Paul S. Frederiksen, *America's Uncertain Approach to Strategy and Force Planning*, working draft (Washington, D.C.: Center for Strategic and International Studies, July 5, 2006), p. 14.
- <sup>20</sup> U.S. GAO, *Joint Strike Fighter: DOD Plans to Enter Production before Testing Demonstrates Acceptable Performance*, GAO-06-356 (Washington, D.C.: U.S. GAO, March 2006).
- <sup>21</sup> Joe Galloway, "Pentagon Embraces High-Tech, Shuns High-Utility," *Salt Lake Tribune* (Utah), February 10, 2006.
- <sup>22</sup> Steven M. Kosiak, "FY 2007 Request: DOD Budget Continues to Grow, Modest Program Cuts," Center for Strategic and Budgetary Assessments Update," February 6, 2006, <http://www.csbaonline.org/4Publications/PublicLibrary/U.20060206.FY07Request/U.20060206.FY07Request.pdf>.
- <sup>23</sup> For details, see Ronald O'Rourke, *Defense Transformation: Background and Oversight Issues for Congress*, Report no. RL 32238 (Washington, D.C.: Congressional Research Service, November 9, 2006), <http://www.fas.org/sgp/crs/natsec/RL32238.pdf>; and Frederick W. Kagan, *Finding the Target: The Transformation of American Military Policy* (New York: Encounter Books, 2006).
- <sup>24</sup> Ralph Peters, "The Counterrevolution in Military Affairs: Fashionable Thinking about Defense Ignores the Great Threats of Our Time," *Weekly Standard* 11, no. 20 (February 6, 2006), <http://www.weeklystandard.com/Content/Public/Articles/000/000/006/649qrsob.asp>.
- <sup>25</sup> Cordesman and Sullivan, *U.S. Defense Planning*, [http://www.csis.org/media/csis/pubs/060707\\_defense\\_resource\\_challenges.pdf](http://www.csis.org/media/csis/pubs/060707_defense_resource_challenges.pdf), page ii.
- <sup>26</sup> An excellent study setting forth the global challenges that the U.S. military is likely to face in the future is: Andrew F. Krepinevich, *The Quadrennial Defense Review: Rethinking the U.S. Military Posture* (Washington, D.C.: Center for Strategic and Budgetary Assessments, 2005).
- <sup>27</sup> *Secrets of the Quadrennial Review—Revealed!* issue brief (Arlington, Va.: Lexington Institute, January 23, 2006).
- <sup>28</sup> Josh White and Ann Scott Tyson, "Rumsfeld Offers Strategies for Current War," *Washington Post*, February 3, 2006, p. 8.
- <sup>29</sup> *Budget Bulletin*, Senate Budget Committee (Republican Staff), July 28, 2006, <http://www.cdi.org/PDFs/SBC%200n%20SARs.pdf>; Winslow T. Wheeler, *Obscure Outlet; Good Analysis* (Washington, D.C.: Center for Defense Information, August 11, 2006); Elaine M. Grossman, "Defense Buying Costs Doubled Since 9/11, with Few New Weapons Added," *Inside the Pentagon*, August 17, 2006, p. 1; and Fred Kaplan, "The Money Pit: Can the Pentagon Pay for the War and Its New Toys?" *Slate*, August 16, 2006, <http://www.slate.com/id/2147823/>.
- <sup>30</sup> Winslow T. Wheeler, *The Smoke and Mirrors in Congress' Defense Appropriations Bills: You'll Need a Rosetta Stone*, Defense Budget Tutorial #no. 2 (Washington, D.C.: Center for Defense Information, Straus Military Reform Project, January 23, 2006), [http://www.d-n-i.net/fcs/defense\\_budget\\_tutorial\\_2.htm](http://www.d-n-i.net/fcs/defense_budget_tutorial_2.htm).
- <sup>31</sup> *Paying for the War with "Supplemental" Funding* (Washington, D.C.: Center for Defense Information, March 14, 2006), <http://www.cdi.org/friendlyversion/printversion.cfm?documentID=3355>.
- <sup>32</sup> Stephen Daggett, *Military Operations: Precedents for Funding Contingency Operations in Regular or in Supplemental Appropriations Bills*, Report no. RS22455 (Washington, D.C.: Congressional Research Service, June 13, 2006), p. 1.
- <sup>33</sup> *National Journal's CongressDailyPM*, July 21,

