

Cato Institute Policy Analysis No. 10: Reagan's 1983 Defense Budget: An Analysis and an Alternative

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The Problem

No federal budget -- at least, perhaps, since Calvin Coolidge -- has been good news. But President Reagan's budget for 1983 is the most provocative in living memory, and it has inspired more than the usual criticism. The criticism has about it an air of desperation, as if the deficits and the depredations will have irreversible effects on the economy, and, beyond that, on society and the future of governance in this country.

The administration now projects overall federal spending of \$762 billion for 1983, \$803 billion for 1984, and, at this writing, admits deficits of \$102 billion and \$94 billion respectively. Others, including the Congressional Budget Office, say the spending will be almost 10% higher and the deficits will be half again as high. The precise figures do not matter. In any case, they are elusive and subject to almost daily adjustments. The point is the magnitude of the nation's insolvency, and the factors that are causing it.

Among the notable features of the Reagan 1983 budget, the most egregious is the vast increase in defense spending. In terms of spending authorization (the figure I will use throughout this paper), there is a 20% increase, from \$214 billion in 1982 to \$258 billion in 1983. At this point, considering the extent of the insolvency and surveying the alternatives (further deep cuts in entitlements and domestic government programs, higher taxes, recourse to the money markets or to the "printing press"), even partisans of the Reagan administration have begun to part company and insist that budget-balancing moves include a "fair share" of defense cuts.

The Critics

But the critics of defense spending, old and new, fail to understand the anatomy of the defense budget -- "where the money is" -- and to that extent disqualify themselves from offering constructive alternatives. If you don't diagnose accurately, you can't prescribe effectively.

Item: Sen. Durenberger (R-Minn.) makes headlines by unveiling, after the better part of a year's effort, a detailed 195-page counter-budget that would junk some plague-ridden weapons systems (such as the Army's AH64 attack helicopter and Hellfire antitank missile, and the Navy's F/A18 fighterbomber), substitute fossil-fueled aircraft carriers, cancel some continental air defense, and neaten up the Army's force structure -- among other individual items. But this gestation of an elephant has produced a mouse: a mere \$3 billion of cuts for next year, and \$26 billion over five years.

Item: An editorial ("Asking for the Moon on Defense," *The New York Times*, 12 February 1982), echoes Durenberger and other proponents of "military reform": Cut "big-ticket" items, "increase the number of weapons systems by shifting part of the buildup to more austere, less expensive ships and planes," improve the "readiness of general purpose forces," scrap the volunteer army and move to conscription.

Item: "Democrats for Defense," a group of former high-level Carter functionaries, find their savings in building oil-fired aircraft carriers (or fewer, or smaller, ships) instead of nuclear ones, and eliminating the B-1 bomber and most continental air defense. Indeed, they have virtually given up on overall savings, since they approve the level of the Reagan defense budget (which Carter himself would have reached soon after Reagan if he had had the chance), and offer a mere rearrangement of some "priorities." (For example, they would spend even more on readiness and lift and forces for Europe.)

In some ways, the illusions of the liberal defense critics are just as harmful as the disastrous course of the administration and its hawkish supporters. Why do they hold to these minuscule and illusory critiques? The cast of mind is so pervasive that it must be more than negligence. Rather, it is a systematic self-deception that proceeds from deeply held intellectual and political positions. These critics would like to think that they can avoid the stark choices: Cutting their favored "conventional" forces, letting allies drift or fend, or cope. They want to believe that all can be put right, but that we can still defend the world in the way to which we, and others, are accustomed. What they are telling us, ironically, is that we could have containment without tears, the fruits of rearmament without the penalties.

The point is that these liberal critiques are dodges, designed to evade the need to relate defense spending to real missions and ultimately to defensive commitments. They do not address the large expenses and the large gaps.

Worse, the critiques are unstable; that is, they are easily reversed. In the grip of some crisis, or even if a sense of crisis prevails in the land, the liberals retreat from their unsound analyses and rally to the support of military intervention. It should not be surprising that they do this, because, fundamentally, they share the same premises about foreign policy and national strategy as the hawks they purport to criticize.

