

Paying for the War on Terrorism

by Cindy Williams

[Back to Previous Page](#)

Shortly after the terrorist attacks of September 11, 2001, President Bush pledged to prosecute a war against terrorism along multiple fronts, using every tool available. He promised not only to engage the U.S. military, but to pursue diplomatic efforts, intelligence measures, law enforcement actions, economic measures, media outreach activities, financial measures, security measures and preparations to respond to disasters should the other measures fail.

Since September 2001, the Bush administration and Congress have added hundreds of billions of dollars to federal budgets for national defense, homeland security, and international affairs. Most Americans would agree that some new spending was warranted, given the nature of the threat and America's evident lack of preparedness for it. Such added spending comes at the expense of other federal priorities, however. Thus, it is important to ensure that every dollar spent on national security, homeland security, recovery, or combating terrorism is spent wisely.

This article considers three fundamental alternatives for securing the nation: offense, defense, and prevention. After a discussion of terms it examines federal levels of spending since 9/11/2001 for the three main alternatives and asks how resources might be reallocated to provide more real security.

Three Ways to Improve Security

To illuminate the main tradeoffs involved among the options for improving national security in an era of global mass-casualty terrorism, it is helpful to group those options into three broad categories: offense, defense, and prevention.

By offensive measures, I generally mean military ones, including everything from raising and maintaining a strong force to conducting military operations like those in Iraq and Afghanistan. In addition, I include U.S. efforts to collect, process, and disseminate intelligence upon which the military effort relies.¹

By defensive options, I mean those related to homeland security.² They include, for example, law enforcement measures aimed at tracking down terrorists and bringing them to justice, border and aviation security, physical and cyber protection of critical facilities and systems, improvements to the public health infrastructure, and preparations to respond to and mitigate the consequences of attacks should they occur.³

By preventive measures, I mean the non-military international measures aimed at reducing the likelihood of future acts of terrorism.⁴ They include assisting and rewarding foreign governments and individuals for their cooperation in the fight against terrorism, conducting diplomacy, helping other governments to secure their nuclear materials and weapons of mass destruction, reaching out to audiences abroad with positive messages about the United States, providing humanitarian assistance to populations affected by the fight, working to prevent failed states, and improving the economic conditions that might allow terrorists to gain a foothold in poor or failing states.

Experts agree that no strategy can completely insure the United States against future terrorist attacks. Moreover, it may not be possible to say with any assurance which specific activities will be the most effective in preventing future acts of terrorism, protecting against them, or mitigating their consequences. Nevertheless, the categories described here suggest a framework that can be useful in setting and articulating priorities and in assessing

whether plans are balanced.

New National Security Spending Since September 2001

Since the autumn of 2001, the United States has added about \$340 billion in new money to federal budgets for the military, homeland security, and international affairs.⁵ That is a substantial amount of money, representing more than twice what the federal government will spend in toto during 2002-04 on unemployment compensation, and more than three times as much as the spending for international affairs in those years.

The large infusion of cash into national security budgets since September 11, 2001, is heavily weighted toward the offense. Of the new money, about \$240 billion goes to the Department of Defense, about \$60 billion pays for homeland security, and about \$40 billion goes toward international affairs.⁶ In other words, since September 11, 2001, the United States has added four times as much money for offense as for defense, and six times as much for offense as for prevention.

When compared on an annual basis, the combined rise in spending for offense, defense, and prevention is enormous. For fiscal year 2004, budget authority in those three categories is nearly \$160 billion higher (after accounting for inflation) than it was in the regular appropriation for 2001. That represents a real increase of more than 40 percent in those categories in just three years. To put the figure in perspective, the \$160 billion rise in annual spending in those security-related accounts is about the same as the total federal bill for Medicaid this year.

Much of the Rise in Spending is Unrelated to Fighting Terrorism

Unfortunately, most of the \$160 billion post-9/11 real increase in the annual budget for the three security categories will go not toward improving real security, but to operations in Iraq and business as usual in the Pentagon. The lion's share—more than \$85 billion—goes for the occupation in Iraq. Of that money, \$64 billion goes toward military operations there, while some \$18.5 billion will pay for development and reconstruction of the occupied country.

The Bush administration argues that the war in Iraq is a necessary element of the fight against terrorism. Yet prewar links between Iraq and terrorists of global reach have not been clearly demonstrated. More troubling, current indications are that the war and its aftermath may be turning Iraq into a magnet and a breeding ground for terrorists, making the expense of the war there appear not only unnecessary to combating terrorism, but counterproductive to the fight.

Another fraction of the \$160 billion will go toward countries that aid the United States in the Iraq occupation or in the fight against terrorism. About \$1.5 billion goes toward a new foreign aid program targeted toward nations that embrace economic, legal, and political reforms.⁷ About \$20 billion of the real increase in annual spending is devoted to homeland security, the defensive component of national security.⁸

Outside of the spending for operations in Iraq, the Defense Department gained another \$55 billion in its annual appropriation between 2001 and 2004, most of it for business as usual. Of the \$55 billion, less than \$15 billion goes to homeland security or combating terrorism, largely by beefing up physical security at U.S. military installations at home and abroad. Instead, several billion dollars go to new entitlements for military retirees - not the nation's 25 million living veterans, but the 1.7 million among them who served in the military for 20 years or more. Most of the entitlement increase goes for a new health care benefit for retirees of Medicare age. While valued by those individuals, it does virtually nothing to help the military compete as an employer in American labor markets, and therefore will not help the nation in the fight against terrorism.

