

Guidelines for Group Project
US Military Budget & Force Planning
17.953, Fall 2004
Presentation Date: December 9, 2004
Location: E-38, 7th Floor Conference Room

Background

The month is August 2006, and President Bush's hopes for democracy and peace in the greater Middle East appear to be coming to fruition. Following the death of Yasser Arafat, the Arab-Israeli peace process was revived, leading to agreement on key issues and what appears to be the basis of a lasting peace. Osama bin Laden was captured early in 2005, and democracy has taken root in Afghanistan. Despite the insurgent violence, Iraqis held elections in January 2005 and agreed to a constitution later that year. Since then, violence in Iraq has abated, and the U.S. has pulled all but 25,000 troops out of the country. President Bush has announced a plan to retain that level of forward presence in Iraq indefinitely as a sign of U.S. friendship and support.

In addition, early in 2005, European leaders struck a permanent agreement with Iran that would ensure Iran could meet its energy needs and at the same time verifiably halt Iran's march toward a nuclear weapons capability. Meanwhile, the U.S. Defense Department moved forward with the plan it announced early in 2004 to restructure the U.S. military presence in Europe.

Things are not so rosy in Asia, however. Taiwan continues to threaten a declaration of independence from China. China continues to field new missiles facing Taiwan, and China's nationalist, anti-U.S., anti-Taiwan rhetoric becomes more pronounced by the day. Moreover, China chose not to participate in the previous two quarterly auctions of U.S. Treasury notes, and has begun selling off the notes that it holds.

In the United States, the tax cuts of 2001-2006 have failed to spark the economic expansion President Bush predicted. Interest rates and consumer inflation have more than doubled in the space of two years. In its July update, the Congressional Budget Office projected that the 2006 total deficit would exceed \$600 billion; absent policy changes, the federal government would likely accumulate \$7.5 trillion in new debt during the coming decade. Media reports of an immediate crisis in Social Security and Medicare are rampant, and President Bush's ratings in the polls have dropped below 40 percent. A bipartisan coalition of deficit hawks in Congress has forged a new budget agreement with the administration: Taxes will rise, and discretionary spending will be brought under control.

The Department of Defense's share of the planned budget cut is \$40 billion per year. Also, now that the U.S. presence in Iraq is more or less permanent, there will be no more emergency supplemental appropriations for Iraq and Afghanistan; instead, the cost of the continued (25,000 troop) presence in Iraq must be accommodated within the regular appropriation.

Your task

Graduate students: Think of yourselves as senior appointees in the Office of Secretary of Defense and Cindy as the Secretary of Defense. Think of Marshall Michel and the military fellows collectively as the Service chiefs, other key military leaders, and heads of the Defense Agencies. (I prefer not to assign specific roles to individuals. If you think it would help to do so, have at it.)

You are to solicit the advice of the military and, mindful of that advice, to develop a new defense plan that will reduce defense spending (relative to the FY 2007-11 plan) by a total of \$200 billion, that is, on average by \$40 billion a year in FY 2007-11. The product of your work will be a 45-minute Power Point briefing, which you will present to me during our final class period, December 9. Grades will be based on the briefing and on annotated briefing charts, which are due the same day. Please make sure that each of you has a speaking role during the presentation.

Your plan should include appropriate adjustments to national security strategy and military strategy. It should outline your 5-year changes to military force structure, modernization programs, infrastructure plans, and personnel policies. For each change you recommend, you should describe the effect in terms of capability and also the budgetary impact (by service or agency and by appropriation title, to the extent possible) for each year between 2007 and 2011. (Please work in terms of Budget Authority; constant 2005 dollars will be fine; this is not an outlay or inflation drill). Be clear about how your budget cuts are related to the strategy.

Military Fellows and Marshall Michel: Think of yourselves as service chiefs or Defense Agency heads, providing your best advice and help to OSD leaders as they work through a cut drill. Keep in mind that we have substantial Air Force presence, so try not to fall on your swords to protect your own (real life) service!