- 2006.
- <sup>34</sup> Megan Scully, "U.S. Military's Monthly Costs in Iraq Rose during FY05," *National Journal's CongressDaily*, January 17, 2006.
- <sup>35</sup> David Wood, "Putting a Price on Wars a Matter of Caveat Emptor: Even Pentagon Isn't Sure How Money Spent" (Newhouse News Service), *New Orleans Times-Picayune*, October 23, 2005, p. 33.
- <sup>36</sup> Jeff Bliss, "US War Spending to Rise 44% to \$9.8 Billion a Month, Report Says," *Bloomberg.com*, March 17, 2006.
- <sup>37</sup> Amy Belasco, *The Cost of Iraq, Afghanistan, and Other Global War on Terror Operations Since 9/11*, Report no. RL 33110 (Washington, D.C.: Congressional Research Service, September 22, 2006).
- <sup>38</sup> David Rogers, "U.S. Annual War Spending Grows," *Wall Street Journal*, March 8, 2006, p. 4.
- <sup>39</sup> Jonathan Weisman, "Unforeseen Spending on Materiel Pumps Up Iraq War Bill," *Washington Post*, April 20, 2006, p. 1.
- <sup>40</sup> CBO, *The Budget and Economic Outlook: An Update* (Washington, D.C.: CBO, August 2006), <http://mirror1.cbo.gov/ftpdocs/74xx/doc7492/08-17-BudgetUpdate.pdf>; and "CBO Forecasts 'Staying the Course' in Iraq Would Increase Deficit by \$1.3 Trillion over Next Decade," *ThinkProgress.org*, August 18, 2006.
- <sup>41</sup> "Army Continues Prudent Budget Constraints in 2006, Prepares for 2007," *US Army*, July 19, 2006, <http://www.globalsecurity.org/military/library/news/2006/07/mil-060719-army01.htm>; and Thomas E. Ricks, "Army to Cut Domestic Spending," *Washington Post*, July 21, 2006, p. 4.
- <sup>42</sup> Megan Scully, "Army Leaders Face Worsening Finances, Weigh Tactics to Protect Prized Program," *National Journal's CongressDailyAM*, July 20, 2006.
- <sup>43</sup> Gopal Ratnam, "U.S. Military Services Talk Budget Directly with OMB," *Defense News*, September 18, 2006.
- <sup>44</sup> Richard Sisk, "Recalled G.I.s' Kin Rage over New Duty," *New York Daily News*, August 16, 2006, p. 24.
- <sup>45</sup> Associated Press, "Marines to Recall Troops on Involuntary Basis for Iraq, Afghanistan," August 22, 2006. For details, see the segment "U.S. Marines to Recall 1,200 Reservists to Iraq and Afghanistan," *The NewsHour with Jim Lehrer*, PBS, August 23, 2006, [http://www.pbs.org/newshour/bb/military/july-deco6/duty\\_08-23.html](http://www.pbs.org/newshour/bb/military/july-deco6/duty_08-23.html); and "U.S. Marines: Tapping the Individual Ready Reserve" (Austin, Tex.: Strategic Forecasting Inc., August 23, 2006).
- <sup>46</sup> CBO, *Estimated Costs of U.S. Operations in Iraq under Two Specified Scenarios* (Washington, D.C.: CBO, July 13, 2006), [http://www.cbo.gov/ftpdocs/73xx/doc7393/07-13-IraqCost\\_Letter.pdf](http://www.cbo.gov/ftpdocs/73xx/doc7393/07-13-IraqCost_Letter.pdf).
- <sup>47</sup> Bryan Bender, "GOP to Cosponsor War Cost Oversight Panel," *Boston Globe*, April 6, 2006.
- <sup>48</sup> Christian Lowe, "War Eats Up \$12.8 Billion of Gear," *Marine Corps Times*, Nov. 14, 2005, p. 10.
- <sup>49</sup> "Equipment Shortfalls Hurt Army Readiness," *New York Times* on the Web, July 27, 2006, [http://www.usatoday.com/news/washington/2006-07-27-army-readiness\\_x.htm](http://www.usatoday.com/news/washington/2006-07-27-army-readiness_x.htm). See also Daniel Benjamin and Michèle A. Flournoy, "Won't Deploy? Can't Deploy: There Are No More Troops to Send to Iraq," *Slate*, September 14, 2006, <http://www.slate.com/toolbar.aspx?action=print&id=2149684>; and Lawrence J. Korb and Peter Ogden, "Taking Exception: Why We Can't Send More Troops," *Washington Post*, September 14, 2006, p. 21.
- <sup>50</sup> For details on reset contracts and delivery orders, see "RESET of the US Army's Vehicle Fleet Continues," *Defense Industry Daily*, August 3, 2006.
- <sup>51</sup> Greg Grant, "U.S. Army 'Reset' Bills Hit \$9B," *Defense News*, February 13, 2006, p. 1.
- <sup>52</sup> Greg Grant, "U.S. Army's \$7B Unfunded List Shows Costs of War," *Defense News*, March 13, 2006.
- <sup>53</sup> Megan Scully, "Army Equipment Woes Prompt Call for Larger Bridge Fund," *National Journal's CongressDailyAM*, July 27, 2006.
- <sup>54</sup> Jason Sherman, "Pentagon Considering Adding Tens of Billions to Army Budget," *Inside the Pentagon*, August 17, 2006, p. 15.

