
**THE BOTTOM-UP REVIEW: REDEFINING POST-COLD
WAR STRATEGY AND FORCES**

The 1993 *Report on the Bottom-Up Review* was the second major force structure review of the decade.¹ The aim of the BUR was to provide “a comprehensive review of the nation’s defense strategy, force structure, modernization, infrastructure, and foundations.”² The BUR’s force structure reductions were to accelerate and surpass those planned in the Base Force, leading to a total reduction in forces

¹The BUR is documented in Defense Secretary Les Aspin’s and Chairman Powell’s briefing slides in “Bottom-Up Review,” Washington, D.C., September 1, 1993; in the DoD’s transcript of that briefing in Department of Defense, Pentagon Operations Directorate, “Bottom-Up Review Briefing by SECDEF and CJCS,” Secretary of Defense Message P020023Z SEP 93, September 2, 1993; in the preliminary release of the BUR’s results on the same date in Les Aspin, *The Bottom-Up Review: Forces for a New Era*, and Les Aspin, *Force Structure Excerpts: Bottom-Up Review*, Washington, D.C., September 1993, and in the final report, contained in Les Aspin, *Report on the Bottom-Up Review*, Washington, D.C., October 1993. A detailed discussion of the BUR’s assessment process can be found in the testimony of Edward L. Warner III, Assistant Secretary of Defense for Strategy, Requirements, and Resources, before the House Armed Services Committee, February 2, 1994, and that of Rear Admiral Francis W. Lacroix, Deputy Director for Force Structure and Resources Division (J-8), Joint Staff, before the House Armed Services Committee, March 1, 1994. For an analysis and critique of the key assumptions used in the BUR and in the Nimble Dancer exercises that tested the BUR, see U.S. General Accounting Office, *Bottom-Up Review: Analysis of Key DoD Assumptions*, Washington, D.C., GAO/NSIAD-95-56, January 1995, and U.S. General Accounting Office, *Bottom-Up Review: Analysis of DoD War Game to Test Key Assumptions*, Washington, D.C., GAO/NSIAD-96-170, June 1996. An excellent history of the BUR can be found in Mark Gunzinger, “Beyond the Bottom-Up Review,” in *Essays on Strategy XIV*, Washington, D.C.: Institute for National Security Studies, National Defense University, 1996, available at <http://www.ndu.edu/inss> (accessed September 2000).

²Aspin, *Report on the Bottom-Up Review*, p. iii.

from FY 1990 of about one-third—well beyond the Base Force’s planned 25 percent reduction, most of which had already been achieved by the end of FY 1993. Budgets would also fall beyond planned Base Force levels as a result of the BUR.

The BUR redefined the meaning of engagement in an important way, giving increased rhetorical and policy importance to U.S. participation in multilateral peace and humanitarian operations while setting the stage for an increased operational tempo and rate of deployment even as force reductions continued. This chapter provides an assessment of the interplay between strategy, force structure, and resources in the development, design, and implementation of the BUR.

BUILDING THE BUR FORCE

Background

The World Situation. With the successful end of the Cold War and the dismantling of the Iraqi military in the Gulf War, together with continued progress on nuclear arms control with the states of the former Soviet Union, Clinton administration policymakers had some reason for optimism about the post-Cold War world. Upon their arrival in office, however, they found an unsettled environment filled with the sorts of challenges—in the former Soviet Union, Southwest Asia, Somalia, Bosnia, and elsewhere—that would occupy them for the remainder of the decade.

The U.S. military response to these ongoing challenges led to an increased commitment of Air Force aircraft to contingency operations. From January 1993, when the Clinton administration entered office, until September–October 1993, when the *Report on the Bottom-Up Review* was released, the average number of Air Force aircraft involved in contingency operations rose from roughly 175 to some 225 aircraft (see Figure 3.1). This increase reflected the early stages of executing the administration’s activist conception of engagement, which was to be underwritten in part through the routine use of military forces in a wide range of forward presence operations.

Resource Constraints. During the 1992 presidential campaign, candidate Bill Clinton had argued that changes in the threat environ-

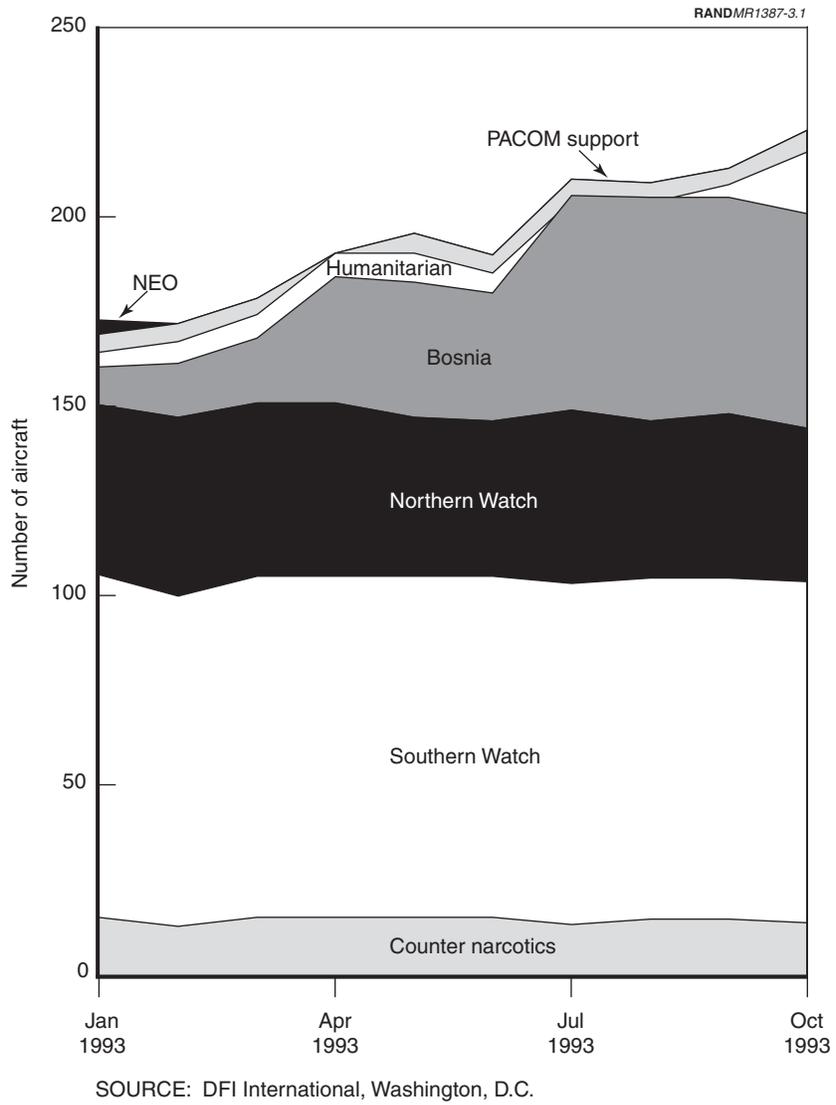


Figure 3.1—USAF Aircraft in Contingency Operations, 1/93–10/93

ment and the nation's poor economic circumstances³ made possible a cut of approximately \$60 billion in defense spending, or \$10 billion a year over the FYDP.⁴ Such a cut was consistent with what Clinton described as his first foreign policy priority for ensuring the United States' ability to lead: the restoration of America's economic vitality.

By the time of the FY 1994 budget submission in February 1993, the administration was planning force structure reductions to meet defense savings goals of \$76 billion over FY 1994–1997 and \$112 billion over FY 1994–1998.⁵ As Table 3.1 shows, the cuts envisaged by the BUR were only slightly smaller than those documented six months earlier in the President's Budget. Put another way, the cuts to the defense top line planned in the FY 1994 budget were, within a few billion dollars in any given year, binding on the BUR.

Table 3.1
Evolution of Future Years Defense Programs in 1993
(BA in billions of dollars)

	1994	1995	1996	1997	1998	1999
1/93 Bush baseline ^a		257	261	264	270	273
Clinton administration: 2/93 planned savings ^b						
FY 1994 plan ^c	-7	-12	-20	-37	-36	—
BUR plan ^a	251	248	240	233	241	
		249	242	236	244	250

^aAs recalculated and reported in the BUR.

^bDefense discretionary spending changes as reported in Office of Management and Budget, *A Vision of Change for America*, Washington, D.C., February 17, 1993, Table 3-1, p. 22.

^cAs submitted by the Clinton administration in April 1993 and reported in DoD Comptroller, *National Defense Budget Estimates, FY 1994*, Washington, D.C., May 1993, Table 1-2.

³By June 1992, the federal deficit was estimated at \$425 billion.

⁴See Bill Clinton, "A New Covenant for American Security," speech given at Georgetown University, December 12, 1991, and "Remarks of Governor Bill Clinton," Los Angeles World Affairs Council, August 13, 1992.

⁵See Office of Management and Budget, *A Vision of Change for America*, Washington, D.C., February 17, 1993, Table 3-1, p. 22.

As a result of these preexisting budgetary constraints, the strategy, force structure, modernization, and other initiatives described in the BUR were to be driven as much by the availability of resources as by the threats and opportunities in the emerging international environment documented by the BUR.

Strategy Under the BUR⁶

The national security strategy and force structure BUR was conducted in order to “develop guidelines for reducing and restructuring the U.S. defense posture in the context of a revised U.S. military strategy.” This review was to be completed in time to publish the new DPG in July 1993, which would then be used by the services in their revisions to the FY 1994–1999 budget submissions. An OSD draft input to the administration’s new national security strategy was completed on April 21,⁷ while the assessment process seems to have begun in earnest in April and May 1993.⁸

The BUR provided the first coherent statement of the Clinton administration’s strategy of “engagement, prevention, and partnership,” which was to serve as a bridge to its first national security strategy statement the next year. In delineating its strategy, the BUR made clear that the administration did not feel bound by many elements of the national security and military strategies it had nominally inherited from the Bush administration. The BUR began by observing that “the Cold War is behind us. The Soviet Union is no longer. The threat that drove our defense decisionmaking for four and a half decades—that determined our strategy and tactics, our doctrine, the size and shape of our forces, the design of our weapons, and the size of our defense budgets—is gone.”⁹

⁶This subsection draws heavily from Gunzinger, “Beyond the Bottom-Up Review.”

⁷See Frank G. Wisner and Admiral David E. Jeremiah, “Toward a National Security Strategy for the 1990s,” Washington, D.C.: Office of the Under Secretary of Defense for Policy, April 21, 1993, cited in Gunzinger, “Beyond the Bottom-Up Review.”

⁸See Warner, testimony before the House Armed Services Committee, February 2, 1994, and Lacroix, testimony before the House Armed Services Committee, March 1, 1994.

⁹See Aspin, *Report on the Bottom-Up Review*, p. 1.