I want to present a critique of the Reagan defense program -- its rearmament, its renewed international militance, its impetus to intervention, its ruinous domestic costs -- on the broadest possible basis. I do not found my critique on any scheme to "transfer" savings from defense automatically and wholly to government social programs. I do not have recourse to recriminations of "imperialism" or "militarism," either as purposes or motives for the Reagan program. I do not allege personal psychological warpage or ideological deformity. Those are either moot or irrelevant questions. They do not contribute to an objective, analytic debate, or to an effective counter-program for the United States.

I put my argument, rather, on the basis of the capacity of our society, economy, and political system to make the extraordinary efforts -- whether conceived as "necessary" or not -- the Reagan defense program calls for; on the disproportion of these defensive efforts -- whether well-intentioned or not -- to the purposes of this nation and this society; on the tension caused between our constitution, our tradition of limited government, and the great costs and impositions needed to support an ambitious foreign policy. This is a critique of defense spending that relates to our foreign policy. The argument is simple: The defense budget is the price of foreign policy, and we can't afford our foreign policy.

This is not the standard critique, and it is easy to misunderstand. If I seem to accept the "conditional necessity" of present defense programs -- that is, their appropriate relation to the present foreign policy framework -- it is only, in the end, to reject *both* the defense programs and the foreign policies.

If my presentation, then, is somewhat of an anomaly in relation to most liberal critiques, it is because it constitutes an appeal to fiscal conservatives. And that brings me back to the critique of the Reagan defense budget and the basis for making cuts.

There is an integral connection, after all, between foreign spending and domestic spending -- between defense expenditures and the health of our society, economy, and political system. All activities of this society, in the end, must be financed with savings, or exactions, from private efforts and organizations. Resources have a price; they are

scarce, by definition. Our economy now lacks the resources for the renewal of our industrial base and the maintenance of our standard of consumption; for the restoration of our competitive power and the employment of our people. The needs are so great, and the impositions of four years of Reagan deficits -- some half a trillion dollars -- are likely to be so enormous, that there is really only one place where a sufficient remedy can be found, and that is in the reduction of defense spending.

Where the Money Is

The notorious bank robber Willie Sutton could have given the appropriate advice: You have to go where the money is. Critics of defense -- those who would make cuts -- would be well advised to take Willie's advice. But to get such savings in the defense budget, as I have noted, you have to *know* where the money is.

First of all -- strange as it seems -- the real money in the defense budget is not in the conspicuous, exotic toys -- the "big-ticket items -- particularly strategic nuclear systems such as the MX missile and the B-1 bomber. Those two systems, for example, will account for \$4.5 billion and \$4.8 billion respectively in 1983; together, that represents 31/2% of the administration's 1983 defense request.

And equally strange, perhaps, it is not "waste" or "fat" that makes any appreciable difference. David Stockman's careless remark, to the effect that the Pentagon was a "swamp" of waste and inefficiency, might have been a reassuring swipe of rhetoric to the critics of the Pentagon. But waste and fat will come to only a few billion dollars a year in defense budgets that are going to three quarters of a trillion a year by the end of a decade. As Eugene McCarthy used to say about the Pentagon: "It isn't the fat that ought to worry us, it's the lean." And the sad fact is that what waste there is not easily recoverable. Despite some commendable efforts, in and out of the Pentagon, waste in the procurement and deployment of forces and weapons is, over time, virtually a constant. Now I hope that any audience I find will be sophisticated enough, and perhaps sympathetic enough, to understand that I am not making a case, or even an excuse, for waste. As a former Pentagon systems analyst, I should not have to make that plea. The point is, rather, that a certain level of incompetence and malfeasance is built into any human structure -- even private organizations, let alone government entities that produce no real goods, serve no real customers, and strive for no real profits. With waste distributed almost randomly throughout the categories of defense activity, you cannot expect to make surgical excisions of fat, sparing the bone and muscle of the programs. What that means is this: If you are serious about retaining defense programs, you must plan to fund the waste along with the substance or you will end up cutting the substance along with the waste.

