



Invest, Don't Spend, Peace Dividends

By

Peter Huessy

After the collapse of the Soviet Union, it was assumed that the US no longer needed a robust defense budget. As a result, the nation went on what Lt. Gen. Garret Harencak called a procurement holiday or a “holiday from history.”

Many assumed it was indeed the end of history. After all, between 1987–1993, Washington and Moscow signed four notable arms control deals: the Intermediate-Range Nuclear Forces Treaty (INF), the Strategic Arms Reduction Treaties I and II (START), the Treaty on the Prohibition of Nuclear Weapons in Outer Space, and the Conventional Forces Europe (CFE) treaty.

Russian strategic nuclear weapons were scheduled to drop from over 10,000 deployed to 3,500 by the year 2000. The INF treaty banned shorter range missiles altogether. And Warsaw Pact conventional forces in central Europe and Russia dropped precipitously.

President Reagan's economic war against Moscow was successful. It ended the Soviet empire by pushing Moscow to the brink of insolvency. Russia could not financially maintain its formidable Cold War nuclear and conventional force levels.

From 1993–2001, the US did not enjoy the promised “end of history.” State sponsors of terror in Iran, Libya, Afghanistan, and Iraq took the fight to the US, albeit in a different mode than threatening to send massive tank armies through the Fulda Gap into Western Europe.

The US responded with a war that would last more than a decade and cost Americans an estimated \$7 trillion. It was all for naught and accomplished very little.

Readiness and Modernization Shortfalls

While spending trillions on nation-building in Iraq and Afghanistan, the US Department of Defense (DoD) suffered from severe readiness and modernization shortfalls. The defense budget was roughly \$305 billion in 1991 when the Soviet Union collapsed and almost exactly that in 2001 before 9/11. In the interim the budget dropped to as low as \$250 billion and it was only after 1996 that the budget gradually increased to \$300 billion.

When adjusted for inflation (1991–2011), the defense budget of \$300 billion (1991), aside from “overseas contingency operations,” should have grown to \$480 billion by 2011, assuming a 3 percent growth rate. That did not happen. The shortfall in defense spending reached \$1.25 trillion during the two decades following the Soviet Union's collapse.

The base defense budget in 2011 was roughly \$500 billion, and at first glance equal to that expected. Out of a defense budget of \$656 billion, \$160 billion was allocated for the wars in Afghanistan and Iraq. In the two decades from 2001–2021, the Department of Defense spent \$1.56 trillion on nation building—an average of \$80 billion annually.

Over three decades after the Cold War's end, the US did not invest in the modernization of the military. The three-decade peace dividend, which saw \$2.8 trillion fewer defense dollars spent, was instead spent domestically and on nation building. As a result, the modernization and recapitalization of the armed forces, especially nuclear forces, were postponed.

By September 11, 2001, the US nuclear forces were already in the field for two decades (*Ohio*-class submarines), three decades (Minuteman III), and five decades (B-52). The nuclear budget, \$77 billion at the end of the Cold War, dropped to less about \$25 billion, with most of those funds simply maintaining legacy nuclear forces.

It was not until 2009–2010 that the Obama administration and Congress agreed on a plan for upgrading and replacing nuclear forces—three decades after President Ronald Reagan rolled out his nuclear modernization and sustainment plans in late 1981. New systems are projected to begin fielding in 2031 with completion by 2050.

The failure to prioritize the planning and implementation for replacing aging systems included nuclear command-and-control systems, warheads, and all three legs of the nuclear triad. The belief that the world was safer was a fool's errand.

By shifting federal dollars from defense to social spending, the US also ensured the workforce needed to build nuclear weapons, space and missile defenses, and cyber systems are no longer there. Vendors associated with the building of *Ohio*-class submarines and the Minuteman III intercontinental ballistic missiles (ICBM) numbered in the hundreds once. Now, the nation is starting from scratch. The submarine industry lost 14,000 workers and now lacks the manpower to meet demand.

As for ICBMs, with the shutdown of the Peacekeeper production line, the US Air Force was left with a guidance and propulsion replacement program that over a period of more than a decade invested \$8 billion in making sure the Minuteman III (1970) would stay in the force “through 2030.” Again, many hundreds of vendors no longer exist to make ICBM parts. Even worse is the current state of the available workforce. American universities grant more PhDs in the hard sciences to Chinese students than to American students. Across the board, the US has fewer workers in the hard sciences than needed, although industry is now reaching into the schools to bring students along a planned program of education that leads them to careers in the aerospace business.

The Challenge Ahead

The nation now finds itself in a precarious position at a time when China and Russia are at their most aggressive. The *Columbia*-class submarine, which will replace the *Ohio*-class submarine, was recently delayed two years, further increasing costs. And the herculean task of building 450 new ICBM silos armed with 400 missiles will prove costly. The US will maintain the current 400 ICBMs while simultaneously deploying 400 new missiles in new silos. The Sentinel ICBM, a technological marvel, is progressing toward production. It is a highly capable weapon that is planned for initial deployment in 2033.

Chairmen of the Senate Armed Services Committee, Roger Wicker (R-MS) recently concluded, “It will take several years of sustained investment and real growth beyond this down payment to keep pace with China’s military advances. . . . But to be clear: The cost of deterring war will always be dwarfed by the cost of fighting one.” This could not be more true. It is time the American people understand the challenge facing the nation and what it will take to overcome it.

Peter Huessy is a Senior Fellow at the National Institute for Deterrence Studies.