Having firmly placed the Cold War in the past, the BUR identified four principal “new dangers” facing the United States: the proliferation of weapons of mass destruction (WMD); regional dangers resulting both from large-scale aggression and from ethnic, religious, and other forms of conflict; threats to democracy and reform in the former Soviet Union and elsewhere; and economic instability resulting from the failure to build a strong and growing U.S. economy. The BUR saw the U.S. Armed Forces as central to combating the first two of these threats but also believed that the military could play a significant role in meeting the last two.

Assumptions About Future Operations. The BUR appears to have made three principal assumptions about future military operations. First, it assumed that the U.S. military would be very busy with peacetime operations in the post-Cold War world.¹⁰ Second, it posited that U.S. forces would be engaged in operations in peacetime across the entire spectrum of conflict. Third, it assumed that peacetime demands could be managed so as to minimize impacts on the ability to conduct warfighting operations.

The BUR’s planning strategy assumed that U.S. forces would need to be able to accomplish four major sets of objectives abroad:

- to defeat aggressors in MRCs;
- to maintain overseas presence to deter conflicts and provide regional stability;
- to conduct smaller-scale intervention operations such as peace enforcement, peacekeeping, humanitarian assistance, and disaster relief to further U.S. interests and objectives; and
- to deter attacks with WMD against U.S. territory, U.S. forces, or the territory and forces of U.S. allies.

These four objectives would be critical to the development of the BUR force structure, discussed next.

¹⁰Op. cit., Figure 6, “Conflict Dynamics,” p. 27.

Building the Force

In order to address the four strategic objectives described above, the BUR recommended that forces be based on force building blocks—i.e., on distinct force packages for each objective:

- **Major regional contingencies.** The MRC building block was sized to fight a major regional conflict against a fairly substantial regional threat capable of launching an armor-heavy combined arms offensive against the outnumbered forces of a neighboring state.¹¹ The operational concept for the campaign was to undertake four phases of operations: (1) halt the invasion; (2) build up U.S. combat power in the theater while reducing that of the enemy; (3) decisively defeat the enemy; and (4) provide for postwar stability. The MRC force package consisted of 4 to 5 Army divisions; 4 to 5 Marine Expeditionary Brigades (MEBs); 10 Air Force fighter wings; 100 Air Force heavy bombers; 4 to 5 Navy aircraft carrier battle groups; and special operations forces.
- **Peace enforcement and intervention operations.** The second building block was oriented toward providing for a range of lower-intensity operations, from multilateral peace enforcement to unilateral intervention operations.¹² This building block was to be capable of forcing entry into, seizing, and holding key facilities; controlling troop and supply movements; establishing safe havens; securing protected zones from internal threats such as snipers, terrorist attacks, or sabotage; and preparing the environment for relief by peacekeeping units or civilian administrative authorities. The force package developed for this building block consisted of a total of 50,000 combat and support personnel.

¹¹The canonical threat force for a single MRC consisted of 400,000 to 750,000 total personnel under arms; 2000 to 4000 tanks; 3000 to 5000 armored fighting vehicles; 2000 to 3000 artillery pieces; 500 to 1000 combat aircraft; 100 to 200 naval vessels; and 100 to 1000 Scud-class ballistic missiles, some possibly with nuclear, chemical, or biological warheads. Examples of such threats were Iraq (either prior to the Gulf War or following a posited rebuilding of its forces) and North Korea.

¹²Les Aspin, then chairman of the House Armed Services Committee, had described this as “the Panama equivalent” in his 1992 force-sizing exercise.

- **Overseas presence operations.** The third set of requirements for sizing general-purpose forces was to sustain an overseas presence by U.S. military forces, to protect and advance U.S. interests, and to perform other functions that contributed to security. The BUR planned for some 100,000 troops in Europe and “close to” 100,000 troops in the Pacific/East Asian theater. It also determined that presence needs led to a somewhat higher number of Navy aircraft carriers (11 active and 1 reserve training carrier) than was suggested by warfighting requirements alone, for which 10 carriers would have been adequate.
- **Deterrence of WMD attack.** Deterring WMD attacks against U.S. territory and forces was not a major driver of conventional force structure. However, several of the specialized “new initiatives” proposed by the BUR—especially cooperative threat reduction, counterproliferation, and defense/military partnerships with the former Soviet Union—and the increased emphasis on theater missile defense sought to address this mission area.

Force Options. The BUR’s focus was squarely on sizing general-purpose forces and on determining the nature of “force enhancements” necessary for fighting major regional contingencies.¹³ To accomplish this goal, the BUR combined the building blocks just discussed with alternative “strategies” to develop force structure options for general-purpose forces.

The range of strategies assessed in the BUR specified successively more demanding environments for U.S. forces: (1) win one MRC; (2) win one MRC with a hold in the second (“win-hold-win”); (3) win two nearly simultaneous MRCs; and (4) win two nearly simultaneous MRCs plus conduct smaller operations. The force structures associated with each strategy are described in Table 3.2.

Of the four options reported above, only the second and third appear to have been given serious consideration by policymakers.¹⁴ In late

¹³The BUR’s and QDR’s focus on two nearly simultaneous MRCs—and their failure to fully reckon the impact of peacetime engagement activities on warfighting readiness and strategic risk—effectively led to what many have termed a “two-conflict strategy.” While an oversimplification, this term harbors an important truth.

¹⁴See U.S. Congress, Senate, “Force Structure Levels in the Bottom-Up Review,” *Department of Defense Authorization for Appropriations for Fiscal Year 1995 and the*

Table 3.2
Alternative Force Options Considered in the BUR

Strategy	1: Win One MRC	2: Win One MRC with Hold in Second	3 (BUR Force): Win Two Nearly Simultaneous MRCs	4: Win Two Nearly Simultaneous MRCs Plus Conduct Smaller Operations
Army				
AC divisions	8	10	10	12
RC	6 equivalent divisions	6 equivalent divisions	15 enhanced-readiness brigades	8 equivalent divisions
Navy				
CVBGs ^a	8	10	11 1 RC/training carrier	12
Marines				
AC brigades	5	5	5	5
RC division	1	1	1	1
Air Force				
AC TFWs	10	13	13	14
RC TFWs	6	7	7	10
Plus force enhancements				

^aCVBG = Carrier Battle Group.

May and early June 1993, various DoD sources signaled that the second strategy, win-hold-win, was emerging as the preferred one.¹⁵ However, the resulting criticism from Congress and in the press,¹⁶

Future Years Defense Program, Washington, D.C.: Government Printing Office, March 9, 1994, pp. 687–753.

¹⁵There were reportedly three strategies and force structures under consideration in late May that track with options one, two, and four. See Michael Gordon, “Cuts Force Review of War Strategies,” *New York Times*, May 30, 1993, p. 16. By the time of his testimony before the Senate Armed Services Committee on June 17, 1993, Deputy Defense Secretary William Perry described three strategies: one that would be capable of one major regional conflict; one that could deal with two simultaneous MRCs; and an intermediate case involving two nearly simultaneous MRCs. He also suggested that win-hold-win was somewhat misleading and that it really was a strategy for “nearly simultaneous” conflicts.

¹⁶See, for example, Dov S. Zakheim, “A New Name for Winning: Losing,” *New York Times*, June 19, 1993, p. 21, and John T. Correll, “Two at A Time,” *Air Force Magazine*, Vol. 76, No. 9, September 1993.

together with the concerns articulated by key U.S. allies,¹⁷ led on June 25 to Defense Secretary Les Aspin's public endorsement of strategy (and force structure) three, a strategy and force structure for fighting two nearly simultaneous MRCs. These capabilities were deemed necessary to enhance the probability that a second conflict did not emerge while the United States was already preoccupied with a first conflict—a feature that the win-hold-win strategy lacked.

Force Enhancements Required to Make the Strategy Work. As shown in Table 3.2, strategy and force structures two and three differed very little in their composition. Accordingly, one of the main premises of the strategy and force structure for fighting two nearly simultaneous MRCs was that a number of key force enhancements would need to be undertaken to make the force capable of executing that strategy.¹⁸ These force enhancements aimed to compensate for force levels lower than those of the Base Force through selective investment in core capabilities that could improve the United States' capacity to halt a short-warning attack. Secretary Aspin identified two low-tech enhancements and two high-tech ones as being critical to accomplishing the aim of stopping invading forces as quickly as possible.¹⁹ The low-tech enhancements were increased airlift and prepositioning, and the high-tech enhancements were advanced antiarmor munitions and electronic battlefield surveillance.²⁰

Balancing Warfighting and Presence Needs. The BUR also laid down an elaborate logic to ensure the force's ability to disengage from peacetime operations in the event that one or more MRCs were to arise (see Figure 3.2).

¹⁷South Korea (which presumed that it would be put on hold while the United States prosecuted its first MRC in Southwest Asia) reportedly expressed concerns about the strategy.

¹⁸As described in testimony by Deputy Secretary Perry in the summer of 1993, the primary point of the BUR was not so much to select a particular strategy as to indicate the connection between strategies and military scenarios and the consequent actions that needed to be taken to modernize the force, provide infrastructure, and size budgets.

¹⁹See Secretary of Defense Les Aspin's remarks at the National Defense University graduation, Fort McNair, Washington, D.C., June 16, 1993, as prepared for delivery.

²⁰As noted in the last chapter, some of these "enhancements" had in fact already been planned and/or programmed.

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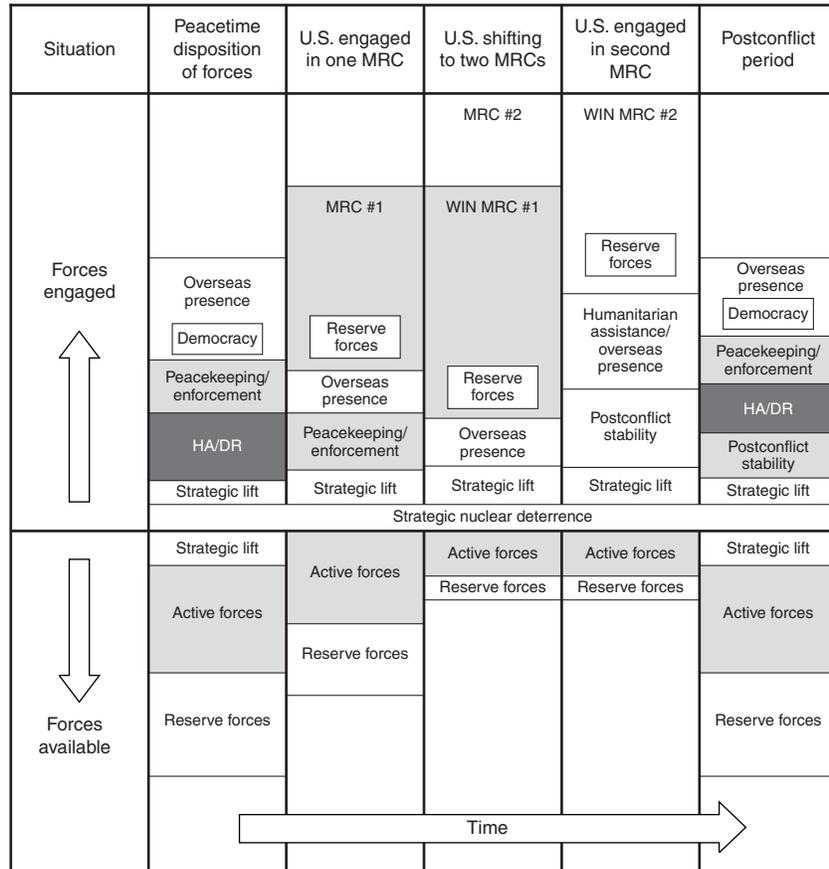


Figure 3.2—The BUR’s View of Conflict Dynamics

As Figure 3.2 shows, this logic dictated that during peacetime, U.S. forces were expected to be conducting overseas presence operations (including support for democracy), peacekeeping and peace enforcement operations, and humanitarian assistance and disaster relief (HA/DR) operations. Such operations were expected to engage a substantial fraction of the force structure.