Nor, finally, would all those expert and detailed invocations of "military reform" produce the decisive savings they promise. As one editorialist has summarized the thrust of that movement: "A sensible defense policy -- one that builds weapons that are workable, reliable, and (relatively) cheap instead of overcomplicated, breakable, and wildly expensive... and that concentrates on training, maintenance, and readiness rather than on mindless procurement -- would yield dramatically more military effectiveness for the same pile of dollars." (*The New Republic*, 14 October 1981). And so it would -- if it could. But wishing for such weapons is not creating them. The real defect of these proposals is not what they promise, but what they can't deliver. A few military horror stories -- and there are many to choose from -- don't add up to a conclusive critique, and a handful of therapeutic adjectives are not an effective remedy. Those cheap, sensible weapons must get at their targets, and maybe get back, in an intensive battlefield environment. It is not dimwitted generals and grasping defense contractors -- the stuff of current mythology -- that are putting up the price of our forces and weapons. It is determined, capable enemies and the requisites of modern combat. Our choice, therefore, is reduced to fighting in those environments and against those adversaries. or not.

Anatomy of the Defense Budget

Where is the money, then -- money on the same scale as the budget deficits we want to cure? It is not in the individual weapons systems, the isolated line items. It is in the large aggregate forces and in the broad missions of these forces in the world -- the categories that all the microstudies cannot identify or "pinpoint." The following is a skeletal anatomy of the administration's 1983 defense request of \$258 billion. The *way* you analyze that budget is what makes the difference; first, the types of forces, then their regional orientation.

Strategic nuclear forces, including (as they should) their full share of support and overhead, will come to about \$54

billion. This figure *includes* the early requests for the MX missile and the B-1 bomber. It is "only" 21% of the defense budget. This must surprise those who are brought up on the notion that the "bad" weapons must also be the expensive ones, that forces that kill large numbers of people must be the ones that are bankrupting us, too.

The fact that is so hard to get across to most critics of defense is that it is the popular "conventional" forces that cost most of the money. General purpose forces -- land divisions, tactical air wings, surface naval units, and lift -- account for \$204 billion, 79% of the defense budget. And those are the general purpose forces we already have, not even the additional ones the Reagan administration would like to create.

Defense dollars are best expressed in terms of some of the forces they buy -- and, ironically, the rougher the estimates, the *better*. An Army division -- whether equipped as now or somewhat differently -- will cost over \$3-3/4 billion a year to keep, and we have 16 of them. A wing of tactical aircraft -- whether filled out with those notional "rugged, simple" planes or those "fragile, gold-plated" ones -- will cost \$1-1/2 billion a year, and there are 45 of these equivalents. The Marine Corps -- whether reorganized or not -- will cost over \$16 billion a year. The full cost of deploying one aircraft carrier task force -- whether nuclear-powered or oil-fired -- in the West Pacific or the Indian Ocean or the North Atlantic or the Mediterranean -- will be over \$11 billion a year, and our present strategy requires us to keep four or five forward. One might ask: Do these forces have to cost that much? The answer is virtually yes. These aggregates will not change much with technical tinkering -- unless we want to eliminate parts of them, and that is a choice most critics will not face.

The most important cross section we can make is a geographical attribution of these general purpose forces -- what their missions are, what allies they support, what regions they defend. Despite the protests of Pentagon budgeteers -- and there are some conceptual problems in making regional attributions of general purpose forces -- we must make them or we can't understand what our forces are for. As Secretary of Defense McNamara's systems analysts used to say in the '60s: "It's better to be roughly right than precisely wrong." Europe will take \$129 billion, Asia, \$39 billion, and other areas and the strategic reserve, \$36 billion. Given a reasonable projection of current cost growth, over the decade to 1992 Europe will cost us \$2-1/4 trillion.

What this brief anatomy lesson ought to demonstrate is that defense budgets are not for nothing -- they are *for something*. The dollars are to buy forces; the forces have missions; the missions are in regions where the United States has defensive commitments or putative strategic interests; the strategic involvements, in sum, are practically equivalent to the nation's foreign policy. The money, then, is ultimately in our alliance commitments, our forward defense, our global stance. Therefore, defense budgets cannot be cut *significantly* without consequences for their objects: our alliances, our foreign policies. And a *serious* proposal to reduce the defense budget -- commensurate with the magnitude of our solvency problem -- entails reduction of our commitments, especially in Europe. If we would cut, we have to decide what we would do without.

It shouldn't have taken Sen. Tower, a staunch defender of the Reagan defense budget, to make this point for defense critics -- and from the deck of the newly-commissioned aircraft carrier Carl Vinson at that. Speaking at Newport News, Va. in March, he said: "If Congress insists on these cuts, Congress must be able to identify which commitments we will no longer be able to honor." And he went on to say, with perfect logic: "If reductions in defense spending are forced upon us, I will attempt to cut force structure -- namely, Army divisions, aircraft wings, battle groups and the like."