- <sup>55</sup> Peter Spiegel, "Army Warns Rumsfeld It's Billions Short," *Los Angeles Times*, September 25, 2006, p. 1. See also Fred Kaplan, "How Bush Wrecked the Army: Another General Revolts," *Slate*, September 25, 2006, <http://www.slate.com/id/2150337>.
- <sup>56</sup> James Jay Carafano, "That Hollow Feeling," *New York Post*, September 29, 2006, p. 31.
- <sup>57</sup> Lawrence J. Korb, Caroline P. Wadhams, and Andrew J. Grotto, *Restoring American Military Power: A Progressive Quadrennial Defense Review* (Washington, D.C.: Center for American Progress), p. 46.
- <sup>58</sup> *Iraq: The Army's Weapons Are Wearing Out Fast* (Arlington, Va.: Lexington Institute, January 13, 2006). See also Lawrence J. Korb, Loren B. Thompson, and Caroline P. Wadhams, *Army Equipment after Iraq* (Washington, D.C.: Center for American Progress and Lexington Institute, April 2006), <http://www.lexingtoninstitute.org/docs/773.pdf>.
- <sup>59</sup> Rowan Scarborough, "Army Diverts Funds to War," *Washington Times*, July 31, 2006, p. 1.
- <sup>60</sup> Rick Rogers, "Marines Badly in Need of Funding, Report Says," *San Diego Union-Tribune*, August 23, 2006, p. 1. The report is Lawrence J. Korb, Max A. Bergmann, and Loren B. Thompson, *Marine Corps Equipment after Iraq* (Washington, D.C.: Center for American Progress, August 23, 2006), [http://www.americanprogress.org/issues/2006/08/b681083\\_ct2892871.html](http://www.americanprogress.org/issues/2006/08/b681083_ct2892871.html).
- <sup>61</sup> U.S. GAO, *Military Readiness: DOD Needs to Identify and Address Gaps and Potential Risks in Program Strategies and Funding Priorities for Selected Equipment*, GAO-06-141 (Washington, D.C.: U.S. GAO, October 26, 2005).
- <sup>62</sup> Available at <http://www.cdi.org/PDFs/HASC%20Readiness%20panel%20memo%20%2062606.pdf>.
- <sup>63</sup> Elaine M. Grossman, "House Memo: Army Unit Readiness for Iraq, Afghanistan Is Lagging," *Inside the Pentagon*, July 6, 2006, p. 1.
- <sup>64</sup> Ann Scott Tyson, "Disrepair Cited in U.S. Arms: Much of War Gear in S. Korea Was Not 'Fully Mission Capable,'" *Washington Post*, October 5, 2005, p. 20.
- <sup>65</sup> "Gear Left in Iraq Worries Tennessee," *Atlanta Journal-Constitution*, October 4, 2006, p. 8; Bob Deans, "War in Iraq Drains Guard of Equipment," *Atlanta Journal-Constitution*, March 8, 2006, p. 1.
- <sup>66</sup> Mark K. Matthews, "War Saps Guard's Storm-Response Gear," *Orlando Sentinel*, July 11, 2006, p. 1.
- <sup>67</sup> Lolita C. Baldor (Associated Press), "General: Guard's Readiness Falls Short," *Philadelphia Inquirer*, August 2, 2006.
- <sup>68</sup> "Testimony of Janet A. St. Laurent, Director Defense Capabilities and Management," in U.S. GAO, *Army National Guard and Army Reserve Readiness for 21st Century Challenges*, <http://gaogov/new.items/do61109t.pdf>, page 7. GAO-06-1109T (Washington, D.C.: U.S. GAO, September 21, 2006). For detail, see *The Future of the National Guard and Reserves* (Washington, D.C.: Center for Strategic and International Studies, July 2006).
- <sup>69</sup> Senator Jack Reed, press release, August 1, 2006, <http://reed.senate.gov/newsroom/details.cfm?id=260250>.
- <sup>70</sup> CBO, *An Analysis of the U.S. Military's Ability to Sustain an Occupation in Iraq: An Update* (Washington, D.C.: CBO, October 5, 2005), p. 3.
- <sup>71</sup> Council on Foreign Relations, *National Security Advisory Group: The U.S. Military: Under Strain and at Risk* (Washington, D.C.: Council on Foreign Relations, January 2006), p. 1, [http://democrats.senate.gov/pdfs/NationalSecurity-Report\\_01252006.pdf](http://democrats.senate.gov/pdfs/NationalSecurity-Report_01252006.pdf).
- <sup>72</sup> Peter Spiegel and Julian E. Barnes, "Deployment Math Tests the Military," *Los Angeles Times*, September 21, 2006.
- <sup>73</sup> Thom Shanker and Michael R. Gordon, "Strained, Army Looks to Guard for More Relief," *New York Times*, September 22, 2006.
- <sup>74</sup> Charles V. Peña, "Iraq or Bust," *Taylormarsh.com*, August 16, 2006, [http://www.taylormarsh.com/archives\\_view.php?id=24389](http://www.taylormarsh.com/archives_view.php?id=24389).
- <sup>75</sup> Drew Brown, "A Breaking Point For Military?" *Philadelphia Inquirer*, January 26, 2006, p. 1.