In the event that the United States became engaged in an MRC, the BUR held that humanitarian, disaster relief, and democracy opera-

tions would be dropped while overseas presence operations would shrink; peacekeeping and peace enforcement operations were, however, expected to continue at their peacetime levels. With a second MRC, the United States would focus on winning the first MRC, while participation in peacekeeping and peace enforcement operations would be suspended; other overseas presence operations would continue at the reduced levels of the one-MRC case. With the successful conclusion of the first MRC, postconflict stability operations would begin in that theater for an indeterminate period, and with the win in the second MRC, similar operations would begin in that theater. These operations were then expected to continue into the post-conflict period until they were concluded, whereupon the United States would return to its peacetime disposition of forces.

Despite this attention to presence and to peace and relief operations, during the DoD press conference on the BUR, Chairman Powell was emphatic in explaining that the BUR force was justified primarily in terms of its warfighting ability:

Let me begin by giving a little bit of a tutorial about what an armed forces is all about. Notwithstanding all of the changes that have taken place in the world, notwithstanding the new emphasis on peacekeeping, peace enforcement, peace engagement, preventive diplomacy, we have a value system and a culture system within the armed forces of the United States. We have this mission: to fight and win the nation's wars. That's what we do. Why do we do it? For this purpose: to provide for the common defense. And who do we do it for? We do it for the American people. We never want to lose sight of this ethic, we never want to lose sight of this basic underlying principle of the armed forces of the United States. We're warriors. And because we are warriors, because we have demonstrated time and time again that we can do this for that purpose for the American people, that's why you have armed forces within the United States structure.

Now at the same time, because we are able to fight and win the nation's wars, because we are warriors, we are also uniquely able to do some of these other new missions that are coming along—peacekeeping, humanitarian relief, disaster relief—you name it, we can do it. And we can modify our doctrine, we can modify our strategy, we can modify our structure, our equipment, our training, our leadership techniques, everything else to do these other missions,

but we never want to do it in such a way that we lose sight of the focus of why you have armed forces—to fight and win the nation’s wars.²¹

In carrying out the budget cuts, administration policymakers hoped to cut defense spending without provoking questions about their commitment to the nation’s defense. Paradoxically, this resulted in more modest cuts in force structure in the BUR than had been advocated by Secretary Aspin when he had been House Armed Services Committee chairman, as well as deeper cuts in defense resources than had been advocated in the campaign. Another result was that a strategy—first win-hold-win and then a strategy for fighting two nearly simultaneous major wars—was overlaid on a force structure that was justified by the CJCS in terms of warfighting ability but would instead become preoccupied with operations in support of the administration’s still-crystallizing strategy of “engagement and enlargement.” A final result was a gap between publicly stated expectations of \$104 billion in defense savings and the \$17 billion that was privately expected by OSD policymakers.

Assignment of Forces for Overseas Presence. While the capability to prosecute two nearly simultaneous MRCs was the principal yardstick for sizing U.S. forces, it was the BUR’s assessment of peacetime overseas presence that defined the logic of its assignment of active forces to various regions (see Table 3.3).²²

As shown in Table 3.3, overseas presence needs dictated that roughly 25 percent of active Army divisions, slightly more than 40 percent of USAF TFWs, one-third of the active MEFs, and nearly 25 percent of Navy aircraft carriers be deployed outside the continental United States. Nevertheless, the Air Force did not actively press the case that, as with the Navy carriers, presence needs and support to contingencies should also be considered in determining the number of TFWs in the force structure.

²¹Department of Defense, news conference on the DoD Bottom-Up Review, September 1, 1993.

²²Although the assessment provided the logic, it appears that the BUR’s assessment of overseas presence was intended not so much as an assignment of forces to regions as a public vindication before the United States and its allies of the levels of forces that were being retained.

Table 3.3
Assignment of Forces in the BUR, October 1993

Force Package	Army Divisions	USAF TFWs	USMC MEFs	Navy Carriers ^a
Forward				
Atlantic				
Europe	2.0	2.3		0.7
Pacific				
Japan	0.11 ^b	1.4	1.0	1.0
South Korea	0.66 ^c	1.0	(0.66) ^d	
Persian Gulf	— ^e	— ^e	(0.33) ^f	0.7–1.0 ^g
Total	2.66	4.7	1.0	2.4–2.7
Contingency				
U.S.				
Active	7.33	8.3	2.0	7.3–7.6
Reserve	5.0+	7.0	1.0	1.0 ^h
Total	12.33	15.3	3.0	8.3–8.6
Total	15.0+	20.0	4.0	12.0
Active	10.0	13.0	3.0	11.0
Reserve	5.0+	7.0	1.0	1.0 ^h

SOURCES: Les Aspin, *Report on the Bottom-Up Review*, Washington, D.C., October 1993, pp. 23–24, and authors' estimates.

^aEleven active plus one reserve carrier capable of sustaining full-time presence in one region and presence in two other regions 70 percent of the time.

^bArmy Special Forces battalion in Okinawa, not scored against division count.

^cThe BUR plan called for ultimate reduction to one brigade.

^dTwo brigade-size MEFs (two maritime prepositioning squadrons [MPSs]) available for the MRC in Northeast Asia.

^eLand-based Army and Air Force forces to be rotational only.

^fOne MPS for a brigade-size MEF available for the MRC in Southwest Asia.

^g"Tether" carrier, supplemented by Middle East Force (MIDEASTFOR) ships and a rotational Amphibious Readiness Group (ARG).

^hReserve training carrier.

Force Structure and Manpower. The proposed manpower and force structure changes to achieve the BUR force over the FY 1995–1999 program included reductions to manpower of some 160,000 active personnel and 115,000 civilians.

For the Air Force, the BUR proposed to reduce the number of TFWs by an additional 6.5 wings below planned Base Force levels, including 2.25 active and 4.25 reserve wings, and to set the number

of bombers at 184, 114 of which would be scored as part of the strategic nuclear force.²³ Army divisions were to be reduced by two below the planned Base Force number while maintaining five or more reserve divisions.²⁴ Naval forces were to be reduced by 55 surface ships and submarines, including the nominal cutting of one aircraft carrier, thereby reducing the carrier force level from 12 to 11 plus one reserve training carrier. One active and one reserve Navy air wing would also be cut. The Marines were to see an increase in planned end strength from the Base Force plan of 159,000 to 174,000.

In short, BUR policymakers stated their aim to accomplish with a smaller force what the Base Force could do only with great difficulty, and placing it near its breaking point—providing a capability to fight two nearly simultaneous major conflicts. Furthermore, this force would also be employed in peace, humanitarian, and other non-warfighting operations to a much greater degree than had been envisioned in the Base Force and was said to require \$104 billion less than the Bush baseline had provided for the Base Force. This tenuous balance between strategy, forces, and resources struck in the BUR would set the stage for many of the problems encountered over the years that followed.

The View from the Air Force. Another key assumption of BUR policymakers had an important effect on force structure, particularly that of the Air Force. As was noted in Chapter Two, the Base Force had been predicated in part on the assumption implied in the Army's review of its warfighting doctrine, "Airland Battle," that future wars would involve significant clashes of armor against armor.

The Gulf War's reliance on air power to destroy Iraqi strategic targets, defeat Iraqi fielded forces, and create the conditions for the successful ground offensive raised the question of whether aerospace power would also be used to establish air supremacy and defeat mechanized ground forces in future conflicts, and whether the future composition of U.S. forces should instead favor aerospace power over

²³Strategic nuclear forces were not examined in detail in the BUR but were addressed in the Nuclear Posture Review. The B-2s were, however, to be capable of both strategic nuclear and conventional missions.

²⁴The details of Army reserve-component forces would be worked out in the fall of 1993.

heavy ground forces. The BUR (and later the QDR) seems to have leaned toward such an alternative view—and accordingly favored a number of force enhancements to improve the ground attack capabilities of bombers and tactical aircraft to enhance U.S. capabilities to halt an enemy offensive.

Resources

When the BUR spending plan for the FY 1995–1999 FYDP is compared with the Bush baseline for the same years (Table 3.4), the differences between the two plans emerge clearly.

The Bush administration’s final spending plan had anticipated a reduction of nearly 26 percent in DoD budget authority from FY 1990

Table 3.4
The BUR’s Long-Range Forecast for DoD

	Estimate							
	1990	1993 ^a	1995	1996	1997	1998	1999	1995–1999
Bush baseline								
BA (\$B) ^b	293	259	257	261	264	270	273	1325
BA (FY 1995 \$B)	339	280	263	261	257	256	252	1187
Percent real change:								
From FY 1990			-22.6	-23.0	-24.1	-24.5	-25.8	
From FY 1993			-3.0	-3.6	-4.9	-5.4	-7.0	
BUR plan								
BA (\$B)	293	259	249	242	236	244	250	1221
BA (FY 1995 \$B)	339	280	249	236	224	225	224	1157
Percent real change:								
From FY 1990			-26.6	-30.5	-34.0	-33.7	-33.9	
From FY 1993			-8.0	-12.9	-17.3	-16.9	-17.2	
Reduction								
BA (\$B)			8	19	28	26	23	104
BA (FY 1995 \$B)			14	25	34	31	28	131

SOURCES: Les Aspin, *Report on the Bottom-Up Review*, Washington, D.C., October 1993, p. 108, and DoD Comptroller, *National Defense Budget Estimates, FY 1995*, Washington, D.C., March 1994.

^aThe estimate for FY 1993 is from DoD Comptroller, *National Defense Budget Estimates FY 1994*, Washington, D.C., May 1993.