A few billion dollars will go to work off backlogs in maintenance and repair of military buildings and equipment. But most of the military increase goes to develop and procure military hardware that has little or nothing to do with fighting terrorism: for ballistic missile defense, the Air Force F-22 air-to-air fighter, the Marine Corps V-22 tilt-rotor aircraft, the Army's Comanche helicopter and new Stryker combat vehicle, and the future F-35 Joint Strike Fighter. Thus, while the nation added a substantial amount of money across the three security categories after the autumn of 2001, there is good reason to doubt the contribution that spending will make toward real security.

Federal Spending For National Security in Fiscal Year 2004

As one might expect from the Bush administration's announced strategy of "taking the war to the enemy," this year's total spending for the three categories of security measures is also very heavily weighted toward the offense. Under current plans, the federal government will spend about \$520 billion for offense, defense, and prevention in fiscal year 2004. Of that sum, about \$440 billion will go to the military for non-homeland security functions. About \$40 billion will pay for homeland security, and the remaining \$40 billion will go toward international affairs, including reconstruction in Iraq. In other words, the United States will pay about eleven times as much for offense as for either defense or prevention this year.

Reallocating Resources to Provide Real Security

Of course, no formula can prescribe the ideal weight of effort among offense, defense, and prevention. To the extent that preventive actions can keep terrorists from gaining a foothold in poor countries or avert terrorist acts from occurring, they would seem to be more important than either defensive or offensive measures. They may also be cheaper, however, making it inappropriate to judge their value based upon their cost. Yet it is not difficult to see that reallocating even relatively small amounts of the money devoted to offense this year could go a long way toward bolstering either prevention or defense.

For example, in 2003, the Council on Foreign Relations nonpartisan Task Force on Emergency Responders found that the United States is still "dangerously ill prepared to handle a catastrophic attack on American soil." The task force identified nearly \$100 billion in funds needed over a five-year period to prepare local fire services, search and rescue teams, hospitals, public health systems, and other emergency responders to handle the types of disasters that could be caused by terrorism. If reallocated from offensive measures to first-responder preparedness, an annual expenditure of \$20 billion would provide substantially more real security than spending the same amount on business-as-usual programs in the Defense Department.

Alternatively, for just \$5 billion of the \$64 billion the Defense Department received in the 2004 supplemental appropriation for the occupation in Iraq, we could inspect ten times as many containers at U.S. ports. For \$4 billion, we could quadruple efforts to secure nuclear materials from the former Soviet Union. For about \$12 billion, we could double our foreign aid spending. Any of those alternatives would provide substantially more bang for the buck in combating terrorism and providing real security for Americans than the Iraq war.

Summary and Conclusions

The administration touts a multi-faceted campaign to disrupt and destroy terrorism worldwide, one that balances military measures with diplomatic and economic efforts, law enforcement, financial measures, information, and intelligence. Looking at the problem of combating terrorism using the three categories suggested (offense, defense, and prevention) can help in thinking through the tradeoffs involved among the many choices.

Unfortunately, the changes in spending and plans since September 11 reflect far more of "business as usual" than

one would hope. Too much of the enormous increase in defense spending between 2001 and 2004 goes to support Cold War forces and new military entitlements that will do little to improve the military's competitiveness as an employer. As a result, its contribution toward the war on terrorism will be far lower than it could be.

More troubling, except for less than \$20 billion for nation-building in occupied Iraq, the share of new spending devoted to international programs that could prevent terrorism is pitifully small when compared with the enormous boost in spending for military solutions or the costs of military operations in Iraq. And despite a significant infusion of money since 9/11, homeland security appears to remain badly underfunded.

NOTES

1. National missile defenses should probably be included in the category of defense. For the purposes of this article, however, I follow the current administration policy of considering missile defenses as part of the military category rather than as an element of homeland security.
2. The federal government defines homeland security as “a concerted national effort to prevent terrorist attacks within the United States, reduce America's vulnerability to terrorism, and minimize the damage and recover from attacks that do occur.”
3. Some observers favor relying to a greater extent on the international criminal justice system to bring terrorists to justice. U.S. activities toward that end cut across the three categories described here. Much of their U.S. funding would be related to the law enforcement activities of the defense category, however.
4. Thus, my definition of prevention is a far cry from the Bush administration's doctrine of “taking the fight to the enemy” through preventive wars.
5. That is to say, the combined three-year total federal budget authority for the Department of Defense (net of homeland security spending), homeland security, and international affairs (including counterterrorism accounts) in 2002, 2003, and 2004 was about \$340 billion higher than what it would have been if the initial 2001 budgets for those accounts were extended with a boost for inflation each year. A bit less than half of the new spending came through the annual appropriations process; the remainder came through emergency supplemental appropriations passed during September 2001 in response to the terrorist attacks and during fiscal years 2003 and 2004 to pay for operations in Afghanistan and Iraq.
6. The Department of Defense figure excludes DoD spending for homeland security, most of which pays for beefing up security at military installations in the United States.
7. The new development aid program, called the Millennium Challenge Account, was announced by President Bush in a speech to the United Nations Financing for Development Conference in Monterrey, Mexico, March 22, 2002. The President's plan would raise U.S. foreign aid spending by \$5 billion over a period of five years. Spending for foreign aid was about \$11 billion in 2001.
8. Several billion dollars of the \$20 billion will go toward defensive security measures, especially physical protection of Defense Department installations.
9. The figure includes the annual appropriation for 2004, plus the military and international security shares of the 2004 emergency supplemental appropriation signed by President Bush in November 2003.

Cindy Williams is Principal Research Scientist at the MIT Security Studies Program and, with ECAAR, a member of the Security Policy Working Group. Dr. Williams presented this paper at ECAAR's panel on “Real Homeland Security” at the January 2004 AEA/ASSA meetings in San Diego.