

2002 Year in Review
United States Department of Defense
December 31, 2002



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Introduction

As 2002 draws to a close, the men and women of the Department of Defense can look back with pride and a sense of accomplishment. Our troops and coalition forces made progress in the war against terror, and we continued to transform our military for the challenges of the 21st century. The world remains a dangerous place, and we must keep improving and innovating.

In 2002, Operation Enduring Freedom drove the Taliban from power in Afghanistan and disrupted the al Qaeda network responsible for the September 11th attacks. The terrorists are on the run, less able to plan and finance their schemes of destruction.

The Defense Department worked with coalition members and non-government organizations in Afghanistan to rebuild schools, hospitals, roads, and treat the wounded and the sick. The new Afghanistan is led by an elected president, defended by an Afghan national army trained by American and coalition troops, and is laying the foundation for a more stable, free society. In Afghanistan and around the world, a coalition of more than 90 nations will continue to fight terrorism and work toward global peace, security and stability.

Terror knows no boundaries, and the United States is leading an effort to disarm the terrorist state of Iraq. For many years, Saddam Hussein has pursued and developed weapons of mass destruction, played host to terrorist networks, and invaded his neighbors. As President Bush said recently, “the UN Security Council, the NATO Alliance and the United States are united: Saddam Hussein will fully disarm himself of weapons of mass destruction. If he does not, America will lead a coalition to disarm him.” The NATO allies in 2002 issued a strong statement on Iraq, making clear that Saddam Hussein's regime faces very serious choices – to disarm or face a regime change.

This year, the Defense Department developed a new defense strategy and replaced the old model for sizing forces with a newer approach more relevant to the 21st century. The Defense Department proposed and the President approved a significant reorganization of the worldwide command structure, known as the Unified Command Plan. This includes the new U.S. Northern Command (NORTHCOM), responsible for the United States, Canada, and Mexico. In the event of terrorist attack, civil disturbance or natural disaster, NORTHCOM will coordinate a response to the crisis with other federal agencies, and state and local governments.

Over the last 12 months the Department refocused its space capabilities and fashioned a new concept of strategic deterrence that increases security while reducing strategic nuclear weapons. To help strengthen the deterrent, the missile defense research and testing program has been reorganized and revitalized, free of the restraints of the ABM Treaty.

The Defense Department would not survive for long if hundreds of thousands of talented, dedicated men and women didn't step forward and sign on the dotted line every year.

We want to continue to attract the best and the brightest people to military service – and we want to keep them. Last year we proposed and Congress passed the largest pay increase in 20 years. For the next several years we plan to ensure our pay remains competitive.

Finally, after a year of heroic effort by Pentagon workers and construction crews following the 9-11 attacks, the damaged section of the Pentagon was fully restored. On September 11th of 2002, we held a ceremony in remembrance of our colleagues who died when a hijacked plane struck the south wall. We celebrated the resiliency of this great building and the stout hearts of those who serve within. The renewed Pentagon -- and the resolve of those who work here -- is stronger than ever

Even as we were rebuilding, our military was transforming. History shows that we can never relax our guard. In the 1941 attack on Pearl Harbor, the U.S. lost 2,400 people, most of them military personnel. On September 11, 2001, we lost several thousand innocent civilians. With weapons of mass destruction, the toll could be tens of thousands of people. Our adversaries are always transforming. They're watching us. They're studying how we were attacked, how we responded, and where we may be vulnerable in the future. We stand still at our peril. The men and women of the military made a great deal of progress over the past year – but there is more work to do.

Donald H. Rumsfeld
Secretary of Defense
December 17, 2002

Global War Against Terrorism

"Within weeks, the Taliban regime was ousted and al-Qaeda terrorists it had harbored fled or were killed or captured. Terrorist training camps were destroyed. Exiles poured back into the country. Jubilant Afghans celebrated in the streets. A new government took charge. After decades of chaos, the nation seemed eager to return to some sense of normalcy."

-Editorial, *USA TODAY*, October 4, 2002

Within days after the beginning of Operation Enduring Freedom on October 7, 2001, the al Qaeda and Taliban were losing their power, their safe havens and much of their leadership. One year later, they are fragmented and their leaders are missing, captured, killed or on the run. Humanitarian aid to Afghanistan started on day one of the war, with 37,000 humanitarian daily rations airdropped while the attacks were underway.