^bBA = Budget Authority.

to 1999, with 7 percent of those reductions taken after FY 1993. By comparison, the budget proposed in the BUR anticipated a 34 percent reduction by the end of the FY 1990–1999 period, with reductions of an additional 17 percent after FY 1993. Thus, the BUR anticipated approximately 8 to 10 percent in additional reductions beyond the Bush administration’s baseline spending plan.

The BUR reported that the administration had set a target of \$104 billion in savings for the FY 1995–1999 budget and program and detailed a total of \$91 billion in estimated savings, leaving a shortfall of \$13 billion.²⁵ Privately, however, OSD policymakers reportedly anticipated only \$17 billion in savings. In any event, the cuts that were to be made to achieve the \$91 billion savings target were to come predominantly from modernization accounts (\$53 billion) but were also to be derived from force structure and infrastructure (\$43 billion). This \$96 billion in reductions was to be offset by a \$5 billion increase in funding for new initiatives, including peacekeeping and peace enforcement operations.

Defense Priorities. In the face of further anticipated budget cuts, the BUR undertook only selected modernization to improve capabilities against enemy mechanized forces through programs such as precision-guided munitions and improved surveillance. The BUR sought to address the problem of the aging aircraft inventory and the bow wave associated with the procurement of the next generation of aircraft (see Figure 3.3) by canceling the A/F-X and Multirole Fighter (MRF),²⁶ terminating production of the F-16 after FY 1994 and the F/A-18C/D after FY 1997, and proceeding with the F-22 and the F/A-18E/F, albeit at reduced quantities.²⁷ The F-22 was also to be given a precision ground attack capability at the outset of its production,

²⁵With OMB’s updated Mid-Session Review revision of inflation estimates, the FYDP shortfall grew to \$20.5 billion, and military and civilian pay raises generated an additional shortfall of roughly \$11.4 billion, leading to a total shortfall of \$31.5 billion. OMB increased the DoD budget over the FYDP to cover the pay raises but not the multiyear inflation bill, leaving an estimated shortfall of some \$20 billion.

²⁶In its place, a Joint Advanced Strike Technology (JAST) program was established that would seek to develop common components and subsystems that could be used in building a number of service-specific fighter/attack aircraft platforms.

²⁷The size of the F-22 buy fell by roughly two wings (210 aircraft, including backup aircraft inventory [BAI], attrition reserve, and the like), from 648 to 438 aircraft.

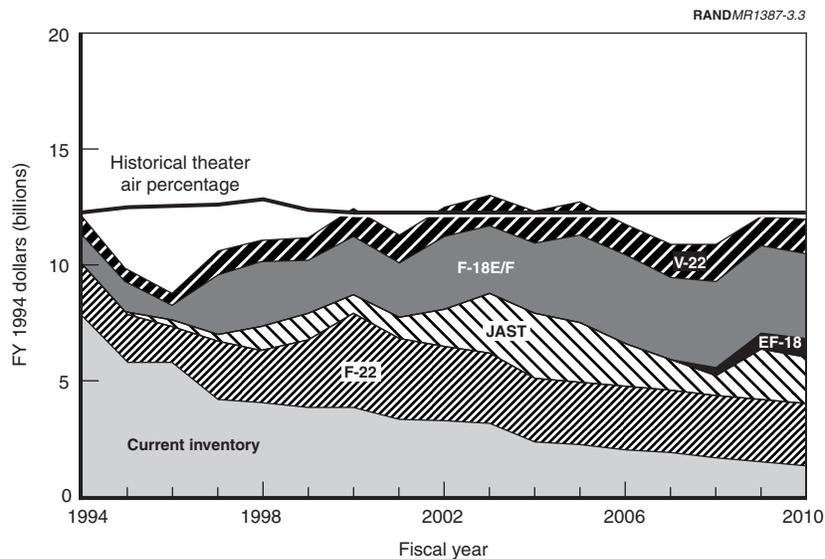


Figure 3.3—The BUR's Plan for Eliminating the Bow Wave in the Theater Air Program²⁸

thus providing a multirole capability to increase the aircraft's utility and cost-effectiveness.

The BUR recommended a total of \$5 billion over the FY 1995–1999 period to support four new policy initiatives: cooperative threat reduction, counterproliferation, expanded contacts with the former Soviet Union to create a defense/military partnership, and global cooperative initiatives. The final initiative included peacekeeping and peace enforcement, humanitarian assistance and disaster/famine relief, and the promotion of democracy through military-to-military contacts.²⁹

²⁸The labeling in this figure is as it appeared in Aspin, *Report on the Bottom-Up Review*.

²⁹BUR policymakers anticipated that future peace operations would be paid for out of a special account. It was not until the Overseas Contingency Operations Transfer Fund (OCOTF) late in the decade, however, that such a mechanism would be created. The result was a reliance on emergency supplementals and the annual appropriation process.

IMPLEMENTING THE BUR

Strategy

The unsettled international environment and the administration’s promotion of peace operations as an appropriate response to this instability and conflict resulted in commitments throughout the 1993–1998 period that were, from a historical perspective, more frequent, larger, and of longer duration than had been seen in the past (see Figure 3.4). The result was by some accounts a commitment to smaller-scale contingencies (SSCs) that began to approximate the requirements of a single MTW,³⁰ together with growing congressional and other concern about the potential impact of such SSCs on readiness for warfighting.

Somewhat less obvious is that these operations were also unlike most past operations in the sense that the United States was making long-

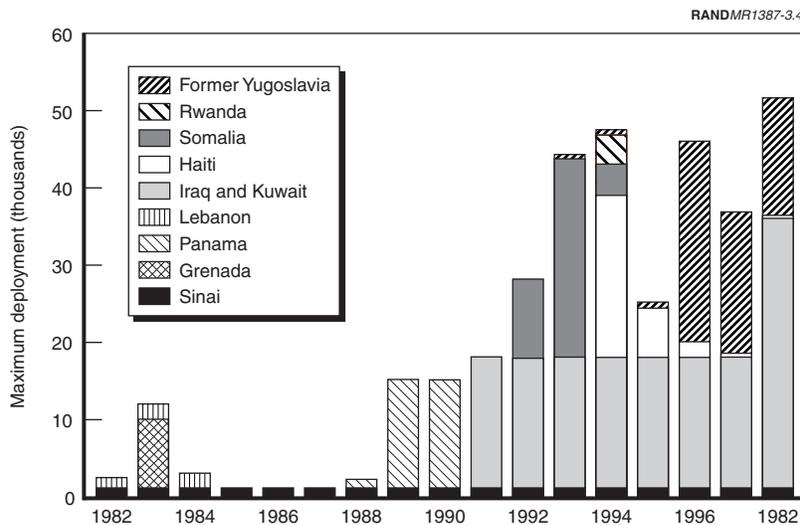


Figure 3.4—Maximum Deployment in Peace Operations, 1982–1998 (CBO)

³⁰See Michael C. Ryan, *Military Readiness, Operations Tempo (OPTEMPO) and Personnel Tempo (PERSTEMPO): Are U.S. Forces Doing Too Much?* Washington, D.C.: Congressional Research Service Report 98-41F, January 14, 1998.

term commitments to operations in relatively austere out-of-area locales that would require sustainment through rotation—this at a time when the United States continued to reduce its overseas force levels and shift its posture to emphasize U.S.-based contingency forces. In combination with force structure and manpower reductions, the result of these commitments was to greatly increase operational and personnel tempos over the period.

As indicated by congressional reaction to the BUR and hearings on readiness over the 1994–1998 period, this increased operational tempo across the force underscored congressional concerns that the forces were insufficient to underwrite the emerging strategy of engagement and enlargement, that the available resources were insufficient to maintain the health of the force, and that readiness for warfighting would ultimately suffer.³¹

The View from the Air Force. Air Force leaders expressed some disappointment that the BUR had failed to tackle the issue of roles and missions and the restructuring of U.S. forces. Air Force Chief of Staff Merrill A. McPeak argued that the issue, while important, seemed constantly to be trumped by other, more critical issues on the defense secretary’s plate:

Every morning when the SECDEF comes to work, he faces a problem all leaders face: How to distinguish between what’s important and what’s critical. What’s important is that we organize the Nation’s defenses properly. That’s roles and missions. What’s critical is Bosnia. He can’t ignore the critical problems in order to pay attention to the important ones. So, I don’t think you can rely on the Secretary of Defense or the Chairman of the Joint Chiefs. They are simply tied up with other problems that are seen as more pressing because they are in the headlines every day. Roles and missions is probably more important, but it’s not on the 6:00 news every day. It can be ignored, and accordingly it will be, unless the President wants to take an interest in it.³²

³¹As will be described in the next chapter, until the early fall of 1998, most civilian and military leaders publicly rejected the argument that readiness had deteriorated.

³²George M. Watson and Robert White, end-of-tour interview with General Merrill A. McPeak, Air Force Chief of Staff, conducted at the Pentagon, November 28 and December 15 and 19, 1994.

Nevertheless, there were indications that the president had taken an interest in the subject:

By the way, the President made a wonderful speech about this subject [of roles and missions] in August of 1991 when he was campaigning in Los Angeles. He talked about what was needed doing, and he had a lot of it exactly right. I urge you to read that speech sometime. It was very good. The thrust was that we must downsize the Armed Forces, and it is a disservice to the Nation if we simply do it as “Cold War-minus.” He accused the Bush administration of taking this approach. The so-called “Base Force” was kind of a Cold War-minus approach: just cut everybody 30 percent, walk away from it, and wash your hands. What the President said was, “All that does is make us 30 percent weaker than we were before, and that’s not good enough. We have to rebuild the Armed Forces, eliminate duplication and overlap, and so on. Then we can cut it and maybe be as strong or stronger than we were before because we have rethought the problem of who is going to do what in a more imaginative way.” That speech was exactly correct. What happened was that the new Administration came in and they didn’t do that. They did the so-called “Bottom-Up Review,” which was Cold War minus-minus. They took the Base Force down another 30 percent and didn’t redistribute any of the jobs in any way whatsoever, let alone more efficiently.

In my view, the President must have been disappointed with the Bottom-Up Review, although I was at the White House when Secretary Aspin briefed it to the President. All the Chiefs were there. The President said “This is brilliant work. It is exactly what we needed.” I kept watching him to see if he was serious or if he was just being a nice guy. It was hard for me to tell whether he really believed the Bottom-Up Review was a brilliant piece of work, but those were exactly the words he used. In any case, he certainly did not follow the prescription that he had laid down in his campaign, which was exactly right. What we should have done is what I would call a Wall-to-Wall Review, as opposed to a Bottom-Up Review. A Wall-to-Wall Review would look at the range of tasks we are doing here and decide how to do each of them best.³³

³³Ibid.

