

# **Paying for the War on Terrorism: U.S. Security Choices since 9/11**

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## **Abstract**

In the wake of the terrorist attacks of September 11, 2002, U.S. federal spending for programs related to national security—including military, homeland security, and international affairs programs—rose dramatically. A look at where the new money is going reveals an overwhelming preference for business as usual and for military solutions over homeland security or non-military international measures. In an era of global, mass-casualty terrorism, a reordering of priorities and a reallocation of resources would offer greater real national security.

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The terrorist attacks of September 11, 2001, and the anthrax attacks that followed shocked Americans into a new appreciation of international affairs and a new recognition of the threat of direct attacks on the United States. They resulted in a reassessment of national priorities by political leaders, fundamental changes in federal laws relating to border security and law enforcement, a new cabinet department, and a significant increase in the size and scope of federal government. They also spawned a major military buildup, altered international affairs programs, reinforced security and protective measures on the home front, and increased national emphasis on preparations to mitigate the consequences of and recover from any future attacks.

Shortly after the terrorist attacks, 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 to secure cooperation from

other nations in identifying and breaking up terrorist networks, intelligence measures to track down terrorists, law enforcement actions to bring them to justice, economic measures to fight poverty and other conditions that terrorists might exploit to their advantage in poor or weak states, media outreach activities to spread positive messages about American values, financial measures to stop the flow of money into terrorist organizations, security measures to protect people and facilities in the event of new attacks, and preparations to respond to disasters should the other measures fail.<sup>1</sup>

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: reducing debt; shoring up Social Security and Medicare as baby boomers prepare to retire; improving education, transportation, and other services of government; maintaining a vibrant economy; and keeping taxes down now and in the future. Thus, it is important to ensure that every dollar spent on national security, homeland security, recovery, or combating terrorism is spent wisely.

A look at where the new money is going reveals an overwhelming preference for offensive, military solutions over defense or any of the softer forms of power President Bush promised to pursue. It also reveals far more of "business as usual" than one would hope for, given the severity of the wake-up call in the autumn of 2001. Other choices

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<sup>1</sup> President George W. Bush, "Address to a Joint Session of Congress and the American People," United States Capitol, Washington, D.C., September 20, 2001; President George W. Bush, "President Outlines U.S. Plan to Help World's Poor," Remarks by the President at United Nations Financing for Development Conference, Monterrey, Mexico, March 22, 2002.

would seem to offer greater real national security in an era of global, mass-casualty terrorism.

This article considers three fundamental alternatives for securing the nation: offense, defense, and prevention. After a discussion of terms and a brief review of the strategies the Bush administration has put forward for achieving security for the United States, 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.<sup>2</sup>

By defensive options, I mean those related to homeland security.<sup>3</sup> 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

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<sup>2</sup> 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.

<sup>3</sup> 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. White House Office of Homeland Security, *National Strategy for Homeland Security*, July 2002, page 2.

facilities and systems, improvements to the public health infrastructure, and preparations to respond to and mitigate the consequences of attacks should they occur.<sup>4</sup>

By preventive measures, I mean the non-military international measures aimed at reducing the likelihood of future acts of terrorism.<sup>5</sup> 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.

Comparing options within the same category can help surface activities that may not make sense, either because they are duplicative or because they would cost substantially more or be less effective than other programs that could achieve similar aims. For example, both the military's combat air patrols and the air marshals on

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<sup>4</sup> 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.

<sup>5</sup> 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.

commercial flights contribute to homeland defense. The Defense Department spent substantial sums in 2001 and 2002 to operate the combat air patrols poised to shoot down errant commercial flights. Yet expanding the air marshal program would achieve similar aims, possibly at a smaller cost and with less risk to travelers.<sup>6</sup>

Similarly, one can ask whether the large expenditures planned for national missile defense make sense, given the many other approaches a terrorist might take to get weapons into the country. As a minimum, one should ask whether the \$8 billion a year the Bush administration spends on missile defenses is balanced by efforts to prevent weapons of mass destruction from being produced inside the United States or brought in through global transportation networks.