- <sup>76</sup> Jenny Mandel, "Military Spending on Pay, Benefits Spiraling Upward, GAO Chief Says," *GovExec.com*, January 18, 2006.
- <sup>77</sup> Steven Komarow, "Reserve Members On Active Duty Earn More, Pay Study Says," *USA Today*, January 26, 2006, p. 9.
- <sup>78</sup> Lawrence J. Korb and Peter Ogden, "Time for Hard Choices on Payroll Crisis," *Army Times*, July 3, 2006.
- <sup>79</sup> Ibid.
- <sup>80</sup> Ibid.
- <sup>81</sup> Jennifer Talhelm, "Budget for Treating War Veterans Faulted," *Washington Post*, September 22, 2006, p. 15. The GAO report is *VA Health Care: Budget Formulation and Reporting on Budget Execution Need Improvement*, GAO-06-958 (Washington, DC: U.S. GAO, September 20, 2006).
- <sup>82</sup> Anthony H. Cordesman and William D. Sullivan, *The Challenge of Meeting the Needs of Our Active and Reserve Military*, working draft (Washington, D.C.: Center for Strategic and International Studies, July 20, 2006), p. ii, [http://www.csis.org/media/csis/pubs/060720\\_military\\_needs.pdf](http://www.csis.org/media/csis/pubs/060720_military_needs.pdf).
- <sup>83</sup> Frederick W. Kagan, "The U.S. Military's Manpower Crisis," *Foreign Affairs* 85, no. 4, (July–August 2006), p. 101.
- <sup>84</sup> *U.S. Army Takes on Military Reform: More Tail, Less Tooth* (Washington, D.C.: Center for Defense Information, September 29, 2005).
- <sup>85</sup> Lawrence J. Korb, "Numbers Show Army Too Taxed," *Atlanta Journal-Constitution*, February 13, 2006, p. 13.
- <sup>86</sup> Ann Scott Tyson, "Army Reorganizes to Boost Its Combat Power," *Washington Post*, October 7, 2005, p. 2.
- <sup>87</sup> Joe Galloway, "Broken Army Is in Need of Repair," *Salt Lake Tribune*, October 13, 2005.
- <sup>88</sup> David Wood, "Military Recruits Assess Risks of Service with Open Eyes," *New Orleans Times-Picayune*, December 15, 2005, p. 1.
- <sup>89</sup> Cynthia Tucker, "Working Class Fight War While Well-Off Defend It," *Atlanta Journal-Constitution*, March 26, 2006, p. 6B. See also Brian Ford, "Uncle Sam's Desperation—and a Recruit's," *Washington Post*, March 25, 2006, p. 19.
- <sup>90</sup> Qtd. in Kate Stone Lombardi, "How the Army Gets What It Wants," *New York Times*, November 6, 2005.
- <sup>91</sup> U.S. GAO, *Military Personnel: DOD Needs Action Plan to Address Enlisted Personnel Recruitment and Retention Challenges*, GAO-06-134 (Washington, D.C.: U.S. GAO, November 17, 2005), p. 1. For an overview of the various methods that recruiters use to aid in recruitment, see Nick Turse, "Dirty Dozen: The Pentagon's 12-Step Program to Create a Military of Misfits," *TomDispatch.com*, September 14, 2006, <http://www.tomdispatch.com/indexprint.mhtml?pid=121072>. A more recent, comprehensive report on military recruiting and retention challenges is CBO, *Recruiting, Retention, and Future Levels of Military Personnel* (Washington, D.C.: CBO, October 2006).
- <sup>92</sup> Thom Shanker, "Army's Plan for Growth Is Adequate, Secretary Says," *New York Times*, October 7, 2005.
- <sup>93</sup> Ann Scott Tyson, "Recruiting Shortfall Delays Army's Expansion Plans," *Washington Post*, October 4, 2005, p. 7.
- <sup>94</sup> Raul Reyes, "Hispanic Recruiting: Double-Edged Sword," *USA Today*, March 3, 2006, p. 13.
- <sup>95</sup> Gregg Zoroya, "Army Not Punishing Absent Special Reserve Soldiers," *USA Today*, October 4, 2005, p. 1.
- <sup>96</sup> Ann Scott Tyson, "Army to Halt Call-Ups of Inactive Soldiers," *Washington Post*, November 18, 2005, p. 11. For details, see transcript of DOD briefing with Secretary of the Army Francis Harvey, January 18, 2006, <http://defenselink.mil/transcripts/2006/tr20060118-12331.html>.
- <sup>97</sup> Christopher Hayes, "Backdoor Draft, Back Again," *In These Times*, January 11, 2006.
- <sup>98</sup> Bob Deans, "U.S. Digs Deep into Reserves for War," *Atlanta Journal-Constitution*, August 24, 2006, p. 1.
- <sup>99</sup> "Army Forces 50,000 Soldiers into Extended Duty," *New York Times* on the Web, January 29,

- 2006.
- <sup>100</sup> Scott Cannon and Rick Montgomery, "Back-Door Draft' Keeps Service Voluntary," *Miami Herald*, August 27, 2006.
- <sup>101</sup> Turse, "Dirty Dozen: The Pentagon's 12-Step Program," note 123. Currently, immigrants in the U.S. military can become citizens after only a year of active duty instead of three years as required previously. See James Pinkerton, "Immigrants Find Military a Faster Path to Citizenship," *Houston Chronicle*, September 14, 2006, p. 1.
- <sup>102</sup> Damien Cave, "Vital Military Jobs Go Unfilled, Study Says," *New York Times*, November 18, 2005.
- <sup>103</sup> Josh White, "Army Meets a Recruitment Goal," *Washington Post*, November 11, 2005, p. 23.
- <sup>104</sup> Mark Sappenfield, "Short of Recruits, Army Redoes Its Math," *Christian Science Monitor*, December 15, 2005, p. 2. A rebuttal letter to the editor, "Army Recruitment Goals Modified to Reflect Enlistment Fluctuation," by Secretary of the Army Francis J. Harvey, was published in the *Monitor* on December 27, 2005.
- <sup>105</sup> Mark-Alexander Pieper, "Army Raises Enlistment Age: If You're under 40, Uncle Sam May Just Want You," *Pacific Sunday News* (Guam), January 15, 2006.
- <sup>106</sup> Tom Vanden Brook, "Army Makes Way for Older Soldiers," *USA Today*, August 2, 2006, p. 1.
- <sup>107</sup> Dave Moniz, "Opportunities, Opposition to Iraq War Cut into Recruiting: The Share of African-American Army Enlistments Drops to 1 in 7," *USA Today*, November 4, 2005, p. 6. For details, see Military Priorities Project, "Military Recruitment, Race, and Ethnicity," at [http://nationalpriorities.org/index.php?option=com\\_content&task=view&id=202&Itemid=61](http://nationalpriorities.org/index.php?option=com_content&task=view&id=202&Itemid=61).
- <sup>108</sup> Ann Scott Tyson, "Youths in Rural U.S. Are Drawn to Military," *Washington Post*, November 4, 2005, p. 1.
- <sup>109</sup> Monthly National Security Index, Democratic Policy Committee, July 20, 2006, [http://democrats.senate.gov/dpc/dpc-new.cfm?doc\\_name=fs-109-2-112](http://democrats.senate.gov/dpc/dpc-new.cfm?doc_name=fs-109-2-112).
- <sup>110</sup> Dave Moniz, "Incentives Beefed Up to Keep Young Officers in the Army," *USA Today*, November 7, 2005, p. 10.
- <sup>111</sup> Thom Shanker, "Young Officers Leaving Army at a High Rate," *New York Times*, April 10, 2006, p. 1.
- <sup>112</sup> Gregg Zoroya, "Army Allows Reserve Officers to Quit Rather Than Go to War," *USA Today*, December 20, 2005, p. 8.
- <sup>113</sup> Robert Burns (Associated Press), "Army Pitch Opens Arms to Ex-Service Members," November 30, 2005.
- <sup>114</sup> Mark Mazzetti, "Army's Rising Promotion Rate Called Ominous," *Los Angeles Times*, January 30, 2006, p. 1.
- <sup>115</sup> Charles A. Henning, *Army Officer Shortages: Background and Issues for Congress*, Report no. RL33518 (Washington, D.C.: Congressional Research Service, July 5, 2006), <http://www.fas.org/sgp/crs/natsec/RL33518.pdf>.
- <sup>116</sup> Tom Vanden Brook, "Guard Entices Ranks to Recruit," *USA Today*, December 2, 2005, p. 1.
- <sup>117</sup> Tom Bowman, "Criteria on Test Scores Relaxed for Army," *Baltimore Sun*, October 8, 2005, p. 1.
- <sup>118</sup> David Wood, "Army Acknowledges Taking More Low-Scoring Recruits," *Baltimore Sun*, August 16, 2006.
- <sup>119</sup> Tom Bowman, "Army Reaches Low, Fills Ranks: 12% of Recruits in Oct. Had Lowest Acceptable Scores," *Baltimore Sun*, November 8, 2005, p. 1.
- <sup>120</sup> Fred Kaplan, "The Dumbing-Down of the U.S. Army," *Slate*, October 4, 2005, <http://www.slate.com/id/2127487/?nav=tap3>.
- <sup>121</sup> Kelly M. Greenhill, "Don't Dumb Down the Army," *New York Times*, February 17, 2006.
- <sup>122</sup> Mark Benjamin, "Out of Jail, into the Army," *Salon*, Feb. 2, 2006, [http://www.salon.com/news/feature/2006/02/02/waivers/index\\_np.html](http://www.salon.com/news/feature/2006/02/02/waivers/index_np.html).
- <sup>123</sup> Tom Bowman, "Army Accepts Crime in Recruits," *Baltimore Sun*, February 14, 2006.
- <sup>124</sup> Douglas Belkin, "Struggling for Recruits, Army Relaxes Its Rules," *Boston Globe*, Feb. 20, 2006.
- <sup>125</sup> Jim Dwyer and Robert F. Worth, "Accused G.I. Was Troubled Long before Iraq," *New York Times*, July 14, 2006.

