Chapter Four

THE 1997 QUADRENNIAL DEFENSE REVIEW: SEEKING TO RESTORE BALANCE

The 1997 Report of the Quadrennial Defense Review was intended to provide a blueprint for a strategy-based, balanced, and affordable defense program. Within a fixed budget of roughly $250 billion a year and with only modest adjustments to force structure, the QDR aimed to rebalance the defense program and budget to address one of the key problems that had developed during the BUR years: the “migration” of funds from modernization (and particularly procurement) accounts to operations accounts.

Three key factors militated against a successful outcome. First, CJCS John Shalikashvili seized the initiative in getting out in front of civilian policymakers in OSD while constraining the range of potential options by effectively ruling out any major changes to the status quo.

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regarding force structure, roles and missions, and service budget shares. Second, Defense Secretary William Cohen’s status as the newest member of (and sole Republican in) the Clinton cabinet gave him little of the compensating leverage that would be needed to overturn the status quo that Chairman Shalikashvili and the White House supported; it is not clear how much Secretary Cohen might have changed the result even if he had spent all of his political capital to that end. Third, budgets were effectively frozen at levels that, as described in Chapter Three, not only seemed incapable of resolving the emerging gaps but also hindered the development of more creative strategies for resolving the DoD’s dilemma.

Taken together, it seems to have been almost a foregone conclusion that the QDR would fail to achieve the balance that it ostensibly sought.

In the end, the QDR yielded relatively modest reductions to force structure and end strength in its attempts to stabilize the level of defense resources and better achieve modernization goals. Force structure reductions would be selective and minimal, with the resulting force structure looking for the most part like that which had resulted from the BUR. Active manpower would fall by 6.2 percent, reserve manpower by 7.2 percent, and civilian manpower by 20 percent below their 1997 levels. Budgets would remain roughly at the 1997 level of $250 billion, while procurement spending would increase to $60 billion by FY 2001. This chapter describes the balancing of strategy, forces, and resources in the design, planning, and execution of the QDR.

BUILDING THE QDR FORCE

Background

World Situation. The QDR described the current world situation as one of “strategic opportunity” for the United States: The threat of


3 The QDR also assumed, somewhat unrealistically, that additional BRAC rounds would be approved and that additional infrastructure savings could therefore be assumed to be available during the execution of the QDR.
global war had receded, and U.S. core values of representative
democracy and market economics had been embraced in many parts
of the world. This situation was seen as having created new oppor-
tunities to promote peace, prosperity, and enhanced cooperation
among nations. U.S. alliances, including NATO as well as those with
Japan and Korea, were adapting successfully to meet the emerging
challenges and providing "the foundation for a remarkably stable
and prosperous world." Former adversaries like Russia and other
former members of the Warsaw Pact were cooperating with the
United States across a range of security issues. The result was that
the United States was seen by many as the security partner of choice,
the "sole superpower," and "the indispensable partner," and the
QDR assumed that the conditions prevalent in the current security
environment would continue to at least 2015. Within this time
frame, no regional power or coalition was expected to amass suffi-
cient conventional military strength to be able to defeat U.S. armed
forces once the full military potential of the United States was mobi-
lized and deployed.

At the same time, the QDR emphasized the emergence of "new
threats and dangers—harder to define and more difficult to track." Among these threats were regional dangers, including the threat of
coercion and cross-border aggression in Southwest Asia, the Middle
East, and East Asia; the proliferation of advanced technologies, in-
cluding WMD; transnational dangers such as the spread of illegal
drugs, organized crime, terrorism, and uncontrolled refugee migra-
tion; and threats to the U.S. homeland through terrorism, cyber at-
tacks on computer networks, intercontinental ballistic missiles, and
WMD. Terrorist incidents during the period—both at home and
abroad—heightened security concerns about forward-deployed
forces and homeland defense. One major reason for such concerns

7Among the most devastating and graphic of these incidents were Aum Shinrikyo’s
sarin attack on the Tokyo subway in March 1995, the bombing of the Alfred P. Murrah
Building in Oklahoma City in April 1995, and the truck bombing of Khobar Towers in
Saudi Arabia in June 1996. The bombing of the World Trade Center took place during
the BUR study, on February 27, 1993. The Khobar Towers bombing led to Operation
Desert Focus, the redeployment of U.S. forces to safer bases, in July 1996.
was that the unsurpassed military capabilities of the United States in conventional warfighting were expected to lead adversaries to develop strategies and capabilities for “asymmetric” attacks, both in theater and potentially against the U.S. homeland. Capabilities that rested on information technologies were seen as particularly vulnerable, including space-based, C4, and intelligence, surveillance, and reconnaissance (ISR) assets.8

As shown in Chapter Three, these “new threats and dangers,” coupled with the administration’s activist conception of engagement and the military’s role in promoting engagement, led to U.S. participation in a large number of military operations between the BUR and the QDR.9 As was described, the average number of USAF aircraft deployed to contingency operations continued to increase over the period, from roughly 225 in October 1993 to more than 250 by June 1996.

Defense Resource Constraints. In 1997, the federal budget deficit continued to be a source of concern. Most worrisome were long-term trends that threatened to create what the Congressional Budget Office referred to as “unprecedented deficits and debt by the middle of the next century, potentially causing damage to the economy.”10 For planning purposes, the QDR therefore assumed a relatively sta-
ble DoD budget of approximately $250 billion per year in constant FY 1997 dollars over the period of the assessment—roughly the budget described in the FY 1998 President’s Budget and the FY 1998–2003 FYDP (see Table 4.1). As had been the case with the BUR, the strategy and force options available to the authors of the QDR were thus to be greatly constrained by the resources that were assumed to be available.

**Strategy Under the QDR**

In developing a defense strategy, the QDR assumed that the United States would remain politically and militarily engaged in the world over the next 15 to 20 years and that it would maintain military superiority over current and potential rivals as the world’s only superpower over the 1997–2015 period.

**Table 4.1**

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<tr>
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<td>233.4</td>
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In establishing its defense strategy, the QDR set up two major decisions, each characterized by a choice among two highly stylized (and unattractive) straw-man “options” and a more moderate (and infinitely more attractive) middle path.

First, a decision was made regarding the nature of the United States’ role in the world. The QDR rejected a form of isolationism that argued that “our obligations beyond protecting our own survival and that of key allies are few.” It also rejected what might be called acting as a “world policeman,” where the United States would take on “obligations that go well beyond any traditional view of national interest, such as generally protecting peace and stability around the globe, relieving human suffering wherever it exists, and promoting a better way of life, not only for our own citizens but for others as well.” In lieu of these extreme views, the QDR advocated a more balanced course of “engagement” that presumed that the United States would continue to exercise strong leadership in the international community using all dimensions of its influence to shape the international security environment. This approach was viewed as particularly critical to ensuring peace and stability in regions where the United States had vital or important interests and to broadening the community of free-market democracies.