But the critical syndrome is practically impervious to this logic, even though logic, which is a two-edged sword, could be put to good use. Hardly any of the defense critics seem to understand the connections that run all the way from defense dollars, through forces and doctrines and military strategies, to national strategies and foreign policies -- that is, to the defense of regions and the protection of allies. Editorialists, politicians, and experts out of office do not so much make arguments; they "position" themselves in the debate, in true Madison Avenue fashion. They ask, first and sometimes solely, how they can address important-sounding subjects and still maintain their credibility in the foreign policy establishment and the military analysis community. And the way to do this is to acknowledge gravely the unalterable necessity of maintaining the familiar alliance commitments, the familiar global status, and yet to display meticulous knowledge of how our complicated, expensive weapons systems work -- or fail to work. The formula is: Keep the expansive global missions; nitpick the hardware, and sharpshoot the "waste." But that exercise is wearing

thin.

Defending Europe

True, some critics seem to talk about "cutting commitments." But they can't be serious as long as they confine their intent to disowning a few Third-World dictators or abandoning a few strategically worthless areas -- objects that are not taking any American forces now anyway. To be serious about cutting defense spending, you must talk about America's major alliances -- particularly NATO, which is costing us \$129 billion a year, half of our entire defense budget.

Unfortunately, among the half-dozen critics who have begun to talk about Europe, the preponderance are hardliners who are not, as good conservatives, addressing our nation's solvency crisis, but are simply disgusted with European neutralism, nuclear pacifism, anti-Americanism, and commercial greed. They threaten to dump Europe and to concentrate on the sea lanes and the Persian Gulf, or even the Western Hemisphere. This talk finds an echo in quasi-official administration utterances, such as those of Fred C. Ikle, Under Secretary of Defense for Policy, in a roundtable in *The New York Times* (14 March 1982): "We want to get away from the Maginot Line mentality for the defense of Europe, which piles most of our military assets at one front...[and to make an] effort to strengthen the southern flank, to develop a capability for deterring aggression in the Persian Gulf area...[I]t is in our interest to improve Atlantic security in the Caribbean... Such proposals are intriguing straws in the wind, but there are two things wrong: First, they proceed from the wrong motives; they are often expressions of pique and spite. And they are often conditional -- that is, just bluff, to get the European allies to come to their senses and make a larger and more docile contribution to their defense.

True the Europeans can't seem to decide whether they are more afraid that the United States won't defend them or will defend them. But shaping the European debate should not be the American purpose. The underlying points are these: First, *if* America wishes to continue its role of global containment, it *must* defend Europe, and Europe, indeed, will remain the key theater. That is a fact that is decreed by our adversaries and their interests and objectives -- the adversaries we acquire, that is, through the adoption of a large part of the world as our own area of interest. But, second, there is a real difference in geopolitical and political situations on the two sides of the Atlantic, that leads inevitably to divergent strategic perspectives and divergent preferences for defense. Understanding this problem, and even sympathizing with the European perspective, will not change the policy orientations, let alone the underlying situations.

Even now, with all we are spending, neither our nuclear nor our conventional defense of Europe is whole; our allies are not confident of our protection. Our nuclear umbrella has been leaky since the attainment of parity by the Soviet Union. Conceding this, those who reflexively opt for "improving our conventional defense" have the burden of not just prescribing that we must do more but predicting that such improvement is likely to happen. That is another story. This is not to advocate the instant abrogation of the alliance -- simply to recognize that, after 35 years, NATO is like some old, unused medicine on the shelf: The bottle is still there and the label remains the same, but the contents have long since evaporated or spoiled.

A few critics seem to apprehend the true dimensions of the situation and the real dilemma that arises from it. But even they are reluctant to draw the indicated conclusions. Stephen Rosenfeld, of *The Washington Post* (12 February 1982), surveying Secretary of Defense Caspar Weinberger's budget submission for 1983, asks, almost plaintively: "Is there not...a middle way that is a bit better than simply an unthinking averaging out one's alarm about the Soviet threat and apprehension about an American overreaction to it? That is not simply a response entailing the fashionable general bow to a strong defense followed by the crossing-out of the specific items that constitute a strong defense? That is not, in a word, a cop-out?" I'm afraid the answer is no. There is no *middle* way that is not just a stereophonic illusion -- some noise hovering between the actual sources of the sound.