- <sup>126</sup> Eli Flyer, *Reducing the Threat of Destructive Behavior by Military Personnel* (September 2003), [http://www.harpers.org/art/silverstein/Flyer\\_Report\\_2003.pdf](http://www.harpers.org/art/silverstein/Flyer_Report_2003.pdf). See the question and answer with the report author at <http://www.harpers.org/sb-six-questions-eli-flyer.html>.
- <sup>127</sup> “First-Term Enlisted Attrition,” *Slate*, <http://www.slate.com/id/2120146/sidebar/2120187/>. For more on this topic, see *Phil Carter’s Intel Dump*, [http://www.intel-dump.com/posts/chain\\_1109868763.shtml](http://www.intel-dump.com/posts/chain_1109868763.shtml).
- <sup>128</sup> John W. Gonzalez, “New Strategy Urged to Retain Reservists,” *Houston Chronicle*, July 20, 2006.
- <sup>129</sup> Gordon Lubold, “Army Asks Prior-Service Troops to Come Back,” *Army Times*, December 5, 2005, p. 9.
- <sup>130</sup> Greg Jaffe, “For Army Families, Repeat Tours Strain Life on Home Front,” *Wall Street Journal*, December 16, 2005, p. 1.
- <sup>131</sup> Lisa Hoffman, “Tough Military Pace Slows Re-enlistments,” *Washington Times*, December 21, 2005, p. 9.
- <sup>132</sup> Fred Kaplan, “The Army, Faced with Its Limits,” *New York Times*, January 1, 2006.
- <sup>133</sup> Greg Jaffe and Jonathan Karp, “Bush’s Defense Budget Puts Off Cuts to Weapons,” *Wall Street Journal*, February 7, 2006, p. 17.
- <sup>134</sup> Written statement by Keith Ashdown, vice president of policy at Taxpayers for Common Sense on the *FY 2006 Department of Defense Appropriations Bill*. (Washington, D.C.: Taxpayers for Common Sense, December 22, 2005).
- <sup>135</sup> Citizens Against Government Waste, “2006 Pig Book Summary,” [http://www.cagw.org/site/PageServer?pagename=reports\\_pigbook2006#defense](http://www.cagw.org/site/PageServer?pagename=reports_pigbook2006#defense). This group says that most of the projects listed in the book meet at least two of seven criteria used to determine whether a project meets the definition of pork: requested by only one chamber of Congress; not specifically authorized; not requested by the president; not competitively awarded; cost greatly exceeded the president’s budget request or the previous year’s funding; not the subject of congressional hearings; and served “only a local or special interest.”
- <sup>136</sup> *Earmarks in Appropriation Acts: FY1994, FY1996, FY1998, FY2000, FY2002, FY2004, FY2005* (Washington, D.C.: Congressional Research Service Memorandum, January 26, 2006), <http://www.fas.org/sgp/crs/misc/mo12606.pdf>.
- <sup>137</sup> Winslow T. Wheeler, *Defense Budget Tutorial #3A: Pork: Where Is it?* (January 30, 2006), [http://www.d-n-i.net/fcs/defense\\_budget\\_tutorial\\_3a.htm](http://www.d-n-i.net/fcs/defense_budget_tutorial_3a.htm).
- <sup>138</sup> David D. Kirkpatrick, “Earmarks Find Way into Spending Bill,” *New York Times*, September 30, 2006. See also “Defense Spending,” *Lou Dobbs Tonight*, CNN, October 2, 2006.
- <sup>139</sup> Winslow T. Wheeler, *Defense Budget Tutorial #3B: Pork: What Is It?* (January 31, 2006), [http://www.d-n-i.net/fcs/defense\\_budget\\_tutorial\\_3b.htm](http://www.d-n-i.net/fcs/defense_budget_tutorial_3b.htm).
- <sup>140</sup> Ibid. See also Winslow T. Wheeler, *Congress, the Defense Budget, and Pork: A Snout-to-Tail Description of Congress’s Foremost Concern in National Security Legislation*, policy report (Washington, D.C.: Independent Institute, August 21, 2006), [http://www.independent.org/pdf/policy\\_reports/2006-08-21-pork.pdf](http://www.independent.org/pdf/policy_reports/2006-08-21-pork.pdf).
- <sup>141</sup> Seth Borenstein, “Excessive Spending Evidence Dismissed,” *Miami Herald*, January 24, 2006.
- <sup>142</sup> “The Pentagon’s Broken Book-keeping,” *Defense Industry Daily*, February 28, 2006. See also Statement by Franklin C. Spinney, Staff Analyst, Department of Defense, before the Subcommittee on National Security, Veterans Affairs, and International Relations, House Committee on Government Reform, 107th Cong., 2d sess., June 4, 2002; and Lisa Zagaroli, “A Giant Operation with Unwieldy, Incompatible Accounting Systems Means Much Gets Lost,” *News & Observer* (North Carolina), February 12, 2006.
- <sup>143</sup> Dan Crippen, “Defense Needs Auditing: Congress Should Back Up 1990 Law with Funding,” *Washington Times*, November 3, 2005, p. 21.
- <sup>144</sup> Bryan Bender, “Oversight of War Spending Is Faulted,” *Boston Globe*, December 4, 2005, p. 1.
- <sup>145</sup> U.S. GAO, *Global War on Terrorism: Observations on Funding, Costs, and Future Commit-*