Notwithstanding this disappointment, as it had with the Base Force, the Air Force embraced the new strategy and its emphasis on long-range aerospace power, including long-range conventional bombers, strategic mobility, enhanced surveillance and targeting, and precision-guided attack. The new strategy also placed unprecedented demands on the Air Force in servicing contingency operations over the period. The number of deployed aircraft remained at a level substantially higher than before the Gulf War as a result of the need to service the operations in northern and southern Iraq (see Figure 3.5). Modest increases in the number of aircraft in contingency operations can be seen thereafter as additional commitments accumulated, particularly in Bosnia. In general, more than 200 USAF aircraft were deployed fairly consistently to contingency operations throughout the 1993–1998 period, although occasional peaks of 350 or more aircraft were also seen.

With force structure having twice been traded for modernization, the die was effectively cast, and the Air Force faced the continued prospect of underwriting a more ambitious strategy with a smaller force. While some of the resulting stresses would be mitigated somewhat by several Air Force post-BUR innovations,³⁴ by March 1997 Air Force Chief of Staff Ronald Fogleman reported that Air Force operational tempo was four times that demanded prior to the fall of the Berlin Wall.

Force Structure and Manpower

The force targets and the execution of force structure reductions for the BUR generally appear to have gone as planned, with most force structure goals achieved by FY 1996–1998³⁵ and with some goals

³⁴See the posture statement of General Fogleman, presented in testimony before the House National Security Committee, March 5, 1997. Among the Air Force innovations in the post-BUR period were the Global Sourcing Conference in 1995, which better balanced demands across major commands, and the air expeditionary force concept in 1996, which reorganized the Air Force to better service ongoing commitments while retaining a capability to respond to crises.

³⁵Nominal force structure goals were met in the following fiscal years: active Army divisions (FY 1996); Navy ships (FY 1997–1998); Air Force reserve-component TFWs (FY 1996). By 1997, the enhancement of Army separate brigades was also almost completed. See Department of Defense, *Report of the Quadrennial Defense Review*, Washington, D.C., May 1997, p. 32.

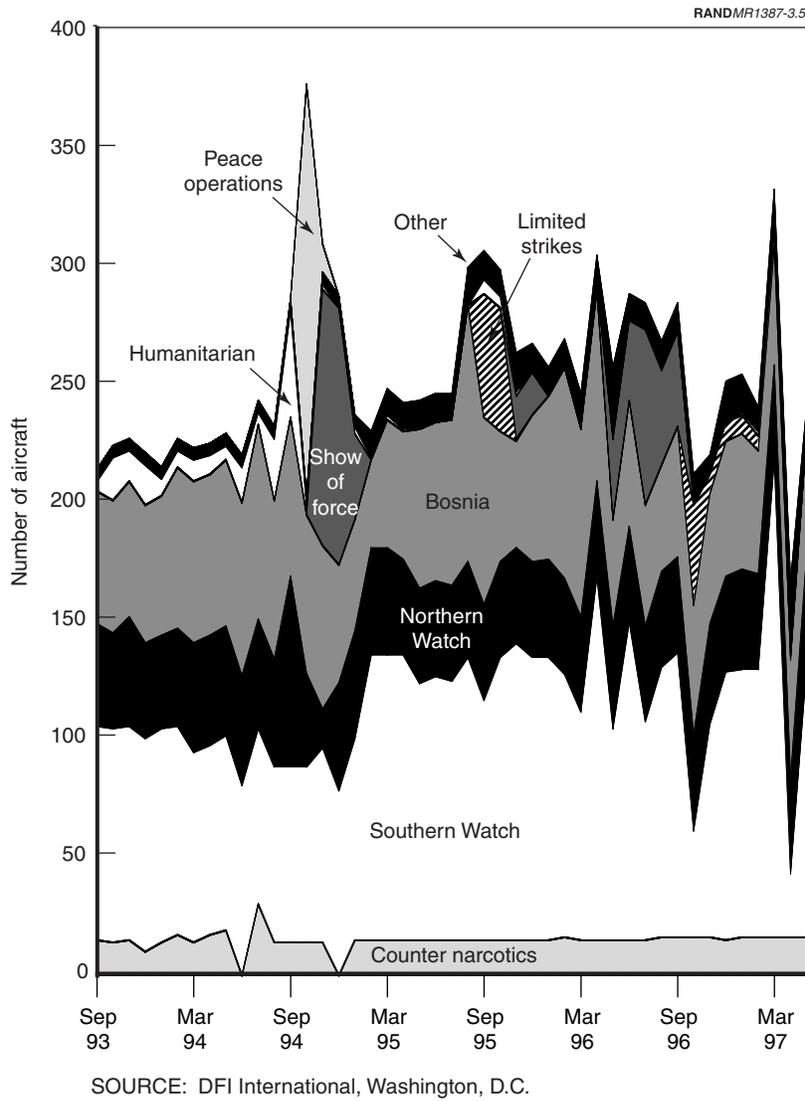


Figure 3.5—USAF Aircraft in Contingency Operations, 1993–1998

actually achieved as early as FY 1994, even before BUR implementation had formally begun.³⁶ In the final months of 1993, however, several important changes to the force levels appear to have been specified in the BUR. Specifically, the number of Army reserve divisions and brigades was amended in December 1993, leading to a force goal of eight Army National Guard (ARNG) divisions and 18 ARNG brigades, 15 of which would be enhanced-readiness brigades.

The View from the Air Force. For the Air Force, the number of planned Primary Aircraft Authorization (PAA) bombers was reduced for the FY 1995 defense budget and plan from “up to 184” to a new goal of 140—a target that was reached by 1998, although the composition differed somewhat from what had been planned. A decision was also made to reduce the total number of Navy ships from 346 to 331 by FY 1999.

For the Air Force, force structure reductions fell unevenly across the force both during the transition year of FY 1994 and during the implementation of the BUR decisions. Figure 3.6 shows the cumulative reductions to various elements of force structure and infrastructure associated with the Base Force (FY 1990–1993), the transition year of FY 1993–1994, and the BUR (FY 1994–1997).

The FY 1994 transition year can be seen to have contributed substantial reductions beyond the Base Force, including reductions to Air Force active and reserve TFWs, reserve total aircraft inventory (TAI), active bombers, and infrastructure. During execution of the BUR from FY 1995 to FY 1997, the greatest relative reductions focused on reserve TFWs, reserve TAI, active strategic airlift, and infrastructure. And as noted above, with the FY 1995 defense budget and the FY 1995–1999 defense program, the number of long-range bombers was reduced from up to 184 to 140 by FY 1999.³⁷

³⁶These included reserve-component Army divisions, Air Force TFWs, Navy aircraft carriers, and Marine end strength.

³⁷Of these, 48 were to be B-52H bombers equipped to carry both nuclear-armed air-launched cruise missiles (ALCMs) and conventional weapons, 72 were to be B-1B (all to be converted to conventional weapons only by 1998), and 20 were to be B-2s with conventional and nuclear weapon delivery capabilities. See Department of Defense, *Annual Report to the President and Congress*, Washington, D.C., January 1994, p. 27.

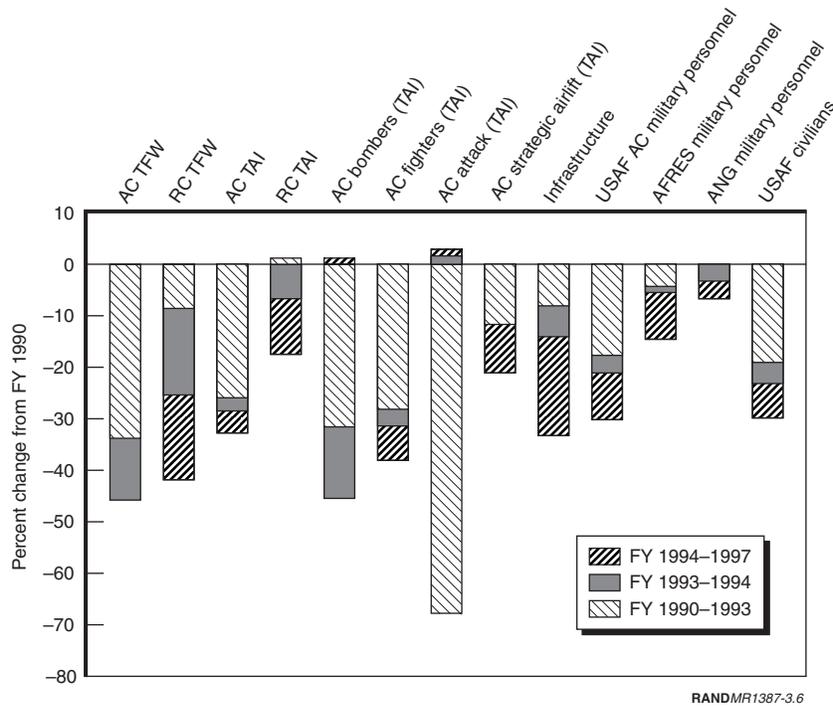


Figure 3.6—USAF Force Structure and Manpower Reductions, FY 1990–1997

Infrastructure

A 1995 round of the BRAC Commission further reduced domestic bases by some 20 percent DoD-wide. During this time frame, Air Force infrastructure fell by a relatively low 14 percent.³⁸ By FY 1998, the total number of Air Force installations worldwide—including major and minor installations and support sites—had declined by 233 installations, or some 45 percent, with most of the decline oc-

³⁸From FY 1993 to 1998, USAF infrastructure spending as a fraction of total spending fell from 44 to 42 percent, where it had been in FY 1990. See U.S. Air Force, *Air Force Strategic Plan, Vol. 2*, Table 2.B.3, “Total Infrastructure Spending.”

curing during the BUR years of FY 1995–1998.³⁹ As a result of congressional dissatisfaction with the selection process for the last round of base closures, however, no additional BRAC rounds were authorized; instead, Congress essentially decided to revisit the question after a new administration was in place in 2001.

Modernization

Modernization decisions reported in the BUR resulted in a number of program terminations in the FY 1995 budget and program, including the A/F-X, EA-6B remanufacture, F-16, CH-53, SH-60B/F/H, MRF, Follow-on Early Warning System (FEWS), Spacelifter, and LANDSAT satellite.⁴⁰ Other planned modernization programs did not achieve their targets, including the following:

- **Theater air program.** Apparently as a result of cuts to modernization accounts occasioned by higher-than-expected O&S costs,⁴¹ the theater air program was not executed as planned, resulting in the creation of another procurement bow wave that was left to the 1997 QDR to resolve.⁴² Similarly, the initial oper-

³⁹According to the USAF's *Statistical Digest*, approximately 278 Air Force installations were closed between FY 1995 and FY 1998. See Assistant Secretary of the Air Force (Financial Management and Comptroller), *United States Air Force Statistical Digest*.

⁴⁰Unclassified extract from Joint Chiefs of Staff, *Joint Military Net Assessment*, Washington, D.C., 1994, p. 3-8.

