

The Case against the Nuclear Triad

The security of the United States does not require nearly 1,600 nuclear weapons deployed on a triad of systems—bombers, land-based intercontinental ballistic missiles (ICBMs), and submarine-launched ballistic missiles (SLBMs)—to deliver them. As Cato’s Benjamin H. Friedman, Christopher A. Preble, and Matt Fay calculate in “**The End of Overkill? Reassessing U.S. Nuclear Weapons Policy**” (White Paper), a smaller arsenal deployed entirely on submarines would save roughly \$20 billion annually while deterring attacks on the United States and its allies. The triad grew from the military services’ competition to meet the Soviet threat. The public rationale was based upon the notion of a second strike: a diversity of delivery systems ensured the nuclear arsenal’s survival against a Soviet preemptive attack. The more sophisticated rationale was a first strike: deterring Soviet aggression against European allies required the ability

to preemptively destroy their nuclear forces. But, as the authors show, “U.S. power today makes the case for the triad more dubious.” No U.S. adversary has the capability to destroy all U.S. ballistic submarines, let alone



all three legs, and there would be time to adjust if that changed. In fact, nuclear weapons are essentially irrelevant in actual U.S. wars, which are against insurgents and weak states without nuclear arsenals. Cases where the success of deterrence hinges on the U.S. capability to destroy enemy nuclear forces are far-fetched. “Even hawkish policies do not require a triad,” the authors write. At a time when austerity heightens competition for Pentagon resources, service leaders may see nuclear missions “as red-headed step-children that

take from true sons.” That shift would facilitate major reductions in the nuclear arsenal, the elimination of at least one leg of the triad, and substantial savings.

Comparing Welfare to Work

In 1995 the Cato Institute published a groundbreaking study estimating the value of the full package of welfare benefits available to a typical recipient in each of the 50 states and the District of Columbia. It found that not only did the value of such benefits greatly exceed the poverty level but, because welfare benefits are tax-free, their dollar value was greater than the amount of take-home income a worker would receive from an entry-level job. Since then, many welfare programs have undergone significant change. In their new analysis, “**The Work versus Welfare Trade-Off: 2013**” (White Paper) Michael D. Tanner, senior fellow at the Institute, and Cato research assistant Charles Hughes examine

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the current system in the same manner. “Welfare benefits continue to outpace the income that most recipients can expect to earn from an entry-level job, and the balance between welfare and work may actually have grown worse in recent years,” they write. In fact, the current system provides such a high level of benefits that it acts as a disincentive for work. Welfare currently pays more than a minimum-wage job in 35 states, even after accounting for the earned income tax credit, and in 13 states it pays more than \$15 per hour. “If Congress and state legislatures are serious about reducing welfare dependence and rewarding work,” the authors conclude, “they should consider strengthening welfare work requirements, removing exemptions, and narrowing the definition of work.” Moreover, states should consider ways to shrink the gap between the value of welfare and work by reducing current benefit levels and tightening eligibility requirements.



Subsidizing the Risk of Terrorism

The terrorist attacks of September 11, 2001, inflicted enormous losses on the insurance industry and businesses. In the wake of these disruptions, the government enacted the Terrorism Risk Insurance Act of 2002 to create a “temporary” federal backstop against catastrophic losses. In effect, this program subsidized private risk with public funds through a cost-sharing program for which the government does not receive any compensation. But as Robert J. Rhee, professor of law at the University of Maryland, writes, “if there was some ambiguity about the program’s need before, there is none now.” In **“The Terrorism Risk Insurance Act: Time to End the Corporate Welfare”** (Policy Analysis no. 736), Rhee argues that terrorism risk is not more severe than other insurable risks such as natural catastrophes. A federal backstop stakes public money to protect

the insurance industry, and subsidizes the terrorism risk insurance premiums for commercial policyholders. “The private market is capable of underwriting this risk,” he continues. Yet in response to effective lobbying by the insurance industry and business interests, Congress has twice extended the program. The program is now scheduled to sunset at the end of 2014, 12 years after this supposedly temporary program was instituted. Rhee argues that the program should sunset as scheduled in 2014, thus ending this form of corporate welfare. “After the fears of the unknown have subsided,” he concludes, “[the insurance market] can more rationally assess terrorism risk and price it.”

Driving Investment Policy

No country has been a stronger magnet for foreign direct investment than the United States. Valued at \$3.5 trillion, the U.S. stock of inward foreign direct investment accounted for 17 percent of the world total in 2011, more than triple the share of the next largest destination. In **“Reversing Worrying Trends: How to Attract and Retain Investment in a Competitive Global Economy”** (Policy Analysis no. 735), Daniel J. Ikenson, director of Cato’s Herbert A. Stiefel Center for Trade Policy Studies, notes that as the world’s largest economy, the United States has been able to attract the investment needed to undergird its position atop the global economic value chain. “But the past is not necessarily prologue,” he argues. Indeed, while the U.S. claim to 17 percent of the world’s stock of foreign direct investment is impressive, the share stood at 39 percent as recently as 1999. To a large extent, this trend reflects the emergence of new, viable destinations for investment resulting from inevitable demographic, economic, and political changes. “However, some of the decline is attributable to a deteriorating U.S. investment climate,” Ikenson writes. That environment conspires to deter inward investment and to encourage companies to offshore operations that could otherwise be performed competitively in the United States. Ikenson concludes that a proper accounting of these policies, fol-

lowed by implementation of reforms to remedy shortcomings, will be necessary if the United States is going to compete effectively for the investment required to fuel economic growth and higher living standards.

Against Military Action in Syria

In the midst of growing public wariness about large-scale foreign interventions, the Obama administration has decided to arm the Syrian rebels. But according to Erica D. Borghard, a PhD candidate in political science at Columbia University, in **“Arms and Influence in Syria: The Pitfalls of Greater U.S. Involvement”** (Policy Analysis no. 734), those who call for increasing the scope of U.S. aid to the Syrian rebels are wrong on all counts. “There is a high risk that the decision to arm the Syrian rebels will drag the United States into a more extensive involvement later,” she writes—and this is the very scenario that the advocates for intervention claim they are trying to avoid. The unique characteristics of alliances between states and armed nonstate groups—in particular “their informal nature and secrecy about the existence of the alliance or its specific provisions”—create conditions for states to become locked into unpalatable obligations. That seems especially likely in this case. The Obama administration, therefore, should not have decided to arm the Syrian rebels. Looking ahead, Borghard writes, it is important for policymakers to understand the nature of alliances between states and armed nonstate groups even after the Syrian conflict is resolved. “Given that Americans are unwilling to support large-scale interventions in far-flung reaches of the globe, policymakers looking for military solutions to political problems may conclude that arming proxy groups may be an attractive policy choice,” she concludes. They should instead, however, avoid committing to conflicts that don’t threaten core national security interests. ■