Second, the QDR made a decision regarding how best to allocate resources among three elements of a new strategy: shaping the international security environment in ways favorable to U.S. interests, responding to the full spectrum of crises when directed, and preparing now for an uncertain future by transforming U.S. combat capabilities and support structures to shape and respond effectively to future challenges.

This choice also involved charting a middle course between unattractive extremes. In this case, the QDR rejected a defense posture focused solely on near-term demands as well as one focused chiefly on distant threats in favor of a posture that balanced current demands against the needs of an uncertain future. The objective of the chosen posture was to meet both near- and long-term challenges, taking the position that the world did not afford the United

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States the opportunity to choose between the two. While this strategy had much in common with the BUR’s strategy of engagement and enlargement, the third element of the strategy—preparing now for an uncertain future—sought to address one of the key problems that had emerged during the BUR years: inadequate and unreliable funding for the modernization of the force.

Assumptions About Future Operations. The QDR argued for the necessity of maintaining the United States’ unparalleled military capabilities and of assuring both its continued status as the predominant military power and its preparedness to undertake the wide range of missions anticipated over the 1997–2015 period.14

The capability to fight and win two MTWs was seen as the high end of the crisis continuum, the most stressing requirement for the U.S. military, and the hedge against even more difficult contingencies;15 the QDR announced that its force needed to be capable of executing two nearly simultaneous MTWs with moderate risk. As in the BUR, the two-war capability was dictated primarily by the potentially adverse consequences of having only a one-war capability; as stated in the QDR, “If the United States were to forgo its ability to defeat aggression in more than one theater at a time, our standing as a global power, as the security partner of choice, and as the leader of the international community would be called into question.”16 In comparison with the BUR, the QDR placed greater emphasis on the quick-halt phase in MTWs, arguing that the United States needed to be able to rapidly defeat initial enemy advances short of their objectives in two theaters in close succession, one followed almost immediately by another.

U.S. forces could also be expected to participate in a great many SSCs involving a broad array of operations: show-of-force operations, interventions, limited strikes, noncombatant evacuation operations, no-fly-zone enforcement, peace enforcement, maritime sanctions enforcement, counterterrorism, peacekeeping, humanitarian assis-

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16Ibid.
tance, and disaster relief. Indeed, the demand for SSCs was expected to remain high over the next 15 to 20 years and to pose the most frequent challenge through 2015.

Although the QDR gave increased rhetorical attention to the demands of SSCs, no fundamental change was made to the BUR’s basic approach, which stressed the necessity of managing “conflict dynamics”—preparations to allow for a quick transition from a posture of peacetime engagement to warfighting—and relied on management review to minimize SSC-related deployment and personnel tempos, readiness, and other risks to warfighting capabilities. The QDR argued that U.S. forces would need to ensure the capability to transition from global peacetime engagement or multiple concurrent SSCs to fighting MTWs—a particularly important capability in light of the QDR’s recognition of the growing potential for multiple concurrent SSCs and regional engagement missions. The QDR also gave emphasis to new missions, including counterproliferation, force protection, counterterrorism, and information operations.

In defining the parameters of future U.S. uses of force, the QDR articulated a somewhat more cautious and nuanced employment doctrine than had the BUR, distinguishing among situations involving “vital,” “important but not vital,” and “humanitarian” interests and identifying the sorts of responses appropriate to each. Like both the BUR and the Base Force, the QDR reported that it favored a coalition strategy that, while preserving the United States’ ability to act unilaterally, emphasized cooperative, multinational approaches—including coalition operations that would enhance political legitimacy and distribute the burden of responsibility among like-

18 For example, the QDR endorsed the Global Military Force Policy, which allocates LD/HD assets across competing priorities. Op. cit., p. 36.
19 The QDR noted: “In the event of one major theater war, the United States would need to be extremely selective in making any additional commitments to either engagement activities or smaller-scale contingency operations. We would likely also choose to begin disengaging from those activities and operations not deemed to involve vital U.S. interests in order to better posture our forces to deter the possible outbreak of a second war. In the event of two such conflicts, U.S. forces would be withdrawn from peacetime engagement activities and smaller-scale contingency operations as quickly as possible to be readied for war.” Op. cit., p. 13.
minded states, particularly among the world’s most influential countries.21

The View from the Air Force. Significantly, the QDR’s increased emphasis on the halt phase in large-scale cross-border aggression placed an even greater premium on quickly deployable air-to-ground strike capabilities and strategic mobility than had the BUR four years earlier. Put another way, not only had the halt-buildup-counteroffensive construct that had been introduced in the BUR become part of the canon, but that canon increasingly favored aerospace forces.

That said, Air Force Chief of Staff Ronald Fogleman appears to have been even more disappointed by the QDR’s failure to address future roles and missions and the restructuring of the force than General McPeak had been by the BUR’s.

General Fogleman had entered the QDR with high expectations for what it might hope to accomplish:

Viewing the Air Force from the outside as military historian, as someone who has tried to stay involved in academic affairs as well as national security affairs—I sincerely believed that the nation was at a unique crossroads, that the country had a tremendous number of internal needs, that the external threats were lower than we had faced in half a century, and that we had an opportunity—if we could have a serious discussion about national security strategy and defense issues—to restructure our military into a smaller, better focused institution to respond to the kinds of challenges coming in the next 10 to 15 years. It was not a military that was going to be shaped by some force-structure slogan like two MRCs, and it had to include a fundamental understanding of whether there really was a “revolution in military affairs” and how we could and should fight future wars. So I had begun to speak out about the Quadrennial Defense Review, and I was hopeful that the QDR would start us down that path. In this regard, in “the tank” I began to question some of the things that we were doing, or that we were planning to do, based on old paradigms—but not very successfully.22

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These ambitions were to remain unrealized, however, as a result of additional constraints that were imposed on the ambit of the QDR by Chairman Shalikashvili in the early fall of 1996:

As we began talking more and more about the QDR, an event occurred in September 1996 which kind of put the QDR in a context that struck me as all wrong. An Army two-star from the JCS came by to see all the chiefs, and when he came to see me, he sat on that couch in the chief’s office and said, “I have a message from the chairman, and the message is, that in the QDR we want to work hard to try and maintain as close to the status quo as we can. In fact, the chairman says we don’t need any Billy Mitchells during this process.” That shocked me a little bit. I replied, “Well, that’s an unfortunate use of a term, but I understand the message.” From that point on, I really did not have much hope for the QDR.23

I guess I lost all hope when Bill Perry left because he had the stature to have given the services the blueprint, and I think the services would have fallen in line. . . . Once Bill Perry left, work on the QDR went into suspended animation until Cohen arrived because no one wanted to get out in front of the new boss. He arrived with a very limited amount of time to deliver the QDR to the Hill, a difficult challenge. I came to believe that the QDR could not be completed in three months, or even six. To an extent, he tried to solicit the advice of his military people, but it became clear that this QDR was to be more a political response than a sincere effort to reshape our military. It was driven by the consideration to come up with $60 billion in savings to apply to the procurement of new weapons.24