⁴¹For example, our comparison of the December 1993 and December 1998 Selected Acquisition Reports (SARs) for the F-22 showed that actual spending on the F-22 over FY 1996–1998 was \$2.1 billion less than planned, and rather than beginning in FY 1997, acquisition of the F-22 did not begin until FY 1999. The DoD would later observe in the 1997 QDR that each new defense program since the BUR had had to postpone the previous year's plan to increase procurement spending, and these postponements reflected the importance that the DoD attached to current spending on readiness. Funding originally planned for procurement was spent instead to meet day-to-day operating expenses, a phenomenon the DoD referred to as "migration" of funding. See U.S. General Accounting Office, *Future Years Defense Program: DoD's 1998 Plan Has Substantial Risk in Execution*, Washington, D.C., GAO/NSIAD-98-26, October 1997, p. 21. Between FY 1996 and 1999, the result was an estimated \$45.8 billion in unrealized procurement spending. See U.S. General Accounting Office, *DoD Budget: Substantial Risks in Weapons Modernization Plans*, Washington, D.C., GAO/T-NSIAD-99-20, October 8, 1998, p. 4. Our analysis of the Aircraft Procurement, Air Force accounts for the BUR years suggests that in three of the years in the FY 1995–1999 period, actual spending was more than \$225 million below planned spending.

⁴²This will be discussed in more detail in the next section.

ational capability (IOC) for the F-22 has slipped from FY 2003, as anticipated in the BUR, to FY 2005. In addition, the planned “EF-X” was never fielded to replace the aging F-4Gs, EA-6Bs, and EF-111s, which led to a decision to configure F-16s for the lethal Suppression of Enemy Air Defenses (SEAD) mission (F-16CJs) and to continue using the fleet of Navy and Marine Corps (and joint) EA-6Bs.

- **Enhancing long-range bombers’ conventional capabilities.** Despite some program slippage, the continued modification of long-range bombers to improve their conventional capabilities generally appears to have been executed as planned, with B-1Bs, B-2s, and B-52Hs receiving planned upgrades to incorporate the Joint Direct Attack Munition (JDAM), Wind-Corrected Munition Dispenser (WCMD), Joint Air-to-Surface Standoff Missile (JASSM), and other precision munitions. Block E upgrades to the B-1B began in FY 1996,⁴³ and Block F upgrades began in FY 1997. A Block 30 upgrade for the B-2 was begun in FY 1997, and an advanced weapon integration program for the B-52H was begun in FY 1996.⁴⁴
- **Enhanced precision-guided munitions.** As part of the package of force enhancements, the BUR advocated continued support to build on existing stocks of precision-guided munitions and increased support for the acquisition of new all-weather precision-guided munitions. Although most of these systems were pursued after the BUR, no procurement of these systems appears to have taken place during FY 1993–1995.
- **Battlefield surveillance.** The BUR supported a buy of 20 JSTARS, although only 19 aircraft were ultimately approved.⁴⁵

⁴³Block E included a capability for the WCMD, JASSM, and Joint Standoff Weapon (JSOW); Block D upgrades, which provided a capability to deliver JDAMs, had begun in FY 1994.

⁴⁴This program provided B-52Hs with a capability to deliver JDAM, WCMD, JSOW, and JASSM.

⁴⁵See U.S. Congress, Senate, “Force Structure Levels in the Bottom-Up Review,” p. 738. On September 25, 1996, the Under Secretary of Defense for Acquisition approved full-rate production of JSTARS with a total planned quantity of 19 production aircraft.

- **Enhanced mobility.** As had the Base Force policymakers, the BUR embraced the 1992 MRS's findings that 120 C-17s' worth of airlift capacity and additional large, medium-speed roll-on/roll-off (LMSR) ships were needed,⁴⁶ and that prepositioning—including additional afloat prepositioning ships (APSs)—needed to be enhanced. Of these mobility enhancements, only the C-17 and prepositioning goals seem to have been met.⁴⁷

In the end, the planned ramp-up in modernization continued to be deferred and was perhaps the central issue to be readdressed by the 1997 QDR and its proposed strategy of “shape, respond, and prepare now.”

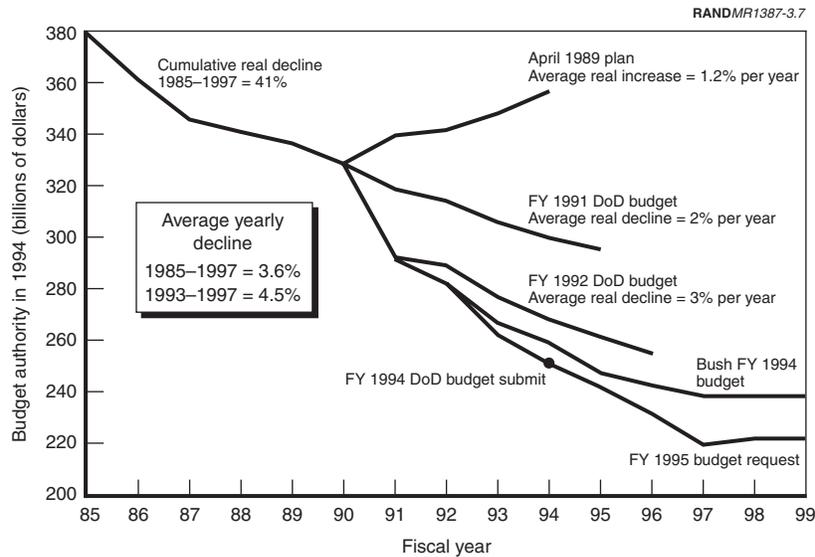
Resources

Spending Plans. As shown in the updated “pitchfork” chart in Figure 3.7, the FY 1995 defense spending plan accelerated the budget re-

⁴⁶Although the capacity requirement was reaffirmed, the C-17 buy quantity was reduced to 40 aircraft at the time of the BUR pending the resolution of a number of serious problems that plagued the program at the time. With the resolution of these problems, the buy quantity was restored to 120 aircraft in late 1995.

⁴⁷In 1994, the Mobility Requirements Study, Bottom-Up Review Update (MRS BURU) established an airlift goal of 49.7 million ton-miles per day (MTM/D) by FY 2001. Although the C-17 buy has gone according to plan, overall capacity has been affected by C-5 maintenance problems and by an accelerated C-141 drawdown. In March 1999, General Charleston Robertson, the U.S. Transportation Command's Commander in Chief, testified before the House Armed Services Committee that the airlift fleet was 5.43 MTM/D short of that goal. See statement of General Charleston T. Robertson, Jr., USAF, Commander in Chief, U.S. Transportation Command, before the House Armed Services Committee, March 22, 1999. By 2001, the GAO was reporting that the military wartime airlift capability shortfall was 5.76 MTM/D, or nearly 20 percent of the overall requirement, while the tanker refueling shortfall was 30 percent (total refueling capacity) to 39 percent (total refueling aircraft). See U.S. General Accounting Office, *Military Readiness: Updated Readiness Status of U.S. Air Transport Capability*, Washington, D.C., GAO-01-495R, March 16, 2001, p. 11.

The MRS BURU also established a goal of 19 LMSR ships for prepositioning and surge sealift by 2001. By 1997, deliveries were behind schedule, and by FY 1999 a total of only 12 ships had been acquired. See U.S. General Accounting Office, *Strategic Mobility: Late Deliveries of Large, Medium-Speed Roll-on/Roll-off Ships*, Washington, D.C., GAO/NSIAD-97-150, June 1997. In his March 1999 testimony, General Robertson reported that USTRANSCOM forecast that a surge sealift shortfall of 400,000 square feet would remain by FY 2001.



SOURCE: Joint Chiefs of Staff, *Joint Military Net Assessment*, Washington, D.C., August 13, 1994.

Figure 3.7—“Pitchfork” Chart, Circa 1994⁴⁸

ductions begun during the Base Force period and in the FY 1994 defense budget and program.⁴⁹

The long-range defense spending plan associated with the FY 1994 budget and program submitted in spring 1993 appears to have created fairly binding—and tight—top-level constraints on the strategy and force planning done under the BUR; the top lines were virtually identical.⁵⁰ The tightness of the program resulted in a number of

⁴⁸The reader will note that there are two FY 1994 budgets—one prepared by the outgoing Bush administration and one by the new Clinton administration—and that the FY 1994 and FY 1995 Clinton administration spending plans were nearly identical. Additionally, it is worth mentioning that budget numbers from the Joint Staff are not reviewed by the OSD Comptroller and could contain small inaccuracies.

⁴⁹See Figure 2.4 for an earlier version of the “pitchfork” chart, circa 1992.

⁵⁰As described earlier, the strategy and force planning were said not to have been fiscally constrained. Nevertheless, BUR planners were able to identify only \$91 billion in

risks in its execution. These constraints, along with the difficulty of achieving unrealistic savings targets,⁵¹ were exacerbated by the unwillingness of Congress to approve the administration's pay freeze in 1993; instead, Congress mandated a 2.2 percent military pay raise as well as a locality pay raise for government service employees, which led to an estimated \$11.4 billion in additional costs.⁵² Although OMB agreed to provide additional funding to cover the pay raise, it was unwilling to add funds to cover higher-than-expected inflation estimates. The result was a defense program for FY 1996–1999 that by all appearances was over budget by roughly \$20 billion.

Priorities. Although the FY 1994 budget and program had provided programmatic detail for FY 1994 only, it made clear that readiness-related O&M spending would be kept at high levels; that spending on research and development would expand; and that most of the cuts to achieve administration savings goals would come from force structure and manpower reductions and from reductions to procurement accounts. This priority would also apply to subsequent budgets.

As a percentage of total DoD budget authority, the allocation of resources generally supported these priorities: O&M spending was slated to increase from 27 to 32 percent of total DoD budget authority, RDT&E to increase from 10 to 12 percent, and procurement to fall from 27 to 21 percent (see Table 3.5).

In absolute terms, however, the picture was a bit murkier. Savings from force structure and manpower reductions generally were to be realized through a reduction in spending on military personnel over FY 1994–1999 of nearly \$41 billion from the Bush levels. Further, the high priority given to readiness resulted in only slight declines to planned O&M funding over FY 1994–1999. However, in relation to the Bush program, both procurement and RDT&E would decline even more than spending on military personnel over the FY 1994–

the \$104 billion in cuts sought by the administration, leaving \$13 billion to be worked out later.

⁵¹As described earlier, OSD policymakers privately expected about \$17 billion in savings, not \$104 billion as reported in the BUR.

⁵²We assume but have no direct evidence that the services were required to undertake reprogramming to cover their portions of the bill.

Table 3.5
DoD Budget Authority by Title

Account	Historical Average (%)	FY 1995 (%)
Investment		
R&D	10	12
Procurement	27	21
Military construction	2	1
Operations and support		
Military pay	29	29
O&M	27	32
Family housing	1	2
Other		
Retired pay/accrual	3	2
Other	1	1

SOURCE: Joint Chiefs of Staff, *Joint Military Net Assessment*, Washington, D.C., August 13, 1994, p. 3-6.