- ments, GAO-06-885T (Washington, DC: U.S. GAO, July 18, 2006).
- <sup>146</sup> William Matthews, "DoD Program Managers Cannot Halt Overruns," *Defense News*, December 12, 2005.
- <sup>147</sup> Winslow T. Wheeler, *Can Anyone Fix the Mess in the Defense Budget?* (Washington, D.C.: Center for Defense Information, Straus Military Reform Project, September 15, 2006).
- <sup>148</sup> Leslie Wayne, "Pentagon Struggles with Cost Overruns and Delays," *New York Times*, July 11, 2006.
- <sup>149</sup> U.S. GAO, *Contract Management: DOD Vulnerabilities to Contracting Fraud, Waste, and Abuse*, GAO-06-838R (Washington, D.C.: U.S. GAO, July 7, 2006), <http://www.gao.gov/new.items/do6838r.pdf>.
- <sup>150</sup> Charles R. Babcock, "Weapons Are Far over Budget," *Washington Post*, April 8, 2006, p. 9.
- <sup>151</sup> Thomas Christie, "What Has 35 Years of Acquisition Reform Accomplished?" *Proceedings* (U.S. Naval Institute) (February 2006): 30–35.
- <sup>152</sup> "Statement of David M. Walker, Comptroller General of the United States, testimony before the House of Representatives, Armed Services Committee," in U.S. GAO, *Defense Acquisitions: Actions Needed to Get Better Results on Weapons Systems Investments*, GAO-06-585T (Washington, D.C.: U.S. GAO, April 5, 2006).
- <sup>153</sup> "Reporter Discusses U.S. Spending on Iraq, Afghanistan," *News and Notes*, National Public Radio, October 5, 2006.
- <sup>154</sup> Available at <http://www.cbo.gov/ftpdocs/71xx/doc7152/04-11-Hastert.pdf>.
- <sup>155</sup> David Ruppe, "Alternative Defense Review Calls for U.S. Nuclear Cuts, Higher Focus on Homeland Defense," *Global Security Newswire*, January 25, 2006. An earlier report from the Center for American Progress found that \$60 billion (15 percent) could be cut from the proposed FY 2006 Pentagon budget. See Lawrence J. Korb, *The Korb Report: A Realistic Defense for America* (Washington, D.C.: Center for American Progress, September 2005).
- <sup>156</sup> Bryan Bender, "Signs of Weapon Oversight Dwindling," *Boston Globe*, March 29, 2006, p. 1.
- <sup>157</sup> Jonathan Karp, "In Military-Spending Boom, Expensive Pet Projects Prevail," *Wall Street Journal*, June 16, 2006, p. 1.
- <sup>158</sup> Rowan Scarborough, "Pentagon Sticks with 2-War Plan," *Washington Times*, December 9, 2005.
- <sup>159</sup> [http://www.amazon.com/Rise-Fall-Great-Powers-Economic/dp/0394546741/ref=ed\\_oeh/103-6239840-4080653](http://www.amazon.com/Rise-Fall-Great-Powers-Economic/dp/0394546741/ref=ed_oeh/103-6239840-4080653).
- <sup>160</sup> Lawrence J. Korb and Caroline Wadhams, *A Critique of the Bush Administration's National Security Strategy*, Policy Analysis Brief (Muscatine, Iowa: Stanley Foundation, June 2006).
- <sup>161</sup> "Testimony before the House Committee on Armed Services, Subcommittee on Tactical Air and Land Forces," in U.S. GAO, *Tactical Aircraft: Recapitalization Goals Are Not Supported by Knowledge-Based F-22A and JSF Business Cases*, GAO-06-523T (Washington, D.C.: U.S. GAO, March 16, 2006), <http://www.gao.gov/new.items/do6523t.pdf>.
- <sup>162</sup> Winslow Wheeler, *Defense Tutorial: The F-22, GAO Report Reading, and Post-reform Senate Lobbying* (Washington, D.C.: Center for Defense Information, Straus Military Reform Project, June 21, 2006).
- <sup>163</sup> Bradley Graham, "Panel Faults Tactics in Rush to Install Antimissile System," *Washington Post*, June 10, 2005, p. A7.
- <sup>164</sup> Korb, Wadhams, and Grotto, *Restoring American Military Power*, p. 59.