A Non-Interventionist Foreign Policy

The choices are not conceptually obscure -- just rough. An ultimate resolution of the dilemma that is wracking this country -- that we cannot afford our global strategy -- must involve a rather wholesale remedy. We need a determined assault on the federal budget, and that can only involve a large-scale, long-term cut in defense spending, on the order

of \$60 to 100 billion per year from current levels. That is, we need a non-interventionist foreign policy and the strategies, forces, and defense budgets that would express it.

Our predicament is not a thing of one or two budget seasons. It is one of historical proportion -- nothing less than the situation of a mature "imperial" power (I use the word descriptively, not pejoratively), beset by multiple challenges but unable to generate sufficient resources for the defense of its extensive perimeter. The question is whether the United States will have to go beyond minor and superficial adjustments and confront the entire "paradigm" of its national strategy -- the way we have done our strategic business in the world since the beginning of the Cold War.

The elements of this paradigm can be stated as "deterrence" and "alliance." Both elements have been put to the service of containing communist power and influence. Deterrence means the maintenance of at least a balance of strategic nuclear arms with our principal global adversary and the provision of a nuclear umbrella over our allies and various other countries. Alliance is a shorthand expression for forward defense; it implies commitments to protect countries and political values. From these commitments derive deployments, bases, and military assistance and other support for proxy regimes and client states.

Over four decades, this paradigm has remained remarkably constant, though deterrence and alliance have been mingled in different proportions. We have had national strategies as diverse as the "massive retaliation" and "New Look" of the Eisenhower-Dulles administration and the "flexible response" of the Kennedy-McNamara regime. Under the persistent paradigm, there have been oscillations of defense postures and doctrines. We have gone from fat to lean, from defense to retaliations, from teeth to tail. But now, the entire framework of deterrence and alliance is increasingly unstable. And that is because its foundations are being eroded by objective factors in the world and in the American domestic system.

Domestic Costs

First, you can hardly understand foreign policy without reference to its domestic costs. There are two large factors that must support any administration's attempt to generate a more potent armed establishment: money and manpower. In an era of tax revolts, the revenue base for military expenditures is constricted. The other factor, military manpower, is subject to the well-known disabilities of the volunteer army: negative social attitudes toward the profession of arms, competition from the private sector of the economy (recruitment seems to do well only when the economy is depressed); racial imbalances (the preponderance of black recruits); and the shrinking population pool. Even if the Reagan administration were to choose the draft (despite its earlier opposition to conscription and even registration), it would run into resistance, not from a majority, perhaps, but from a vocal and determined minority in the age group that is the target of conscription.

Extended Deterrence

Then there is the major problem of extended deterrence -- that is, the nuclear umbrella that we purport to hold over Europe and other objects of our defensive concern. Extended deterrence is the ground on which the two elements of the strategic paradigm, deterrence and alliance, come together. Extended deterrence at first seems to promise an irresistible bargain. Rather than having to defend each place, each ally, in detail, it seems possible to manipulate the same general threat of destruction. Once the initial deterrence aura has been created, it seems infinitely expandable at no marginal cost. Just unfurl the nuclear umbrella and it will cover any and all by the sheer exercise of commitment. But the promise is elusive. In the end, the supposed efficiency of extended deterrence is negated by its entailed costs, its strategic dangers, and its inherent incredibility.

An Appropriate Prescription

What kind of foreign policy will be appropriate to the kind of world that is shaping up, to a large extent, despite our efforts? And what foreign policy will conform to the limits that America's domestic situation places on the projection of its power?

When we ask those questions, we see that there is a real alternative. In an appropriate foreign policy, both of the cardinal elements of the present American paradigm would have to change. Instead of deterrence and alliance, we

would pursue war-avoidance and self-reliance. Our security would depend more on our abstention from involvement in regional conflict, and, in the strategic nuclear dimension, on what I would call "finite essential deterrence."

Our military program would be designed to defend the most restricted perimeter required to protect our core values. These core values are our political integrity and the safety of our citizens and their domestic property. Obviously that is a much smaller perimeter than the one we are now committed to defend. Precisely because America's stance in the world is essentially defensive, we would benefit from a compartmentalization of deadly quarrels between other nations. Of course, we would still have a variety of international interests, but those interests themselves would often be confused. We could even find ourselves on both sides of disputes.