NOTE: Budget numbers from the Joint Staff are not reviewed by the OSD Comptroller and could contain small inaccuracies.

1999 period: Procurement was to fall by \$47.3 billion and RDT&E by \$45.6 billion. In short, relative to the Bush program, the FY 1994 and FY 1995 budgets planned substantial reductions to what had nominally been one of the administration's key priorities: research and development.

These cuts to modernization and investment over FY 1995–1999 were substantially larger than those that had been suggested in the BUR: Rather than seeing a total reduction of \$53 billion in cuts as described in the BUR, the FY 1995–1999 program anticipated a total of \$79.3 billion in cuts to procurement and RDT&E. When the final accounting was done, these cuts would be even higher.

Two other adjustments occurred in the FY 1994 and FY 1995 spending plans. First, the \$20 billion shortfall in anticipated savings from the Bush administration's Defense Management Report initiative was considered in the February 1994 budget submission via as-yet-unallocated reductions over FY 1996–1999.⁵³ Second, a gap had

⁵³The anticipated savings was \$50 billion out of the \$70 billion that had been projected, leaving a \$20 billion shortfall.

emerged between anticipated program costs and the budget actually afforded since the budget submission; this was addressed through an unallocated increase of \$10 billion that was also spread out over FY 1996–1999.

As a result of higher-than-expected spending on military personnel and O&M activities together with failure to achieve all of the nominally planned savings, actual savings turned out to be much smaller than the \$104 billion anticipated in the FY 1994, BUR, and FY 1995 plans (see Table 3.6, which describes the actual differences in spending from the Bush administration to the Clinton administration FY 1994–1999 budgets).

Table 3.6 shows that in the end, the administration realized only some \$15 billion in savings over its predecessor’s budget and six-year program—closer to the \$17 billion in savings OSD policymakers were privately said to have expected than to the more than \$100 billion reported in the BUR.

The main reason for the nearly \$88 billion shortfall was that both military personnel and O&M spending turned out to be much higher than was assumed by the \$104 billion in savings.⁵⁴ Further, cuts to procurement turned out to be higher—and cuts to RDT&E lower—

Table 3.6
Difference Between Bush and Clinton Budgets for FY 1994–1999

	1994	1995	1996	1997	1998	1999	1994–1999
Personnel	-0.1	+1.6	+1.1	+0.5	-2.3	-3.2	-2.3
O&M	-1.7	+4.9	+5.3	+4.8	+6.7	+13.2	+33.2
Procurement	-6.4	-11.2	-14.4	-13.1	-14.1	-9.3	-68.6
RDT&E	-7.9	-8.0	-5.2	-2.2	-0.5	+1.1	-22.7
Military construction	-0.1	+0.7	+3.3	+2.2	+1.8	+2.4	+10.2
Family housing	-0.5	-0.6	+0.4	+0.4	+0.0	-0.2	-0.4
Other	+5.7	+6.9	+6.3	+7.5	+3.4	+5.9	+35.8
Total DoD	-10.6	-5.5	-3.0	-0.3	-5.3	+9.4	-15.4

SOURCE: Steven Daggett, Congressional Research Service, updated in October 2000 on the basis of updated deflators for FY 1994–1999.

⁵⁴Spending in the “Other” category, which includes some spending on readiness-related revolving funds, was also higher than expected.

than suggested by the FY 1995 plan. As shown in Table 3.6, the total reduction in procurement and modernization relative to the Bush program was roughly \$90 billion.

In sum, the FY 1995 budget and program that implemented the BUR greatly underestimated the actual costs of reconciling the BUR's ambitious strategy with its reduced force structure while overestimating the savings over its predecessors' spending plans.

It is worth noting that, contrary to what would appear to be conventional wisdom on the subject, the incremental costs of contingency operations accounted for only \$17.7 billion to \$18.2 billion—well under one-quarter of the \$88 billion shortfall.⁵⁵ The more than three-quarters of the shortfall that remained was attributable to other causes, including underestimates of program costs, overestimates of savings, and other technical factors.⁵⁶ In the end, the BUR strategy and force structure appear to have required a Base Force-size budget—and the result of this mismatch was a recurring need to find ways to bridge the gap between the budgets that were afforded and the actual costs of the defense program.

The typical pattern over the period was that Congress added money to the President's Budget request,⁵⁷ and emergency supplementals were used to cover not only the costs of unanticipated contingency operations but also other desiderata.⁵⁸ Finally, subsequent spending

⁵⁵Nina Serafino of the Congressional Research Service estimated the incremental costs of U.S. commitments to peace operations over the FY 1995–1999 period at just under \$20.7 billion, while the OSD Comptroller recently estimated the total at \$18.2 billion; the difference is attributable to the inclusion or exclusion of various smaller operations. See Nina Serafino, *Peacekeeping: Issues of U.S. Military Involvement*, Washington, D.C.: Congressional Research Service Issue Brief, July 2000.

⁵⁶The General Accounting Office has documented over the last decade a wide range of estimating errors in the FYDP. For example, the DoD has consistently underestimated the costs of base closings and environmental cleanup, depot and real property maintenance, military construction, medical care, and major weapon programs while overestimating the savings from personnel and infrastructure reductions and from defense reform.

⁵⁷For example, \$6.9 billion was added to the FY 1996 National Defense Authorization, \$9.6 billion to FY 1997, and \$3.8 billion to FY 1998.

⁵⁸The Department of Defense—Military account benefited from an estimated \$25.2 billion in emergency supplementals over the FY 1995–1999 period. See Congressional Budget Office, *Emergency Spending Under the Budget Enforcement Act: An Update*, Washington, D.C., June 8, 1999.

plans were revised upward so that the next budget request would better approximate the actual costs. Thus, there seems to have been tacit agreement between the executive and legislative branches that the caps on discretionary defense spending were sacrosanct and not subject to further debate—and that the annual defense appropriation process and emergency supplementals would be used in combination to address at least some of the recurring shortfalls. This resulted in a fair amount of churning while generally failing to close the gap.

In addition, the mismatch resulted in a focus on the short term at the expense of longer-term considerations. The postponement of spending on modernization and recapitalization resulted in both increased O&S costs as the costs of maintaining older systems rose and, by 1997, a renewed threat of precisely the sort of future procurement bow wave that the BUR had sought to avoid.

The View from the Air Force. The actual execution of the BUR's defense program and budget was generally in opposition to the strategic choice the Air Force had made to trade force structure for modernization; the Air Force's ability to pursue modernization was severely constrained by available budgets.

By FY 1998, the Air Force's budget authority had declined by nearly one-third (32 percent) since FY 1990, with roughly 22 percent of that decline in the Base Force years, another 6 percent during the FY 1994 transition year, and another 4 percent during FY 1995–1998. While spending fell somewhat unevenly across various Air Force major force programs, accounts, and titles, modernization was in general the principal source of savings. The cumulative decline in spending by Air Force Major Force Program from FY 1990 to FY 1998 varied by type of force: 72 percent for strategic forces; 34 percent for general-purpose forces; and 71 percent for special operations forces. Meanwhile, spending on airlift increased by 32 percent over the same period, while spending on the guard and reserve did not change.

While the Air Force was willing to trade additional force structure for modernization, ironically, spending on investment accounts declined. Investment spending fell from an estimated 43.9 percent in FY 1993 (the last Base Force budget) to 38.2 percent in FY 1995 and

then climbed to 40.4 percent in FY 1998, the last BUR budget. Procurement accounts were the hardest hit, falling from 27 percent in budget authority in FY 1993 to 19 percent in FY 1997 before nudging up to 20 percent in FY 1998. This reduction in planned investment spending had a dramatic impact on Air Force procurement of aircraft. Further, spending on aircraft procurement for the Air Force generally fell below planned budget authority and outlays over the period.⁵⁹ As a result, the number of aircraft acquired by the Air Force declined dramatically after the FY 1991 budget and program and never recovered.⁶⁰ In addition, actual Air Force spending on RDT&E generally fell below planned spending as well.

ASSESSMENT

Capability to Execute the Strategy

The BUR established the following standard for evaluating its ability to execute its strategy:

To achieve decisive victory in two nearly simultaneous major regional conflicts and to conduct combat operations characterized by rapid response and a high probability of success, while minimizing the risk of significant American casualties.⁶¹

As a practical matter, the overwhelming military capabilities of the United States in relation to other actors at the time (especially the greatly reduced Iraq) left little doubt that the United States would ultimately prevail in such conflicts. The issue was thus the degree of risk that the program was incurring—e.g., whether the capabilities were sufficient to defeat the enemy as quickly as desired, how much of the force would need to be engaged in both conflicts, and whether casualties could be minimized.

⁵⁹In three out of the four years of FY 1995–1998, the difference between planned and actual budget authority for that year was more than \$225 million; actual outlays fell below planned outlays in FY 1995 and FY 1996 only.

⁶⁰Important exceptions to this trend were the acquisition of trainers, including the Tanker and Transport Trainer System and the Joint Primary Aircraft Trainer System (JPATS).

⁶¹Aspin, *Report on the Bottom-Up Review*, p. 8.

The 1993 JMNA reported that the forces programmed in the FY 1994 President's Budget request were adequate to achieve national security objectives with low to moderate risk—a risk level comparable to that assessed for the Base Force in 1993. Two main areas of concern, however, were identified by the 1993 JMNA. First, while conventional force capabilities were deemed adequate, continued deficiencies were found in rapid strategic lift, supporting elements, and sustainment. The JMNA judged that the readiness of the forces at the time made them capable of executing the two-MRC strategy but that mobility assets were insufficient to provide an acceptable level of risk.⁶² In testimony on the BUR, representatives of the DoD indicated that when compared with the Base Force, the BUR force incurred a higher level of risk in executing the two-MRC strategy even with the planned force enhancements.⁶³ By July 1999, after the successful conclusion of the air war over Serbia, the Joint Chiefs were assessing the risk associated with the two-MRC strategy as high, with most of these risks tied to the ability to conduct operations on a second front.⁶⁴

Readiness

The data suggest that military readiness trends through 1993 were generally quite favorable,⁶⁵ and in FY 1994 some of the most noteworthy readiness problems were in fact related to the disestablishment of units.⁶⁶ Other reviews from the period suggest that readi-

⁶²Joint Chiefs of Staff, *Joint Military Net Assessment*, 1993, p. 3.

⁶³See the questions and answers following DoD and Joint Staff testimony in U.S. Congress, Senate, "Force Structure Levels in the Bottom-Up Review," pp. 687–753.

⁶⁴See Department of Defense, *Quarterly Readiness Report to the Congress, April–June 1999*, Washington, D.C., July 1999, p. 3.