### *About the Author*



**David Isenberg** has worked 20 years analyzing U.S. defense, foreign policy, national and international security issues. He has previously worked at Business Executives for National Security, Project on Military Procurement, Center for Defense Information, and DynCorp National Security Programs. He was a member of the U.S. State Department's Defense Trade Advisory Group, 2004–2006.

He is now a senior research analyst at the British American Security Information Council in Washington, D.C and a research fellow at the Independent Institute. He is also a member of the Coalition for a Realistic Foreign Policy, and an adviser to the Straus Military Reform Project of the Center for Defense Information.

He has written numerous articles and studies on military and security issues for such publications as *USA Today*, *Asia Times*, *Defense News*, UPI, *Intellectualcapitol*, *Safeguard Review*, TomPaine.com, *Counterpunch*, and has appeared on numerous radio and tv shows including CSPAN, CNN, Voice of America, and BBC. He is currently writing a book on private security contractors in Iraq.

He is a Vietnam-era Navy veteran.



THE INDEPENDENT INSTITUTE is a non-profit, non-partisan, scholarly research and educational organization that sponsors comprehensive studies of the political economy of critical social and economic issues.

The **Center on Peace & Liberty** is an integrated program of research, publications, events, media, and Internet projects that boldly advances understanding of government “crises” and their impact on the institutions of a free society. No issue is more central to the debate over public policy and more crucial to making peace and safeguarding open markets, individual liberty, and the rule of law.

**CENTER  
On Peace  
& Liberty**

**Founder and President**  
David J. Theroux

**Research Director**  
Alexander Tabarrok

**Senior Fellow and Director,  
Center on Peace & Liberty**  
Ivan Eland

**Board of Advisors,  
Center on Peace & Liberty**  
Lee J. Alston  
UNIVERSITY OF COLORADO

Andrew J. Bacevich  
BOSTON UNIVERSITY

Barton J. Bernstein  
STANFORD UNIVERSITY

Richard K. Betts  
COLUMBIA UNIVERSITY

Bruce G. Blair  
CENTER FOR DEFENSE  
INFORMATION

David Cortright  
FOURTH FREEDOM FORUM

Justus D. Doenecke  
NEW COLLEGE OF FLORIDA

Charles W. Freeman, Jr.  
MIDEAST POLICY COUNCIL

Lloyd C. Gardner  
RUTGERS UNIVERSITY

Eugene Gholz  
UNIVERSITY OF KENTUCKY

William D. Hartung  
WORLD POLICY INSTITUTE  
NEW SCHOOL UNIVERSITY

John D. Isaacs  
COUNCIL FOR A LIVABLE  
WORLD

Chalmers Johnson  
JAPAN POLICY RESEARCH  
INSTITUTE

Lawrence J. Korb  
CENTER FOR AMERICAN  
PROGRESS

Donald L. Losman  
NATIONAL DEFENSE  
UNIVERSITY

Allen J. Matusow  
RICE UNIVERSITY

John J. Mearsheimer  
UNIVERSITY OF CHICAGO

Jack Mendelsohn  
ARMS CONTROL ASSOCIATION

Edward A. Olsen  
NAVAL POSTGRADUATE  
SCHOOL

Edward L. Peck  
FORMER CHIEF  
U.S. MISSION TO IRAQ

Daryl G. Press  
DARTMOUTH COLLEGE

Ralph Raico  
STATE COLLEGE BUFFALO,  
NEW YORK

William Ratliff  
HOOVER INSTITUTION

Leo P. Ribuffo  
GEORGE WASHINGTON  
UNIVERSITY

Hugh T. Rockoff  
RUTGERS UNIVERSITY

Bruce M. Russett  
YALE UNIVERSITY

Harvey M. Sapolsky  
MASSACHUSETTS INSTITUTE  
OF TECHNOLOGY

Susan Shaer  
WOMEN'S ACTION FOR  
NEW DIRECTIONS

Melvin Small  
WAYNE STATE UNIVERSITY

Monica Duffy Toft  
HARVARD UNIVERSITY

***THE INDEPENDENT INSTITUTE***

100 Swan Way, Oakland, California 94621-1428, U.S.A.

Telephone: 510-632-1366 • Facsimile: 510-568-6040

E-mail: [info@independent.org](mailto:info@independent.org) • Website: <http://www.independent.org>

# INDEPENDENT STUDIES IN POLITICAL ECONOMY

THE ACADEMY IN CRISIS: The Political Economy of Higher Education | *Ed. by John W. Sommer*

AGAINST LEVIATHAN: Government Power and a Free Society | *Robert Higgs*

ALIENATION AND THE SOVIET ECONOMY: The Collapse of the Socialist Era | *Paul Craig Roberts*

AMERICAN HEALTH CARE: Government, Market Processes and the Public Interest | *Ed. by Roger D. Feldman*

ANARCHY AND THE LAW: The Political Economy of Choice | *Ed. by Edward P. Stringham*

ANTITRUST AND MONOPOLY: Anatomy of a Policy Failure | *D. T. Armentano*

ARMS, POLITICS, AND THE ECONOMY: Historical and Contemporary Perspectives | *Ed. by Robert Higgs*

BEYOND POLITICS: Markets, Welfare and the Failure of Bureaucracy | *William C. Mitchell & Randy T. Simmons*

THE CAPITALIST REVOLUTION IN LATIN AMERICA | *Paul Craig Roberts & Karen LaFollette Araujo*