In the nuclear dimension, what would be the comparable policy? In an age of nuclear parity and nuclear plenty, relative safety depends on "crisis stability." Stability means the incentive on both sides to withhold fire rather than strike. If we wanted to design a strategy for nuclear stability, it would go like this: Since an enemy's first strike must logically be a damage-limiting attack against our nuclear forces, we should eliminate our fixed land-based systems as they become even theoretically vulnerable to a Soviet preemptive strike. We should move to a diad of strategic nuclear forces: submarines and bombers armed with medium-range air-launched cruise missiles. Then, with regard to targeting, to discourage further a Soviet first strike, we should not aim at their missiles. (Nor does it make any strategic or moral sense to aim at Soviet cities.) Rather, we should develop a list of some 3,000 military targets, such as naval and air bases, concentrations of conventional forces, military logistical complexes, and the arms industry that is relatively far from large civilian population centers. Finally, since nuclear war is most likely to occur through *our* escalation in the midst of conventional war, we should avoid the spread of nuclear war to our own homeland by imposing upon *ourselves* a doctrine of no first use of nuclear weapons.

Of course, as anyone would be quick to point out, there are some problems with this war-avoidant nuclear strategy. For one thing, by limiting the occasion and weight of our response, we would contribute to the very effect that I am predicting, the dissolution of extended deterrence, and so increase the odds of a war in some region that is under pressure. Even by limiting just the weight of our threatened retaliation, we would perhaps weaken deterrence in general (though I think there is a good chance that the counter-military reprisal outlined above would be sufficient). Thus we encounter the contradiction between crisis stability and deterrent stability. That is not a peculiar weakness of my case. It is simply a fact of life. There is an essential tension, not an easy complementarity, between achieving safety for ourselves through crisis stability and achieving safety for the objects of our protection in the world through deterrent stability. But we can lessen the incidence of this tension by diminishing our obligations to extend nuclear protection. Crisis stability more closely coincides with deterrent stability as we shed external commitments and concentrate on our own defense.

An Alternative Defense Budget

A counter-budget constructed on these non-interventionist assumptions about American foreign policy is not tricky, elusive, or arcane. It does not require detailed expertise in weapons characteristics or intimate knowledge of quirks of procurement. It is not particularly sensitive to minute inside information on costing. When we are talking about \$4-1/2 trillion that the United States may spend on defense over a decade, large aggregates will do very nicely to illustrate the differences that an altered policy can make. Nor does the proposal of this alternative imply that we are about to adopt it soon. It is an illustration of a horizon, and that may be enough to instill some sense into our deliberations on the 1983 budget.

To implement a non-interventionist policy, I propose an alternative force structure. It would provide the following general purpose forces: 8 land divisions (6 Army and 2 Marine), 19 tactical air wing equivalents (11 Air Force, 2 Marine, which are equal to 4, and 4 Navy), with 6 carrier task forces. With the addition of a diad of strategic nuclear forces (submarines and stand-off bombers), it would require 1,250,000 men (Army 390,000, Air Force 360,000, Navy 370,000, Marine Corps 130,000). The total defense budget, at the end of a period of adjustment, would be about \$145 billion a year in 1983 dollars. In contrast, we have the Reagan administration's requested authorization for 1983: 19 land divisions and 45 tactical air wing equivalents, with 13 carrier task forces; about 2.1 million men; and \$258 billion.

Here is the blunt comparison: At the projected rate of increases, at the end of a decade we will have a \$715 billion-a-

year defense budget, and cumulative defense spending during the decade will be \$4-1/2 trillion. A non-interventionist policy and the appropriate force structure would cost a third of that in 1992, and its cumulative cost, over a decade, would be \$2-1/4 trillion.

Taking Threats Seriously

Because I propose smaller forces and defense budgets and more restrained national strategies, that does not mean that I take "the threat" as trivial or nonexistent. Other critics must rely on "creative" negligence of the actions of the Soviet Union, because the logic of their own argument is that *if* the Russians were really up to something, we would need to rearm to the teeth.

On the contrary, the essence of the non-interventionist position is that it takes threats seriously. But it accepts some foreign "losses" for fundamental reasons that have to do with preserving the integrity of our political and social system. Non-interventionists have not been blind to the fact that our neutrality to the differential outcomes of foreign situations might itself have an effect on those situations, and not always a pleasant one. They foresee the losses, but they weigh them and discount them.