General Fogleman was particularly critical of the process by which the decision was made in the QDR to further reduce key theater air modernization programs, including the Air Force’s own F-22.25

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23Op. cit., pp. 12–13. General Fogleman has also stated that after receiving Chairman Shalikashvili’s message, he went from expecting that something good might come out of the QDR to working to minimize the damage that might otherwise result from program cuts. Op. cit., pp. 40–42.
24Ibid.
Building the Force

As a result of changes in both the nature of the threats faced and the way in which future conflicts would be fought, the forces and capabilities required to uphold the QDR’s two-theater strategy differed somewhat from the MRC building blocks used in the BUR.26 As was described above, the QDR gave somewhat greater rhetorical emphasis than had the BUR to the force requirements of other contingencies:

While the Bottom-Up Review focused primarily on that difficult task [two nearly-simultaneous MTWs], we have also carefully evaluated other factors, including placing greater emphasis on the continuing need to maintain continuous overseas presence in order to shape the international environment and to be better able to respond to a variety of smaller-scale contingencies and asymmetric threats.27

In shaping its forces, the QDR also embraced Joint Vision 2010, the capstone vision for future joint warfighting that had identified “full-spectrum dominance” as the preeminent goal for planning future military capabilities. Among the desired characteristics of the full-spectrum force described in the QDR were flexibility and versatility to succeed in a broad range of anticipated missions and operational environments; sufficient size and capability to defeat large enemy conventional forces, deter aggression and coercion, and conduct the full range of SSCs and shaping activities, all in the face of asymmetric challenges; and multimission capability, proficiency in warfighting competencies, and the ability to transition from peacetime activities and operations to enhanced deterrence in crises, and then to war.

Assignment of Forces for Overseas Presence. The deployment of troops overseas aimed to stress continuity and to signal the United States’ commitment to peace and stability in Europe and in the Asia/Pacific region, with an anticipated 100,000 military personnel

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26Op. cit., p. 13. The principal reason given was that the “accelerating incorporation of new technologies and operational concepts into the force calls for a reexamination of the forces and capabilities required for fighting and winning major theater wars.”

Table 4.2
Assignment of Forces in the QDR, May 1997

<table>
<thead>
<tr>
<th>Force Package</th>
<th>Army Divisions</th>
<th>USAF TFWs</th>
<th>USMC MEFs</th>
<th>Navy Carriers&lt;sup&gt;a&lt;/sup&gt;</th>
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<tr>
<td><strong>Forward</strong></td>
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<td>0.66&lt;sup&gt;d&lt;/sup&gt;</td>
<td>1.0</td>
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<tr>
<td>Persian Gulf</td>
<td>__&lt;sup&gt;e&lt;/sup&gt;</td>
<td>__&lt;sup&gt;e&lt;/sup&gt;</td>
<td>(0.33)&lt;sup&gt;f&lt;/sup&gt;</td>
<td>0.7–1.0&lt;sup&gt;g&lt;/sup&gt;</td>
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<tr>
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<tr>
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<td>7.3–7.6</td>
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<td>Reserve</td>
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<td>1.0</td>
<td>1.0&lt;sup&gt;h&lt;/sup&gt;</td>
</tr>
<tr>
<td><strong>Total</strong></td>
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<td>16.1</td>
<td>3.0</td>
<td>8.3–8.6</td>
</tr>
<tr>
<td><strong>Active</strong></td>
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<td>12.8</td>
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<td>11.0</td>
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<tr>
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<td>8.0</td>
<td>1.0&lt;sup&gt;i&lt;/sup&gt;</td>
<td>1.0&lt;sup&gt;h&lt;/sup&gt;</td>
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<sup>a</sup>Eleven 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. The Navy never implemented the reserve carrier concept.

<sup>b</sup>Army Special Forces battalion in Okinawa, not scored against division count.

<sup>c</sup>The BUR plan called for ultimate reduction to one brigade.

<sup>d</sup>Two brigade-size MEFs (two MPS squadrons) available for the MTW in Northeast Asia.

<sup>e</sup>Land-based Army and Air Force forces to be rotational only.

<sup>f</sup>One MPS squadron for brigade-size MEF available for the MTW in Southwest Asia.

<sup>g</sup>“Tether” carrier, supplemented by other Navy ship and a rotational ARG.

<sup>h</sup>Operational reserve/Navy carrier. This carrier was subsequently returned to the active force.

<sup>i</sup>Reserve Marine division/wing/service support group.

assigned in each region. As shown in Table 4.2, the resulting assignment of forces differed only modestly from that of the BUR; the larger number of reserve Army divisions (from 15+ to 18) reflected the post-BUR summit decisions, and Air Force TFWs were modestly increased (from 20 to 20.8) and restructured (from 13.0 to 12.8 active wings and from 7 to 8 reserve wings). Rotational deployments of active and re-
serve naval, air, and ground forces to other key regions such as Southwest Asia were also to continue, as were planned improvements to afloat and ashore prepositioned stocks of equipment and materiel.

The resulting force structure and assignment of forces were judged by the QDR to be adequate to provide a balanced capability for meeting the full range of anticipated future demands.

**Force Structure and Manpower.** As noted above, the force options available to QDR policymakers were greatly constrained by the limited resources that would be available. The QDR concluded, however, that a 10 percent force structure cut would result in unacceptable risk in implementing the national military strategy. Accordingly, changes to force structure involved only modest reductions as well as some restructuring of forces.²⁸ Among the most important of these changes was the decision to move one Air Force TFW from the active to the reserve component, leaving slightly more than 20 TFWs in the force structure. Other critical changes included reductions in reserve air defense squadrons (from 10 to 4) and in Navy attack submarines (from 73 to 52) and surface combatants (from 131 to 116).

With more substantial force structure cuts off the table and with savings from further infrastructure reductions deemed insufficient, the QDR viewed reductions to manpower as the principal source of needed savings. The Secretary of Defense accordingly directed the services to develop plans to cut the equivalent of 150,000 active military personnel to provide $4 billion to $6 billion in recurring savings by FY 2003. The services responded with analyses that led to initiatives to eliminate some 175,000 personnel and save an estimated $3.7 billion. In the case of the Air Force, these cuts were to result in a reduction of 7 percent of active military personnel, 0.4 percent for the reserves, and 11 percent for civilian personnel by FY 2003.

**The View from the Air Force.** In addition to the shift in the active/reserve mix of fighter forces, the following decisions taken by the QDR also were important to the Air Force:

Manpower was to be reduced by 26,900 active, 70 reserve, and 18,300 civilian personnel. The USAF chose to try to achieve many of these reductions through aggressive competitive outsourcing.

The tactical force was to see restructuring and modest reductions to fighter inventory, including retiring old Air National Guard (ANG) fighters and replacing them with about 60 active fighters and converting six continental air defense squadrons to general-purpose squadrons.