Exploring tradeoffs from one category to another can be more complicated. On the one hand, prevention would seem to offer the greatest payoff; if it works, then neither offense nor defense will be needed. Moreover, the effect of preventive efforts can boost the effectiveness of the offense, and military measures might boost the effectiveness of the defense or vice versa, thus complicating the situation for terrorists. On the other hand, the possible threats are so varied and terrorist networks are evidently so widely dispersed around the globe that a prudent planner would want to have defensive measures in place, no matter how effective the preventive measures or military solutions might seem. Thus, for example, even if ballistic missile defenses could be shown to work with some level of confidence, local measures to protect people and recover from future attacks will continue to be important.

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<sup>6</sup> I am grateful to Mike Gilmore of CBO for suggesting this tradeoff.

Nevertheless, comparing a variety of potential solutions both across and within layers may help to offset a preference for the complicated over the mundane and for reacting to the most recent crisis rather than setting priorities for the longer term.

### *The Bush Administration's Strategy Documents*

The Bush administration has published four strategy documents related to national security: the *National Strategy for Homeland Security*, released in July 2002, the *National Security Strategy of the United States of America*, released in September 2002, the *National Strategy to Combat Weapons of Mass Destruction*, published in December 2002, and the *National Security for Combating Terrorism* of February 2003. Taken together, the documents lay out a wide range of concerns and a number of broad paths aimed at solving America's national security problems. Unfortunately, however, they fail to establish clear priorities among the three key aspects of the fight against terrorism: non-military international measures, military solutions, and homeland security measures—nor do they say much about how measures from those three areas might work to reinforce each other. Furthermore, they are inconsistent in their expectations for solving the problems the nation faces, and they provide no indication of or link to the resources that will be required to implement them.

Because the *National Strategy for Homeland Security* focuses on homeland security rather than responding to terrorism, it does not treat the first two layers considered here: international programs and military solutions. Nevertheless, the document makes a good start on a framework for examining choices. The strategy articulates three overarching objectives for homeland security:

- preventing terrorist attacks within the United States;
- reducing America’s vulnerabilities to terrorism; and
- minimizing damage and recovering from attacks that do occur.

The homeland security strategy also identifies six critical mission areas around which future budgets in those areas are to be organized—intelligence and warning, border and transportation security, domestic counterterrorism, protecting critical infrastructure, defending against catastrophic threats, and emergency preparedness and response.

The homeland security strategy promises that the federal government will allocate resources in a balanced way to manage risk, but it is not clear from the document how such balance will be achieved. Moreover, the document’s discussions of the degree to which the risks can be reduced are inconsistent. On the one hand, the strategy promises that “We will spend whatever is necessary to secure the homeland.”<sup>7</sup> On the other hand, it points out that resources will be scarce, that spending them on the right activities will be important, that the federal government expects the states, local governments, private business, and individuals to share the burden, and that no amount of preparation and defense will be able to protect against every possible attack.<sup>8</sup>

The strategy also promises that homeland security concerns will be balanced against other national interests, such as ensuring the free flow of appropriate goods and services across U.S. borders. Such balance may be easy to promise, but it is likely to be hard to deliver.

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<sup>7</sup> White House Office of Homeland Security, *National Strategy for Homeland Security*, July 2002, p. 63.

<sup>8</sup> White House Office of Homeland Security, *National Strategy for Homeland Security*, July 2002, p. 63-65.

The homeland security strategy lays out a collection of principles to guide the allocation of spending in its six critical mission areas. As a basic scheme for allocating resources, it calls for weighing “the benefit of each homeland security endeavor and only allocat[ing] resources where the benefit of reducing the risk is worth the amount of additional cost.” The strategy’s principles and suggestions make sense. Unfortunately, however, the document fails to explain the linkages between the principles it proposes and the priorities it identifies for the 2004 program: enhancing the capabilities of the FBI, building new capabilities through the information and analysis and infrastructure protection division of the proposed department of homeland security, creating “smart borders,” increasing the security of international shipping containers, recapitalizing the Coast Guard, preventing terrorist use of nuclear weapons through better sensors and procedures, developing broad spectrum vaccines, antimicrobials, and antidotes, and integrating information sharing across the federal government.

As is appropriate, the *National Security Strategy* produced in September 2002 takes a wider view, identifying eight broad categories of national effort.<sup>9</sup> That document provides little insight into the relative priorities attached to those categories, however, and no discussion of how future programs or budgets might be shaped to ensure an appropriate balance of resources within or among the categories. Similarly, the *National Strategy to Combat Weapons of Mass Destruction* and the *National Strategy for Combating Terrorism* outline important fronts along which the administration intends to proceed, but fail to establish clear priorities among the efforts. Unfortunately, the proliferation of strategies may confuse priorities for decision makers and observers more than they illuminate them.