Not that American disengagement would automatically lay the world open to Soviet expansion or revolutionary violence or the malicious interdiction of critical resources. After all, a would-be antagonist doesn't weigh the simple odds of victory or defeat. He weighs the potential gains, net of all the costs of achieving them, against what he could have achieved without attacking or overthrowing or interdicting. That is a very different calculation.

Finally, odd as it may seem, there is no necessary connection between taking threats seriously and *doing* something about them. In other words, we could grant most of the evidence of the hawks and still argue for non-intervention. The problem is not one of sheer knowledge -- say, trying to make infallible sense of the motives of Soviet leaders and utterly reliable predictions of their behavior. Rather, it is whether or not we act. It isn't the "what" that matters; it's the "so what."

Yet, there are two items of extraordinary importance about which particular questions might be asked. One is the probable status of Europe without American protection -- or with a good deal less of it, or a good deal less certainty that we would provide it. What kind of Europe would that be? It would certainly not be "Finlandized," either in whole or in part. It would be more independent politically and diplomatically, and more autonomous strategically. It would act in greater military concert, though not in political unity. Europe as a whole would spend more on defense, perhaps 5 or 6% of its combined gross national product -- more like what the United States is now spending. In fact, the absolute amount would be more than the Soviet Union spends on arms. Just because the defense budgets of European states are not coordinated, this figure is not meaningless. It is an indication of Europe's innate strength.

The other specific danger is the possible deprivation of resources. For our time, the symbol of access to resources is the Persian Gulf. Here our interest and the threat are not fictitious, but they are not absolute or infinite either. Interests must be weighed; responses must be compared. The question is not -- as the pundits keep posing it -- whether it would be nice to have continued access to the resources of the Gulf on tolerable terms. Sure it would. The question is whether it is feasible to *fight for* Persian Gulf oil if access to it is threatened by the Soviet Union, a local proxy, or a revolutionary government; and therefore whether we should prepare, perpetually and at great expense, to do this. That question can be assessed only by presenting a calculus, in terms of "expected losses" of the contrasting courses of action or inaction. Such a calculus -- if we include everything that ought to be included -- yields the surprising result that defending the Gulf, with a possible war, costs about the same as doing nothing and possibly suffering the deprivation of oil. A more intriguing way of putting it is this: If we must ward off aggression, the *net* value of this region to us is *zero!* In theory, then, defending the Persian Gulf, that obsession of contemporary strategists, ought to be close to our indifference point.

Of course, I don't mean psychological or political indifference. What I mean is that we have "room" to take more seriously non-belligerent options, even some expensive ones, for otherwise providing the energy that is at risk in this region. That is called "hedging." It is something that private businessmen, who don't control the rest of the world, do -- or fail to do at their peril.

It has been fashionable among liberal critics to look at defense budgets in the terms of a Herblock cartoon -- as the products of paranoid ideologues, bloated Pentagon brass, corrupt suppliers, rocket-rattling secretaries of defense and state. Would that it were true. Then the solutions would be relatively easy; and perhaps that is why people believe these caricatures.

But the Reagan administration did not invent its problems. Actually, this administration is trying to implement the defense objectives it inherited. As Secretary of Defense Weinberger put it in his maiden presentation to Congress, the Carter administration grossly underestimated the demands that Soviet challenges put on the tangible military responses of the United States. Above all, it systematically under-funded its own defense programs, leaving a cumulative shortfall of several hundred billion dollars for the incoming Reagan administration to make up. Taken as a relative or conditional judgment, there is a certain wry justice in Weinberger's statement. If you ignore the rhetoric, overlook some of the nuances, and leave out of the calculation those policy objectives that have little consequence for military forces or defense costs, you could judge that what's wrong with Reagan's foreign and military policies is not that they are much different from Carter's, but that they are so much the same. The Reagan administration is just the latest in a long line, Democratic and Republican, from the beginning of the Cold War, to promote the American "paradigm" of large-scale deterrence and extensive forward defense or alliance. All it is trying to do is spend what it takes.

In a perverse sort of way, the Reagan administration has rendered a service. What it has done, despite itself, is to prove that it is inevitably expensive to defend half the world against the other half, and that a determined, consistent attempt to do this will wreck our economy and warp our society.