⁶⁵See Congressional Budget Office, *Trends in Selected Indicators of Military Readiness, 1980 Through 1993*, Washington, D.C., March 1994.

⁶⁶For example, two of three late-deploying Army divisions that had experienced readiness problems in the previous year had fallen from C-2 to C-3 as a consequence of their planned disestablishment. See Chairman Shalikashvili's testimony before the Senate Armed Services Committee hearings on August 4, 1994.

ness levels were generally stable and consistent with service goals from 1990 through March 1996.⁶⁷

However, a June 1994 Defense Science Board study of readiness noted the existence of “pockets” of unreadiness.⁶⁸ By February 1998, the services were reporting a variety of readiness problems, including inadequate funding for Army operations, training, and modernization;⁶⁹ increased strain on Air Force personnel because of high operational tempos, aging aircraft, and the need to rotate deployed forces throughout several forward-deployed locations;⁷⁰ lower levels of readiness among naval forces;⁷¹ and aging equipment in the Marine Corps.⁷²

By this time, the readiness issue had turned into a full-out debate.⁷³ Disagreement focused on whether the anecdotal evidence of readi-

⁶⁷See U.S. General Accounting Office, *Military Readiness: Data and Trends for January 1990 to March 1995*, Washington, D.C., GAO/NSIAD-96-111BR, March 1996, and U.S. General Accounting Office, *Military Readiness: Data and Trends for April 1995 to March 1996*, Washington, D.C., GAO/NSIAD-96-194, August 1996.

⁶⁸See John Deutch, “Memorandum for Distribution, Subject: Final Report of the Defense Science Board Task Force on Readiness,” July 1994. See also Office of the Assistant Secretary of Defense (Public Affairs), “Readiness Task Force Presents Its Findings,” OASD(PA) News Release No. 437-94, July 22, 1994, and Defense Science Board, *Report of the Defense Science Board Task Force on Readiness*, June 1994.

⁶⁹Without a timely nonoffset supplemental, the Army argued that “there will be a devastating effect on Army readiness. The specific impacts include the decline of divisions to C-3 readiness levels with some likely to drop to C-4, cancellation of all remaining Combat Training Center rotations, cancellation of Army participation in remaining Joint Exercises, and elimination of virtually all collective Home Station training.” See Lieutenant General Thomas N. Burnette, Jr., Deputy Chief of Staff for Operations and Plans, U.S. Army, testimony before the House Armed Services Committee, Subcommittee on Military Readiness, March 18, 1998.

⁷⁰See Lieutenant General Patrick K. Gamble, Deputy Chief of Staff, Air and Space Operations, U.S. Air Force, testimony before the House Armed Services Committee, Subcommittee on Military Readiness, March 18, 1998.

⁷¹See Vice Admiral James O. Ellis, Jr., Deputy Chief of Naval Operations (Plans, Policy, and Operations), testimony before the House Armed Services Committee, Subcommittee on Military Readiness, March 18, 1998.

⁷²See Lieutenant General Martin R. Steele, Deputy Chief of Staff for Plans, Policy, and Operations, testimony before the House Armed Services Committee, Subcommittee on Military Readiness, March 18, 1998. Lieutenant General Steele also detailed a number of coping mechanisms the Marine Corps was using to maintain readiness.

⁷³In addition to congressional testimony on the readiness issue, see Floyd D. Spence, “Statement of Honorable Floyd D. Spence, Fiscal Year 1998 SECDEF/CJCS Posture

ness shortfalls was supported by more systematic measurement and on the actual nature of the short- and long-term effects on readiness of what all acknowledged were high levels of U.S. participation in peace operations. In the fall of 1998, the final FY 1998 quarterly readiness report to Congress described generally declining readiness trends for both combat and support forces, citing such deficiencies as resource shortfalls, aging and wearing equipment, and training shortfalls.⁷⁴

A review of available evidence suggests that concern about readiness increased over the FY 1994–1998 period and that such concern was warranted. While not all forces were experiencing readiness problems—and while some of these problems were related to cyclical deployment schedules and budget calendars—such problems were neither isolated nor abating.

Modernization

By 1997, it had become clear that high rates of deployment and tempos of operations were eroding not only readiness and the capability of the force to execute the national military strategy but also the longer-term modernization and recapitalization effort (see Figure 3.8). As Table 3.6 and Figure 3.8 suggest, over the 1995–1997 period, spending on modernization remained well below the level planned in the FY 1994 and 1995 (BUR) budgets; funds routinely “migrated” from investment accounts to O&S accounts, resulting in program stretch-outs and delays to planned modernization efforts. In the

Hearing,” February 12, 1996, and *Military Readiness 1997: Rhetoric and Reality*, House Committee on National Security, April 9, 1997; Ryan, *Military Readiness, Operations Tempo (OPTEMPO) and Personnel Tempo (PERSTEMPO)*; Dov Zakheim, “Global Peacekeeping Burden Strains U.S. Capability,” *Defense News*, April 6, 1998, p. 19; Gordon Adams, “Contingencies Serve Role,” *Defense News*, April 13, 1998, p. 21; John McCain, “Status of Operational Readiness of U.S. Military Forces,” *Congressional Record*, Senate, September 10, 1998, pp. S10198–S10201; and John McCain, “Defense Preparedness,” *Congressional Record*, Senate, September 30, 1998, pp. S11139–S11142. Zakheim and Adams were advisers to the 2000 Bush and Gore campaigns, respectively.

⁷⁴Of the readiness deficiencies identified, approximately 70 percent were “capability” related, reflecting a lack of resources to meet established mission requirements, while 30 percent were due to “readiness” deficiencies that reflected a degradation in ability attributable to shortfalls in equipment condition or training.

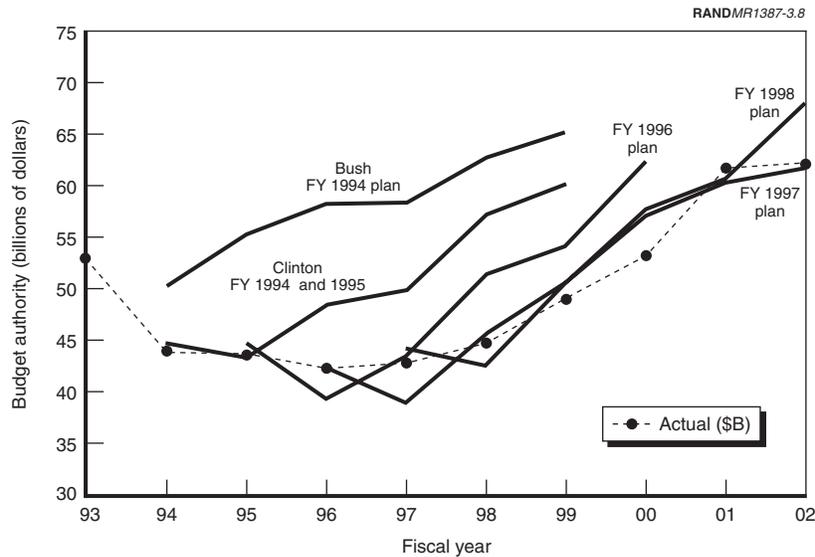


Figure 3.8—Planned and Actual Procurement, FY 1994–1998 Plans

end, the result was the creation of precisely the sort of bow wave that the BUR had planned to redress.

SECTION CONCLUSIONS

The BUR’s strategy of engagement, prevention, and partnership laid the groundwork both for the national security strategy of engagement and enlargement that was to follow and for the national military strategy that posited two nearly simultaneous MRCs as the basis for force sizing and, ultimately, for assessing readiness and strategic risk. Many or most of the force structure goals were achieved by FY 1996–1998, with some accomplished as early as FY 1994, before implementation of the BUR had formally begun.⁷⁵ However, many of the force enhancements required to make the strategy work with the reduced force structure—for example, in the area of strategic mobil-

⁷⁵These included reserve-component Army divisions, Air Force TFWs, Navy aircraft carriers, and Marine end strength.

ity—were not in place by 1999 as had been expected. The result of these multiple shortfalls appears to have been a higher level of risk in executing the military strategy at the end of the BUR period than had been anticipated. Moreover, although prior budgetary guidance greatly constrained both strategy and force structure, it seems to have done little to limit the employment of the U.S. military over the period.

It is important to note the existence of several important “disconnects” in the BUR. Most significantly, despite emerging indicators that this might be appropriate, the BUR did not reexamine in its consideration of “conflict dynamics” the BUR’s assumption that peace operations could be treated as “lesser-included cases” that would impose few costs and risks on readiness or warfighting capability.⁷⁶ Research in fact suggests that the cumulative level of peacetime operations approximated a full MRC or more of force structure.⁷⁷ As a result of the accumulation over time of large and/or long-duration commitments—and despite the readiness-monitoring panels that the BUR had endorsed—readiness problems and risks to warfighting capabilities increased over the period, the prospects for which had been underestimated by the BUR.

In retrospect, in lieu of option three—the strategy and force structure capable of two nearly simultaneous MRCs—option four, which would also have supported SSCs, might have provided a more substantial rotation base for contingency operations while mitigating the effects of high deployment tempos.⁷⁸ With the most capable strategy/force structure option (four) having been ruled out for reasons of cost, however, the result was an ambitious strategy

⁷⁶This assumption appears to have been warranted in the case of the Base Force, however, precisely because policymakers did not as a matter of policy promote a substantial U.S. military commitment to peace operations.

⁷⁷See Ryan, *Military Readiness, Operations Tempo (OPTEMPO) and Personnel Tempo (PERSTEMPO)*, pp. 10 and 13. According to former Deputy Under Secretary of Defense Louis C. Finch, the requirements for peacekeeping/peace enforcement and humanitarian operations were, in retrospect, understated.

⁷⁸It may also be the case that if all the “critical enhancements” that aimed to improve strategic mobility or increase the density of what later came to be called low-density/high-demand (LD/HD) assets had been put in place, force structure might have been sufficient to underwrite the strategy.

supported by a reduced and ultimately underfunded force structure.⁷⁹

In the end, the history of the BUR suggests the importance of reevaluating key assumptions of prior strategies and, when necessary, revising these assumptions and making changes to strategy, forces, or resources. The BUR also demonstrates, however, that coping mechanisms that fail to address the underlying balance between strategy, force structure, and resources may be limited in their ability to redress fundamental mismatches and that the failure to ask hard questions and establish clear priorities—between warfighting and peacetime operations, for example, or between investments in short- and long-term readiness—can ultimately lead to precisely the outcome that planners most seek to avoid: an increase in the risks associated with execution of the strategy, coupled with erosion in both short- and long-term force readiness.

The next chapter assesses the 1997 QDR and describes how that review sought to reestablish a better balance between strategy, forces, and resources and to extend the time horizon for defense planning beyond paying bills for current operations.

⁷⁹Of course, with the budget fixed, option four would have been even more unaffordable.