Long-range bombers were to be maintained at a total of 187, with 142 to be assigned to operational units.

Many Air Force high-leverage and specialized assets (e.g., bombers, F-117s, standoff jammers, AWACS, JSTARS, and C^4ISR platforms) were to swing from the first major conflict to the second one.

The tanker and airlift fleet was to see no major changes. In accordance with the Mobility Requirements Study Bottom-Up Review Update (MRS BURU), total airlift capacity was to be sized at approximately 50 MTM/D.

Finally, $64 million was to be added to strategic forces in FY 1999 to maintain START I levels until the Russian Duma ratified START II.

Resources

The QDR acknowledged that the principal failing of the BUR’s defense spending plan was that it had underestimated operating costs and overestimated savings and that the resulting offsets had reduced resources for modernization as they “migrated” to operations accounts (see Figure 4.1). Accordingly, the QDR sought to reallocate “resources and priorities to achieve the best balance of capabilities for shaping, responding, and preparing over the full period covered by the Review.” Equally important, however, was providing a budget and program that were fiscally responsible and capable of successful execution:
The direct implication of this fiscal reality is that Congress and the American people expect the Department to implement our defense program within a constrained resource environment. The fiscal reality did not drive the defense strategy we adopted, but it did affect our choices for its implementation and focused our attention on the need to reform our organization and methods of conducting business.\textsuperscript{29}

As part of this allocation, and as suggested by the various force structure, manpower, modernization, infrastructure, and funding decisions, the QDR sought to trim both combat and support capabilities while preserving funding for the next generation of weapon systems.

To better support modernization, the QDR reported that the FY 1998 President’s Budget and the six-year FYDP had projected an increase in procurement funding from $42.6 billion in the FY 1998 budget to

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\caption{Figure 4.1—The QDR’s Investment Challenge}
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$60 billion in nominal terms by FY 2001. It also noted, however, that the spending plan had the continued potential for annual migration of funds to unplanned operations expenses of as much as $10 billion to $12 billion per year, creating the possibility that rather than achieving the $60 billion target, procurement funding might stall in the range of $45 billion to $50 billion. In addition, the QDR’s stable budget of roughly $250 billion per year in constant FY 1997 dollars over the assessment period implied that any increases in procurement would need to be offset by other accounts or through additional savings.

**Defense Priorities.** Rather than undertake a detailed analysis of modernization funding needs—either in terms of the funding needed for the overall recapitalization of the force or for the transformation of the force—the QDR essentially accepted and embraced the $60 billion-a-year procurement spending goal advanced by Chairman Shalikashvili in 1995. In so doing, it in fact seems to have reduced procurement spending from the level established for FY 1998 (see the dashed line in Figure 4.2), thereby enhancing the prospects that spending targets actually could be achieved.

The aim of the QDR’s selective modernization plan was to preserve funding for the next generation of systems, including information systems, strike systems, mobility forces, and missile defense systems, “that will ensure our domination of the battlespace in 2010 and beyond.” Accordingly, the QDR, like the BUR, advocated “selective” and “focused” modernization of U.S. weapon systems.

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30This is roughly $54.9 billion in constant FY 1997 dollars, or $56.1 billion in constant FY 1998 dollars. The origins of the $60 billion target that was later cited by CJCS John Shalikashvili are to be found in the analyses supporting the Defense Program Projection. The figure reflected what was believed to be a minimum level of procurement and was originally calculated in terms of constant FY 1993 dollars. By the time of the QDR, the number was being treated in nominal rather than constant terms.


32For example, a SECDEF-level decision on the issue of the post-FYDP modernization bow wave was deferred while decisions were made on selective modernization issues such as tactical air, restructuring THAAD (the theater high-altitude area defense missile), accelerating national missile defense, and restructuring V-22 procurement. See Schrader, Lewis, and Brown, *Quadrennial Defense Review (QDR) Analysis: A Retrospective Look at Joint Staff Participation*, Appendix B, “QDR Issues and References.”

At the same time, reductions in the quantities of many new weapon systems were seen as the source of potential savings. Thus, the JSTARS buy was reduced from 19 to 13, predicated on the expectation that the United States’ NATO partners would purchase four to six Air Ground Surveillance (AGS) aircraft. The theater air program was subject to cuts, with procurement quantities reduced for the Air Force F-22 (from 438 to 339 aircraft), the Navy F/A-18E/F (a minimum of 548 aircraft), and the Joint Strike Fighter (from 2978 to 2852 aircraft). The decision was also made not to procure additional B-2s beyond the planned force of 21 aircraft.

Other programs, however, were supported at previously planned or even increased levels. The procurement of a tenth Nimitz-class aircraft carrier was authorized, for example, and a production rate of one and one-half to two attack submarines a year was supported. The acceleration of an Army “digitized division” was supported as well, as were the RAH-66 Comanche and Crusader self-propelled howitzer. Research and development on national missile defense was accelerated in anticipation of a deployment decision in FY 2000.
National cruise missile defense was also to receive increased emphasis, as were capabilities to counter the so-called asymmetric threats posed by nuclear, biological, and chemical weapons.

The QDR planned to fund modernization goals through infrastructure reduction and management reforms. Two additional rounds of BRAC were sought, and major initiatives were put forward to reengineer and reinvent DoD support functions with an increased emphasis on using the private sector to perform nonwarfighting support functions.34

IMPLEMENTING THE QDR

Strategy

In some respects, the new strategy elements of shaping and responding differed little from the BUR’s strategy of engagement and enlargement or from the Base Force’s reliance on forward presence and crisis response: All relied heavily on forward presence and crisis response capabilities, and all were concerned with ensuring stability in the near term in regions of vital interest.

However, the QDR resulted in much higher-than-expected levels of U.S. participation in peace and other contingency operations.35 In February 1998, CJCS Henry Shelton reported that 1997 had seen 20 major operations and many smaller ones, with an average of 43,000 service members per month participating in contingency operations. As shown in Figure 4.3, Air Force participation in contingency operations over the period also remained quite high.

The largest ongoing Air Force commitments—and the greatest turbulence—continued to be associated with U.S. operations in Southwest Asia and the Balkans. The peak in February 1998 was attributable to Desert Thunder—the increase in U.S. forces in

Figure 4.3—USAF Aircraft in Contingency Operations, 5/97–8/99
Southwest Asia in anticipation of strikes on Iraq—while that in the spring of 1999 was attributable to the war in Kosovo, which was the largest use of Air Force combat forces since the 1991 Gulf War. These ongoing commitments and responses to periodic “pop-up” crises have ensured that the Air Force has remained at high operational and personnel tempos to the present day, mitigated somewhat by such innovations as the aerospace expeditionary force (AEF).