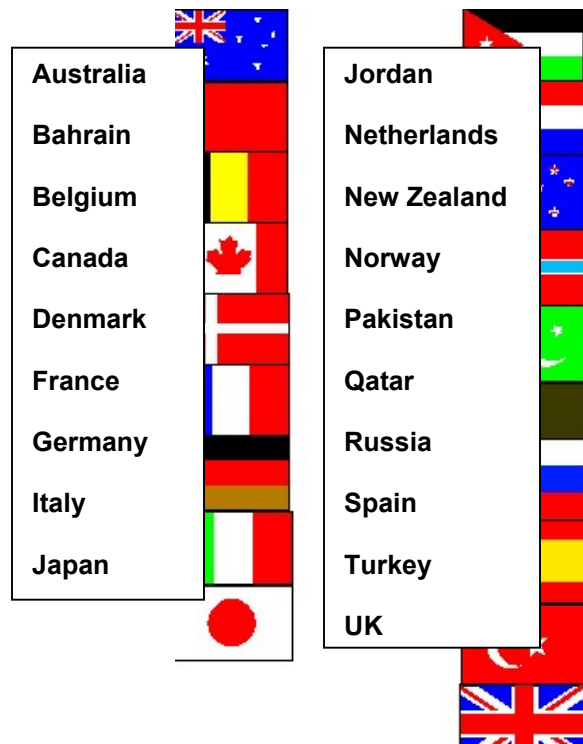
Humanitarian and civil affairs aid continued in 2002. The international community has pledged \$4.5 billion over five years to reconstruct Afghanistan; \$2 billion was committed for use in 2002. More than 575,000 metric tons of food have been delivered and 1.7 million refugees have returned to their homes. Schools, hospitals and roads have been rebuilt. An elected head of government - Hamid Karzai - today works with the United States and its coalition partners toward long-term stability in Afghanistan.

The Coalition and the Global War Against Terrorism

The U.S. has assembled a coalition of the willing, with 90 nations participating in various ways in the Global War on Terrorism. Forty-eight countries support operations in the Central Command region, which includes Afghanistan. Forty-three nations have representatives at Central Command headquarters in Tampa, Florida; and twenty-nine nations have military forces stationed in Afghanistan. Nine countries have provided ground forces to serve in Afghanistan, and twenty-one countries have deployed forces to support the International Security Assistance Force (ISAF) in Afghanistan.

In the past year, the coalition defeated and dispersed the Taliban and al Qaeda forces that were responsible for attacking the U.S., fomenting worldwide terrorism, and oppressing the Afghan people. The coalition eliminated bases of international

Force Providers



al Qaeda terrorist operations and destroyed their training facilities in Afghanistan. Al Qaeda's terrorist command and control, leadership and access to financial resources were disrupted, and the organization was forced into an ad hoc mode of operation for almost a full year.

Humanitarian & Civil Affairs Aid

Supplies and other aid moved non-stop, first by airdrops, followed by road rebuilding and aid to where it was needed most. From Oct. 7 to Dec. 13, 2001, more than 2.4 million rations were airdropped to the Afghan people. Relief efforts continue today, as the world works with Afghanistan to restore peace.

Coalition countries have contributed significantly to humanitarian assistance efforts. Germany has built police stations and trained police; Norway, Jordan, Britain and Poland provided de-mining personnel and equipment.

Coalition hospitals have provided medical care and treatment for tens of thousands of Afghans, including women and children, many for the first time ever. A Jordanian hospital has treated more than 126,904 civilians, a Spanish hospital has treated 12,000 civilians and a Korean hospital has treated more than 8,000 civilians and coalition personnel.

The Department of Defense and Central Command have funded numerous projects under the Overseas Humanitarian Disaster and Civic Aid (OHDACA) program. More than \$6.6 million have gone toward more than 220 projects, including the following:

Schools:	118
Medical Centers:	25
Drinking Water Wells:	43
Agricultural Projects	9
Roads and Bridges:	10
Irrigation:	4

More than 70 projects under OHDACA have been completed, and 30 others have been transferred to non-government organizations and the U.S. Agency for International Development.



The Coalition Commitment to Afghanistan's Stability

A key part of the U.S. and coalition effort to ensure that Afghanistan never again becomes a haven for terrorists is the massive effort underway to rebuild the country's civil society. The U.S. Army's 96th Civil Affairs Battalion has been there for more than a year rebuilding schools, bridges, roads, wells and leading countless other projects that will help Afghanistan become self-sufficient. Above, Sergeant First Class Victor Andersen of the 96th delivers medical treatment from the tailgate of a truck in eastern Afghanistan.