THE CHALLENGE OF LIBERTY: Classical Liberalism Today | *Ed. by Robert Higgs & Carl P. Close*

CHANGING THE GUARD: Private Prisons and the Control of Crime | *Ed. by Alexander Tabarrok*

THE CHE GUEVARA MYTH AND THE FUTURE OF LIBERTY | *Alvaro Vargas Llosa*

CUTTING GREEN TAPE: Toxic Pollutants, Environmental Regulation and the Law | *Ed. by Richard Stroup & Roger E. Meiners*

DEPRESSION, WAR, AND COLD WAR: Studies in Political Economy | *Robert Higgs*

THE DIVERSITY MYTH: Multiculturalism and Political Intolerance on Campus | *David O. Sacks & Peter A. Thiel*

DRUG WAR CRIMES: The Consequences of Prohibition | *Jeffrey A. Miron*

ELECTRIC CHOICES: Deregulation and the Future of Electric Power | *Ed. by Andrew Kleit*

THE EMPIRE HAS NO CLOTHES: U.S. Foreign Policy Exposed | *Ivan Eland*

ENTREPRENEURIAL ECONOMICS: Bright Ideas from the Dismal Science | *Ed. by Alexander Tabarrok*

FAULTY TOWERS: Tenure and the Structure of Higher Education | *Ryan C. Amacher & Roger E. Meiners*

FREEDOM, FEMINISM, AND THE STATE: An Overview of Individualist Feminism | *Ed. by Wendy McElroy*

HAZARDOUS TO OUR HEALTH?: FDA Regulation of Health Care Products | *Ed. by Robert Higgs*

HOT TALK, COLD SCIENCE: Global Warming's Unfinished Debate | *S. Fred Singer*

JUDGE AND JURY: American Tort Law on Trial | *Eric Helland & Alex Tabarrok*

LIBERTY FOR LATIN AMERICA: How To Undo

Five Hundred Years of State Oppression | *Alvaro Vargas Llosa*

LIBERTY FOR WOMEN: Freedom and Feminism in the Twenty-First Century | *Ed. by Wendy McElroy*

MARKET FAILURE OR SUCCESS: The New Debate | *Ed. by Tyler Cowen & Eric Crampton*

MONEY AND THE NATION STATE: The Financial Revolution, Government and the World Monetary System | *Ed. by Kevin Dowd & Richard H. Timberlake, Jr.*

OUT OF WORK: Unemployment and Government in Twentieth-Century America | *Richard K. Vedder & Lowell E. Galloway*

PLOWSHARES AND PORK BARRELS: The Political Economy of Agriculture | *E. C. Pasour, Jr. & Randal R. Rucker*

A POVERTY OF REASON: Sustainable Development and Economic Growth | *Wilfred Beckerman*

PRIVATE RIGHTS & PUBLIC ILLUSIONS | *Tibor R. Machan*

RECLAIMING THE AMERICAN REVOLUTION: The Kentucky & Virginia Resolutions and Their Legacy | *William J. Watkins, Jr.*

REGULATION AND THE REAGAN ERA: Politics, Bureaucracy and the Public Interest | *Ed. by Roger Meiners & Bruce Yandle*

RESTORING FREE SPEECH AND LIBERTY ON CAMPUS | *Donald A. Downs*

RESURGENCE OF THE WARFARE STATE: The Crisis Since 9/11 | *Robert Higgs*

RE-THINKING GREEN: Alternatives to Environmental Bureaucracy | *Ed. by Robert Higgs & Carl P. Close*

SCHOOL CHOICES: True and False | *John D. Merrifield*

STRANGE BREW: Alcohol and Government Monopoly | *Douglas Glen Whitman*

STREET SMART: Competition, Entrepreneurship, and the Future of Roads | *Ed. by Gabriel Roth*

TAXING CHOICE: The Predatory Politics of Fiscal Discrimination | *Ed. by William F. Shughart, II*

TAXING ENERGY: Oil Severance Taxation and the Economy | *Robert Deacon, Stephen DeCanio, H. E. Frech, III, & M. Bruce Johnson*

THAT EVERY MAN BE ARMED: The Evolution of a Constitutional Right | *Stephen P. Halbrook*

TO SERVE AND PROTECT: Privatization and Community in Criminal Justice | *Bruce L. Benson*

THE VOLUNTARY CITY: Choice, Community and Civil Society | *Ed. by David T. Beito, Peter Gordon & Alexander Tabarrok*

WINNERS, LOSERS & MICROSOFT: Competition and Antitrust in High Technology | *Stan J. Liebowitz & Stephen E. Margolis*

WRITING OFF IDEAS: Taxation, Foundations, & Philanthropy in America | *Randall G. Holcombe*

*For further information and a catalog of publications, please contact:*

THE INDEPENDENT INSTITUTE

100 Swan Way, Oakland, California 94621-1428, U.S.A.

510-632-1366 · Fax 510-568-6040 · [info@independent.org](mailto:info@independent.org) · [www.independent.org](http://www.independent.org)





**The Independent Institute** is a non-profit, non-partisan, scholarly research and educational organization that sponsors comprehensive studies of the political economy of critical social and economic issues.

The politicization of decision-making in society has too often confined public debate to the narrow reconsideration of existing policies. Given the prevailing influence of partisan interests, little social innovation has occurred. In order to understand both the nature of and possible solutions to major public issues, The Independent Institute's program adheres to the highest standards of independent inquiry and is pursued regardless of prevailing political or social biases and conventions. The resulting studies are widely distributed as books and other publications, and are publicly debated through numerous conference and media programs.

In pursuing this uncommon independence, depth, and clarity, The Independent Institute seeks to push at the frontiers of our knowledge, redefine the debate over public issues, and foster new and effective directions for government reform.