**Force Structure and Manpower**

Given the modest changes to force structure recommended by the QDR, it should come as little surprise that force structure changes for major force elements were, with only a few exceptions, already in place in the FY 2001 President’s Budget and defense program. The majority of QDR force structure changes were accomplished rather quickly with a few exceptions, including the additional reductions to naval forces and the eight-wing goal for the reserve component of the Air Force.

The FY 1999 President’s Budget and defense program that was to implement the planned QDR manpower reductions was generally in line with the decisions and plans in the QDR (see Table 4.3).

The FY 2000/2001 President’s Budget request and defense program anticipated that by the end of FY 2001, active forces would be at roughly 1.38 million, selected reserves at 866,000, and civilians at 683,000. These represented only modest reductions relative to the QDR targets. In relation to FY 1999, manpower fell by only some 4000 of the remaining 26,000 reduction to active forces needed to achieve the QDR target, and by 5000 of the remaining 36,000 needed to achieve the QDR’s reserve target. Nevertheless, civilian end strength fell by 21,000 from FY 1999 to FY 2001 out of a total planned reduction of 64,000 relative to FY 1999 levels. In fact, each service—with the exception of the Air Force—was expected to achieve its active-duty manpower reductions by 2003; selected reserves would be

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36 These strikes were not in fact executed until Operation Desert Fox in December 1998. Phoenix Scorpion II, Air Mobility Command’s deployment support, also took place in February 1998.

37 Indeed, many QDR targets had been reached by the end of FY 1999.
Table 4.3
Planned DoD Personnel End-Strength Levels, FY 1998–2003 (in thousands)

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<tbody>
<tr>
<td>Army</td>
<td>488</td>
<td>480</td>
<td>480</td>
<td>480</td>
</tr>
<tr>
<td>Navy</td>
<td>387</td>
<td>373</td>
<td>369</td>
<td>369</td>
</tr>
<tr>
<td>USMC</td>
<td>173</td>
<td>172</td>
<td>172</td>
<td>172</td>
</tr>
<tr>
<td>Air Force</td>
<td>372</td>
<td>371</td>
<td>344</td>
<td>339</td>
</tr>
<tr>
<td>Total active</td>
<td>1420</td>
<td>1396</td>
<td>1365</td>
<td>1360</td>
</tr>
<tr>
<td>Selected reserves</td>
<td>886</td>
<td>877</td>
<td>837</td>
<td>835</td>
</tr>
<tr>
<td>Total civilians</td>
<td>770</td>
<td>747</td>
<td>672</td>
<td>640</td>
</tr>
</tbody>
</table>


only 2000 short of the QDR targets by that time, while civilian personnel would need to be reduced by another 32,000.

The Air Force aimed to achieve its manpower reductions principally through aggressive competitive outsourcing of certain functions (25,400 personnel, primarily those performed by personnel assigned to infrastructure activities), the restructuring of combat forces (4800 personnel), and the streamlining of headquarters (800 personnel).

As Figure 4.4 shows, the execution of the QDR over FY 1997–1999 resulted in only modest reductions to Air Force force structure, manpower, and infrastructure beyond those that already had been accomplished by the Base Force, the Clinton transition year of FY 1994, and the BUR; these reductions were generally in line with the expectation that the QDR generally was a balancing exercise. Nevertheless, some additional reductions were achieved in active-component airlift and active-component, ANG, and civilian personnel, and one TFW was transferred from the active Air Force to the reserve component as planned.

From the Air Force’s perspective, the end to further reductions to force structure can be judged a good outcome, as the Air Force did not again have to trade force structure for increasingly elusive modernization. Further, the freedom to choose its own preferred means
of meeting manpower reduction targets (outsourcing) offered some opportunities to undertake reengineering in a creative way even if the result turned out to be somewhat less successful than had been hoped. Nevertheless, as described earlier, the QDR’s failure to undertake a more penetrating examination of roles, missions, and force structure, and its desire to use the theater air program as a bill payer, were the source of some frustration.

**Defense Reform and Infrastructure**

Although the 1995 BRAC process had yielded an estimated $1.8 billion in annual recurring savings, the DoD’s hopes to initiate two additional rounds of base closures in 1999 and 2001 were not realized
owing to congressional dissatisfaction with the conduct of that round. As a result, by 2000 the DoD had excess infrastructure capacity of some 20 percent, with the Air Force’s excess capacity estimated at roughly 25 percent.

**Modernization**

In terms of recapitalization, most of the programs advocated as part of selective modernization in the QDR have continued at reasonably robust levels, with some programs receiving more funding than initially indicated.

For example, the number of JSTARS was raised from 13 to 16, while the number of F-22 Raptors was raised to 341, three more than indicated in the QDR. A total of 458 MV-22 Ospreys were planned, 98 aircraft more than indicated in the QDR. In line with QDR objectives, a total of 548 F/A-18E/F Super Hornets were planned, while the Joint Strike Fighter program was funded at $23.2 billion. Funds were also directed toward such programs as Deep Strike/Anti-Armor Weapons and Munitions, Nimitz-class aircraft carriers, theater ballistic missile defense, and national missile defense.

Nonetheless, sustaining the necessary level of procurement of defense weapon systems remained a challenge in the tight budgetary environment. According to the General Accounting Office, long-term modernization plans remain at risk, and post-QDR procurement spending plans have been reduced as funding continues to migrate from modernization to operations accounts—precisely the problem that the QDR aimed to resolve. Not only has the DoD continued to place a higher priority on current obligations than on future ones, but procurement spending remains approximately $27 billion below projected needs.

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38Our assessment of the execution of the modernization decisions taken in the QDR is based largely on an examination of acquisition plans as of June 30, 2000.


Even more problematic have been the prospects for the sort of force transformation considered under what is conventionally called the “Revolution in Military Affairs” (RMA). One of the QDR’s principal decisions regarding modernization was that the transformation of the U.S. military should in fact take place at a somewhat evolutionary pace.\(^{41}\) It seems clear that the slow rate of transformation that the QDR chose was in large part a function of the relatively modest resources that were available for such activities. Using funding in support of Joint Vision 2010 defense technology objectives as a crude measure of the level of defense resources allocated to transformation, the FY 1999 program suggested that only some $766 million of DoD budget authority was devoted to developing future warfighting capabilities. As a share of defense aggregates, this represented only 2.1 percent of the $36 billion in DoD RDT&E spending requested for FY 1999—or nine-tenths of one percent (0.9 percent) of the approximately $85 billion in investment (procurement and RDT&E) spending and less than three-tenths of one percent (0.3 percent) of the $257 billion in total budget authority. This is considerably less than the $5 billion to $10 billion for transformation that was advocated by the National Defense Panel (NDP) on top of the QDR’s $60 billion procurement goal.\(^{42}\)

**Resources**

**Top Line.** The QDR had anticipated that the annual DoD budget would remain at roughly $250 billion a year in constant FY 1997 dollars. With the submission of the FY 1999 budget—the first to implement the results of the QDR—budget authority was in fact pegged at levels just shy of this target (see Table 4.4).