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<sup>9</sup> The White House, *The National Security Strategy of the United States of America*, September 2002.

More troubling, the strategy documents, especially the strategy for combating terrorism, explicitly embrace a new and dangerous policy: preventive war. While couched in the language of preemption—a policy of proactive self-defense in the face of imminent danger that is sanctioned under international law—the Bush administration strategy supports something much more dangerous: going on the offensive even though the threat is diffuse and not immediate. In Iraq, that policy is costing the United States severely in terms of dollars, lives, and cooperation from other countries.

#### *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.<sup>10</sup> 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.<sup>11</sup> In other words, since September 11, 2001,

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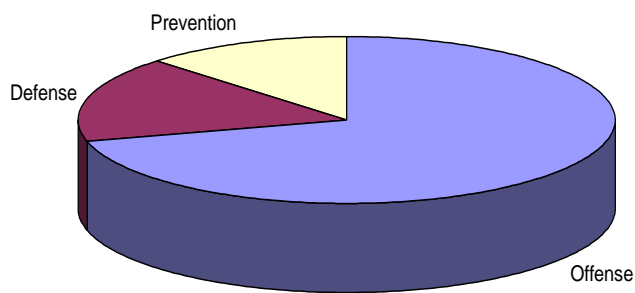
<sup>10</sup> That is to say, the combined three-year total federal budget authority for the Department of Defense (net of homeland security spending), homeland security, and international affairs (including counterterrorism accounts) in 2002, 2003, and 2004 was about \$340 billion higher than what it 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.

<sup>11</sup> 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.

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.

### New Federal Spending for Security

**\$340 Billion**



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.<sup>12</sup> About \$20 billion of the real increase in annual spending is devoted to homeland security, the defensive component of national security.<sup>13</sup>

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

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<sup>12</sup> 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.

<sup>13</sup> Several billion dollars of the \$20 billion will go toward defensive security measures, especially physical protection of Defense Department installations.

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.

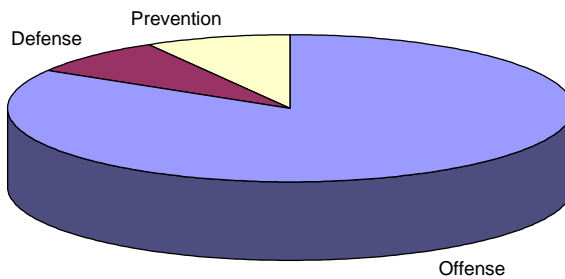
#### *Federal Spending For National Security in Fiscal Year 2004*

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.<sup>14</sup> Of that sum, about \$440 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.

### FY 2004 Budget Authority for Security

\$520 Billion



#### *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

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<sup>14</sup> 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.

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.”<sup>15</sup> 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.<sup>16</sup> 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.

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<sup>15</sup> “Emergency Responders: Drastically Underfunded, Dangerously Unprepared,” Report of an Independent Task Force Sponsored by the Council on Foreign Relations (Warren B. Rudman, chair), 2003, p. 1.

<sup>16</sup> *Ibid.*, pp. 34-38.

## *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.<sup>17</sup> Looking at the problem of combating terrorism using the three categories suggested in this article—offense, defense, and prevention—can help in thinking through the tradeoffs involved among the many choices.

Bush administration strategy documents provide a helpful picture of the president's broad goals and areas of effort, but they do not go far enough in articulating priorities among key areas, particularly among military options, non-military international solutions, and homeland security efforts—or in describing the possible linkages among those broad areas. Policy makers should begin now to set such priorities and explore such linkages. While the military options may seem the most expedient today, the other ones could have substantial long-term payoffs that should not be ignored.

Moreover, the administration's funding patterns and budget plans are not clearly linked to the goals described in the strategy documents. Key initiatives for 2004 seem quite separate from the six main missions espoused in the homeland security strategy, and it is not clear yet how the administration will actually use its mission frameworks to establish and evaluate policy. Tighter links will be needed between articulated goals and spending plans.

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

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<sup>17</sup> The White House, *National Strategy for Combating Terrorism*, February 2002, p. 1.

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 under funded.