As a result of growing evidence of readiness problems and funding shortfalls, in 1999 the administration proposed increasing long-term

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\(^{41}\)This seems reflective of a conception of the RMA that views a true RMA as unlikely but accepts that there will be continuing evolution in equipment, organizations, and tactics to adjust to changes in technology. See Theodor W. Galdi, *Revolution in Military Affairs? Competing Concepts, Organizational Responses, Outstanding Issues*, Washington, D.C., Congressional Research Service Report 95-1170F, December 11, 1995.

\(^{42}\)The $5 billion to $10 billion estimate is from CJCS Henry Shelton’s testimony before the Senate Armed Services Committee, February 3, 1998.
defense spending plans. This was for the most part accomplished through the submission of the FY 2000 defense budget and program, which added about $110 billion to long-term defense funding.\footnote{The $110 billion increase was proposed with the FY 2000 budget with the proviso that Social Security reform was enacted; by the FY 2001 budget, the increase in spending was estimated at $112 billion. As described by OMB, of this $110 billion, $83 billion was for the five years of FY 2000–2004, which included a $64 billion increase above previously planned spending levels and $19 billion in savings from lower inflation and other budgetary and technical adjustments; the remaining $27 billion was said to reflect an increase over the six-year FYDP. See Office of Management and Budget, \textit{Budget of the United States Government, Fiscal Year 2000}, Washington, D.C., 1999, p. 153.} Figure 4.5 portrays graphically the increases to budget authority that occurred with both the FY 2000 and the FY 2001 budgets.\footnote{As a point of comparison, between the FY 1997 and FY 1999 President’s Budget requests, approximately $18 billion was added for the six years of FY 1997–2002, and between the FY 1999 and FY 2001 requests an additional $80 billion was requested for the five years of FY 1999–2003.}

Like the BUR, the QDR had underestimated the resources that would ultimately be needed—and would ultimately be made available—for defense. Rather than remaining at a level of roughly $250 billion a year in constant FY 1997 dollars as the QDR assumed (see Table 4.5), actual DoD budget authority has exceeded $260 billion a year in constant 1997 dollars since FY 1999.

As a result of these increases to the DoD top line, FY 1998 saw the end of real reductions to defense budget authority over the decade of

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### Table 4.4

**FY 1999 Long-Range Forecast for DoD Spending**

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<td>Then-year $B</td>
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<tr>
<td>BA</td>
<td>258.0</td>
<td>254.9</td>
<td>257.3</td>
<td>262.9</td>
<td>271.1</td>
<td>274.3</td>
<td>284.0</td>
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<tr>
<td>Outlays</td>
<td>258.3</td>
<td>251.4</td>
<td>252.6</td>
<td>255.8</td>
<td>257.1</td>
<td>259.7</td>
<td>275.8</td>
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<tr>
<td>FY 1997 $B</td>
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<tr>
<td>BA</td>
<td>257.9</td>
<td>249.3</td>
<td>246.6</td>
<td>246.5</td>
<td>248.7</td>
<td>246.0</td>
<td>248.9</td>
</tr>
<tr>
<td>Outlays</td>
<td>258.3</td>
<td>246.0</td>
<td>242.4</td>
<td>240.3</td>
<td>236.2</td>
<td>233.4</td>
<td>242.7</td>
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Figure 4.5—DoD Plans for Budget Authority, FY 1997–2001

Table 4.5

DoD Budget Plans, FY 1998–2001 (BA in billions of dollars)

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</thead>
<tbody>
<tr>
<td>FY 1998 (2/97)</td>
<td>250</td>
<td>251</td>
<td>256</td>
<td>263</td>
<td>270</td>
<td>277</td>
<td></td>
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<tr>
<td>FY 1999 (2/98)</td>
<td>255</td>
<td>257</td>
<td>263</td>
<td>271</td>
<td>274</td>
<td>284</td>
<td></td>
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<td></td>
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<tr>
<td>FY 2000 (2/99)</td>
<td>263</td>
<td>267</td>
<td>286</td>
<td>288</td>
<td>299</td>
<td>308</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>FY 2001 (2/00)</td>
<td></td>
<td>280</td>
<td>291</td>
<td>295</td>
<td>301</td>
<td>308</td>
<td>316</td>
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<tr>
<td>Actual BA:</td>
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<td></td>
<td></td>
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<tr>
<td>Then-year $B</td>
<td>258</td>
<td>259</td>
<td>278</td>
<td>280</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 1997 $B</td>
<td>258</td>
<td>253</td>
<td>267</td>
<td>263</td>
<td></td>
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</table>

the 1990s. In that year, the cumulative decline in defense budget authority since FY 1990 reached 27.5 percent and then recovered somewhat over the next several years, apparently stabilizing in the 24 to 25 percent range—roughly the real reductions that had originally been anticipated in connection with the Base Force. Real declines in defense spending for the services generally bottomed out at about 33 percent and recovered slightly to reach the 29 to 31 percent range.45

Modernization. Procurement spending in FY 1999 was to increase in real terms both as a share of total DoD budget authority and on a per-troop basis. While the FY 1999 budget generally met or exceeded QDR goals for procurement spending and placed the defense program on track to hit the QDR’s $60 billion modernization goal (Table 4.6), planned spending on procurement in the FY 1999 program and budget was actually less than that planned in the FY 1998 DoD budget. Meanwhile, the long-range spending plans for RDT&E were revised upward after FY 1998, although each anticipated real RDT&E spending declines in the out years (Table 4.7). The result of these changes is that the share of DoD budget authority devoted to investment was expected to increase modestly from about 33 to 37 percent, while O&S spending was to fall from roughly 66 to 63

| Table 4.6
| DoD Procurement Plans, FY 1998–2001 (BA in billions of dollars) |
|-----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| QDR goal        | 49    | 54    | 60    | 61    | 62    |       |       |       |       |
| FY 1998 (2/97)  | 44    | 43    | 51    | 57    | 61    | 68    |       |       |       |
| FY 1999 (2/98)  | 45    | 49    | 54    | 61    | 61    | 64    |       |       |       |
| FY 2000 (2/99)  | 49    | 53    | 62    | 62    | 67    | 69    |       |       |       |
| FY 2001 (2/00)  | 54    | 60    | 63    | 67    | 68    | 71    |       |       |       |
| Actual BA:      |       |       |       |       |       |       |       |       |       |
| Then-year $B   | 43    | 45    | 49    | 53    |       |       |       |       |       |
| FY 2000 $B     | 45    | 46    | 50    | 53    |       |       |       |       |       |


45The explanation for the smaller decline in DoD budget authority is found in the substantial real increases to defense-wide spending over the period.
percent. Investment was expected to stabilize at approximately 30 percent below FY 1990 levels and O&S to stabilize at some 21 percent below 1990 levels.\footnote{Ibid.}

**The View from the Air Force.** The QDR called for modest real increases in Air Force spending over FY 1999–2003; as Table 4.8 shows,

### Table 4.8

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<tbody>
<tr>
<td>FY 1998 (2/97)</td>
<td>74</td>
<td>75</td>
<td>75</td>
<td>75</td>
<td>75</td>
<td>75</td>
<td>75</td>
<td>75</td>
<td>75</td>
</tr>
<tr>
<td>FY 1999 (2/98)</td>
<td>74</td>
<td>77</td>
<td>78</td>
<td>81</td>
<td>83</td>
<td>85</td>
<td>85</td>
<td>85</td>
<td>85</td>
</tr>
<tr>
<td>FY 2000 (2/99)</td>
<td>77</td>
<td>79</td>
<td>85</td>
<td>87</td>
<td>89</td>
<td>92</td>
<td>95</td>
<td>95</td>
<td>95</td>
</tr>
<tr>
<td>FY 2001 (2/00)</td>
<td>81</td>
<td>85</td>
<td>88</td>
<td>89</td>
<td>91</td>
<td>93</td>
<td>93</td>
<td>93</td>
<td>93</td>
</tr>
</tbody>
</table>

Actual BA:
- Then-year $B: 73 76 82 81
- FY 2000 $B: 82 80 82 84


\footnote{Ibid.}
these increases have been realized,\textsuperscript{48} with the result that Air Force budget authority is expected to plateau at roughly $85 billion to $87 billion in constant FY 2000 dollars over FY 2001–2005.

Turning to modernization, Figure 4.6, which describes planned and actual procurement spending by the Air Force, shows that actual spending on procurement generally fell below planned levels up to the FY 1998 plan but has since been generally consistent with plans for FY 1999 and 2000.

Air Force spending on aircraft procurement shows a similar if somewhat less dramatic pattern, as shown in Figure 4.7. Finally, planned and actual Air Force RDT&E spending can be seen to have been substantially below planned levels until about FY 1997 but has

generally tracked with plans since (Figure 4.8), and a decline in USAF RDT&E spending is anticipated over coming years. 49 Thus, over the FY 1997–1999 period, Air Force investment spending recovered somewhat from its cumulative decline since FY 1990, and investment’s share of total Air Force budget authority increased slightly, with procurement growing the most. 50

**ASSESSMENT**

**Capability to Execute the Strategy**

The QDR reaffirmed that U.S. forces needed to be able to execute two nearly simultaneous MTWs with moderate risk. 51 As described in

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49 The planned future decline in RDT&E spending may in part be related to the maturation of programs such as the F-22, which will be moving from engineering and manufacturing development (under RDT&E) to production (under procurement).


the DoD’s *Quarterly Readiness Reports*, however, while U.S. forces were capable of executing this strategy, the level of risk associated with it has risen since 1998 (the last year programmed and budgeted under the BUR) and has since been judged on numerous occasions to be in the “moderate-to-high” or “high” range.

In February 1998, CJCS Shelton reported: “While we are undeniably busier and more fully committed than in the past, the U.S. military remains fully capable of executing the National Military Strategy with an acceptable level of risk.”

By February 1999, however, Chairman Shelton was reporting that the risk associated with execution of the two-conflict strategy had increased in the last quarter of FY 1998 and in the first quarter of FY 1999:

As I told the Senate Armed Services Committee last September [1998] and again in January [1999], we remain fully capable of

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52See testimony of Chairman Shelton before the Senate Armed Services Committee, February 3, 1998.
executing our current strategy. As I highlighted in those hearings, however, the risks associated with the most demanding scenarios have increased. We now assess the risk factors for fighting and winning the 1st Major Theater War (MTW) as moderate and for the 2d MTW as high.

As I have explained in the past, this does not mean that we doubt our ability to prevail in either contingency. We are not the “hollow” force of the 1970s, a force that I served in and know well. Nevertheless, increased risk translates into longer timelines and correspondingly higher casualties, and thus leads to our increasing concern.53

The change in execution risk for the second conflict was related in part to continued risks associated with strategic mobility shortfalls and in part to eroding readiness, discussed next.

Readiness

Evidence of readiness problems began to accumulate after March 1996. By February 1998, Chairman Shelton, in testimony before the Senate Armed Services Committee, was describing an emerging picture of readiness problems driven by high operational tempo:

There is no question that more frequent deployments affect readiness. We are beginning to see anecdotal evidence of readiness issues in some units, particularly at the tactical level of operations. At the operational and strategic levels, however, we remain capable of conducting operations across the spectrum of conflict.54

Although the QDR seems to have rejected a policy of “tiered” readiness,55 by May 1998 the DoD had begun to report what amounted to such a tiering in readiness: The readiness of U.S. forward and first-to-fight forces was judged as high, with these forces ready and pre-

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53See statement of CJCS Shelton before the House Armed Services Committee, February 2, 1999.
54See testimony of Chairman Shelton before the Senate Armed Services Committee, February 3, 1998.
pared to execute the national military strategy, including two nearly simultaneous MTWs. At the same time, however, problems had emerged with forces recovering from deployments and training up for their next deployment. Increasing anecdotal evidence of problems with forces further down the deployment chain was given by the Army, while the Navy reported readiness gaps between forward-deployed forces and those that were not forward-deployed and the Marine Corps noted that equipment readiness was slipping.

For the Air Force, high operational tempos were resulting in both short- and long-term readiness problems:

As we go into ’99, our concerns that continue with us in the Air Force are the tempo—we’re at a very high tempo. The Air Force transition[ed] from a Cold War force of fairly good size, equivalent to about 36 fighter wings. We’ve reduced our force structure and completed that by about a third. We reduced our overseas force structure by about two-thirds. At the same time our contingency tasking operations have increased by a factor of four. That drives tempo.

The aging aircraft that I mentioned. We’re concerned about that as it continues on because of [the] need to replace not only parts, but also engines and other expensive items to keep that fleet going as we move into our modernization period.

We’re right now forecasting about an 1,800 pilot shortfall by ’02. That’s from a baseline of about 14,200 on our requirement. . . . I would like to be able to say [that it’s as bad as it’s going to get on retention of pilots and other personnel], but I don’t think we’re going to get better.56

By September 1998 (the last month of the last year guided by the BUR) the readiness problems had become serious and systemic, leading to a meeting with the president in advance of the Joint

56See Office of the Assistant Secretary of Defense (Public Affairs), background briefing on military readiness, May 5, 1998, statement attributed to a “senior military official” from the Air Force.
On September 29, 1998, Chairman Shelton testified that:

Right now the force is fundamentally sound, but the warning signals cannot and should not be ignored. Let me use an aviation analogy to describe our current situation. In my view, we have “nosed over” and our readiness is descending. I believe that with the support of the Administration and Congress, we should apply corrective action now. We must “pull back on the stick” and begin to climb before we find ourselves in a nosedive that might cause irreparable damage to this great force we have created, a nosedive that will take years to pull out.\(^{58}\)

Chairman Shelton concluded, in effect, that the balance the QDR had struck between strategy, forces, and resources had not successfully resolved the major challenges facing the DoD, requiring both constant attention from senior leaders and hard choices in the future.

With modernization and readiness problems emerging, Secretary Cohen testified before the Senate Armed Services Committee on October 6 that the president had directed him to “fix” those areas in the FY 2000 budget:

It’s important we send the signal to the men and women in uniform that we care about them, that we have indeed identified the nature of the problems, and now we’ve got to take constructive actions to deal with them.\(^{59}\)

Secretary Cohen reported that he had made a political judgment in establishing the QDR’s and the FY 1999 budget’s assumptions of a flat, $250 billion-a-year budget and that legislators would not increase defense resources in light of the balanced budget agreement between Congress and the executive branch.\(^{60}\) Secretary Cohen also

\(^{57}\)See White House, “Remarks by the President to the Joint Chiefs of Staff and Commanders in Chief of the U.S. Armed Forces,” September 15, 1998.

\(^{58}\)See testimony of Chairman Shelton on the readiness of U.S. Armed Forces before the Senate Armed Services Committee, September 29, 1998.


\(^{60}\)Ibid. See also “Summing Up: Cohen,” The NewsHour with Jim Lehrer.
reported that while the FY 1999 budget had more funding for procurement, the department could not reach its $60 billion spending target unless it was allowed to close more bases or overspend.\footnote{For additional discussion of the FY 2002–2007 budget and program along with consideration of defense funding in an environment of a federal budget surplus, see the appendix.}


\section*{Modernization}

The centerpiece of the QDR was rebalancing the defense budget and program to free resources to prepare for future threats—and, as described above, the planning and execution of the defense program suggests that the QDR’s nominal modernization goal of $60 billion a year in procurement spending is being met. Nevertheless, procurement plans have continued to be trimmed as a result of ongoing migration of funding to operations accounts, and long-term modernization plans remain at risk.\footnote{See U.S. General Accounting Office, \textit{Future Years Defense Program: Risks in Operation and Maintenance and Procurement Programs}, pp. 17–21.}

Further, and perhaps more significantly, there are good reasons to believe that the modernization goal itself is problematic. The $60 billion-a-year procurement spending goal for selective modernization of the force, for example, appears to fall well short of what will be required to recapitalize the current force, and by any measure,
funding for transformation activities remains quite low. This sug-
ests that the QDR, like the BUR, assumed an exceedingly high dis-
count rate applied to future threats and investments. Taken
together, the QDR did not successfully resolve either the DoD’s mod-
erization problems or the imbalance in the program. Accordingly,
these issues will need to be revisited in the 2001 defense reviews.

SECTION CONCLUSIONS

Although the threat environment had stabilized somewhat and by
some measures was even more benign than during the BUR, the
QDR continued to be plagued by many of the same problems that
had been encountered in the execution of the BUR.64 Perhaps the
most important of these was the QDR’s failure to resolve the funda-
mental mismatch between strategy, forces, and resources.

As with the BUR, the QDR’s recommended budget of $250 billion a
year clearly underestimated the resources that would actually be re-
quired to simultaneously support the strategy and forces without al-
lowing readiness levels to erode further, warfighting costs to
increase, or force modernization to be underfunded. Entirely
unanticipated by the QDR, additional defense resources were
needed and would be made available. Although the implementation
of the QDR has not yet been completed,65 there are some indications
that these additional resources have halted—and have possibly
begun to reverse—recent unfavorable trends.66

64Indicators of a more benign environment at the time of the QDR include a reduction
in the number of major conflicts and refugees; dramatic reductions in worldwide
military spending, with an increasing share of spending accounted for by the United
States, its allies, and its friends; and a reduction in the inventories of high-perfor-
ance fighter aircraft, tanks, and other systems.

65At the earliest, the execution of the 1997 QDR will probably not be completed until
the end of FY 2001. At this time, the new administration’s transitional (FY 2002) bud-
get and program will begin to influence the defense program, although early press re-
ports suggest that the administration will make few changes to the existing budget for
FY 2002. Given the magnitude of the task of revising the FY 2002 DoD budget in the
spring of 2001, implementation of the 2001 QDR will probably not be completed until
after FY 2002, at which time the first budget implementing the results of QDR 2001 (FY
2003) will be executed.

66See Joint Chiefs of Staff, “Budget Update and Readiness Implications,” briefing,
March 2001. Nevertheless, O&S costs were growing at a greater rate than expected.
To the extent that they mitigate resource-related shortfalls, the FY 2001 (and 2002) defense programs may indeed reduce the risk level inherent in the two-conflict strategy to the low-to-moderate range and may thus be sufficient to halt or even reverse the apparent erosion in readiness. If this were to happen, the QDR can probably be judged to be at least a partial success. If the increased funding proves insufficient, however, these problems will be left to the next QDR to tackle.

At the same time, the evidence that has accumulated to date suggests that the QDR generally failed to accomplish its main objectives of providing a blueprint for a strategy-based, balanced, and affordable defense program within the assumed annual budget of $250 billion a year and placing the DoD on a path that would lead to modernization of the force.

First, as discussed in this section, the QDR underestimated the resources necessary to fund the overall defense program and, in particular, to support modernization—including both the recapitalization and the transformation of the force. The funding issue was addressed in part by the infusion of an additional $63 billion over FY 1999–2001. However, the costs of recapitalizing the current force are now estimated to be in the $90 billion range, and resources for the transformation of the force remain tiny percentages of budgetary aggregates.

67It is not at all clear at the time of publication that the new administration intends to continue using the two-MTW construct for force sizing.

68As the General Accounting Office recently observed, “[A] mismatch exists between Defense’s plans and the projected available funding. Optimistic planning provides an unclear picture of defense priorities because tough decisions and trade-offs between needs and wants are avoided.” See U.S. General Accounting Office, Future Years Defense Program: Risks in Operation and Maintenance and Procurement Programs, p. 22.


70See William Cohen, testimony of Secretary Cohen before the House Armed Services Committee, February 9, 2000; Congressional Budget Office, Budgeting for Defense: Maintaining Today’s Forces, Washington, D.C., September 2000; and Joint Chiefs of Staff, “Budget Update and Readiness Implications.”
Second, the QDR’s inability to halt the continued migration of resources from modernization to operations accounts remains a problem, with the result that the DoD continues to have difficulties meeting its planned growth in procurement funds. As planned procurement funding has been reduced, modernization plans have been shifted to the future.71

Finally, the chronic underfunding and increasing backlogs of depot and real property maintenance, the backlog of needed military construction, the underfunding of the Defense Health Program, and other related problems indicate yet another symptom or consequence of the current imbalance: the postponement of all but the most immediately critical spending.72

The next chapter provides some concluding observations.

72Ibid.