Long-Term Stability in Afghanistan

An elected Afghanistan head of government -- Hamid Karzai -- today works with regional leaders in a transitional government as civil authorities continue to establish and maintain national stability.

President Karzai and senior government officials were chosen through the traditional Loya Jirga process, allowing the people of Afghanistan to choose their leaders.

An Afghan National Army is being formed and trained to enable Afghanistan to maintain its own security. Six battalions have been formed. As of Dec 1, 2002, four battalions numbering more than 1,300 troops had been trained, and another 1,200 are currently training.

Financial, Law Enforcement and Other Operations

More than 160 countries have issued orders freezing terrorist assets, and others have requested U.S. help in improving their legal and regulatory systems so they can more effectively block terrorist funds. Since September 11, 2001, the U.S. has blocked more than \$34 million in assets of terrorist organizations; other nations have blocked more than \$77 million.

Terrorists and terrorist cells continue to be disrupted or destroyed on a daily basis. Nations from around the world have arrested terrorists, with the global efforts of law enforcement and intelligence agencies in cooperation with some 90 countries, resulting in the arrest of some 2,400 individuals, and approximately 650 enemy combatants under U.S. control.

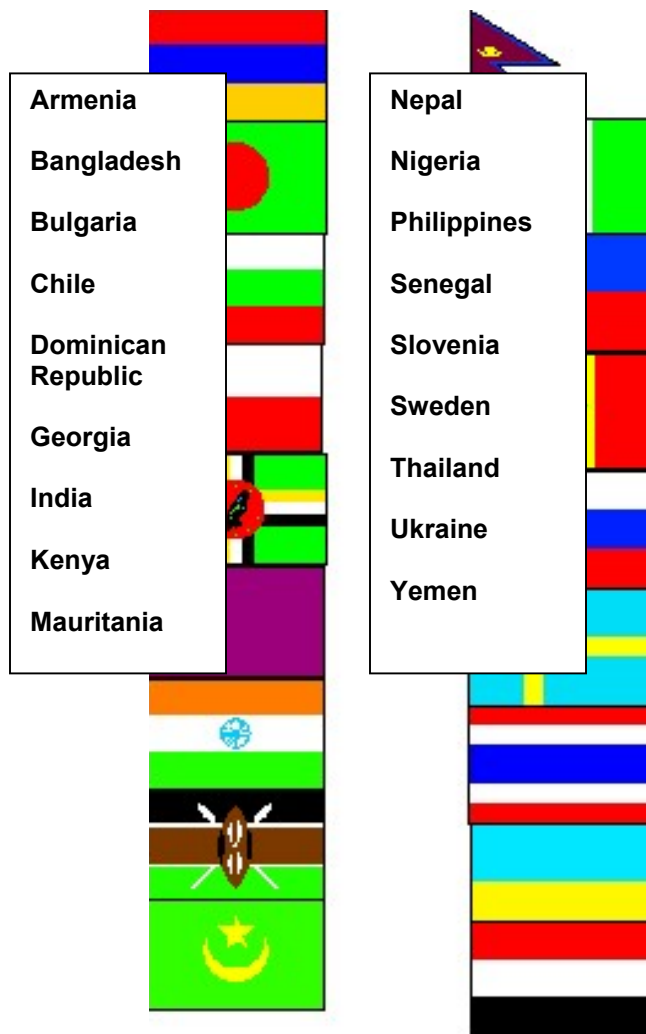
The Philippines

More than 1,300 U.S. personnel, including 160 Special Operations advisors, deployed in support of counterterrorism exercises for 6 months. U.S. Special Operations personnel conducted company-level training with 25 field companies of the Armed Forces of the Philippines. The U.S. has provided the Armed Forces of the Philippines with one C-130 aircraft, 30,000 M-16A1 rifles, two Point-class Coast Guard cutters, and eight UH-1H helicopters.

The Republic of Georgia

U.S. Special Forces trained nearly 200 Georgians during the staff-training phase of the Georgia Train and Equip Program. Currently, they are training nearly 500 Georgians in light-infantry tactics, including platoon-level offensive and defensive operations and basic airmobile tactics. Military equipment is also slated for transfer to Georgia, including uniforms, small arms and ammunition, communications gear, training gear, medical gear, fuel, and construction materials.

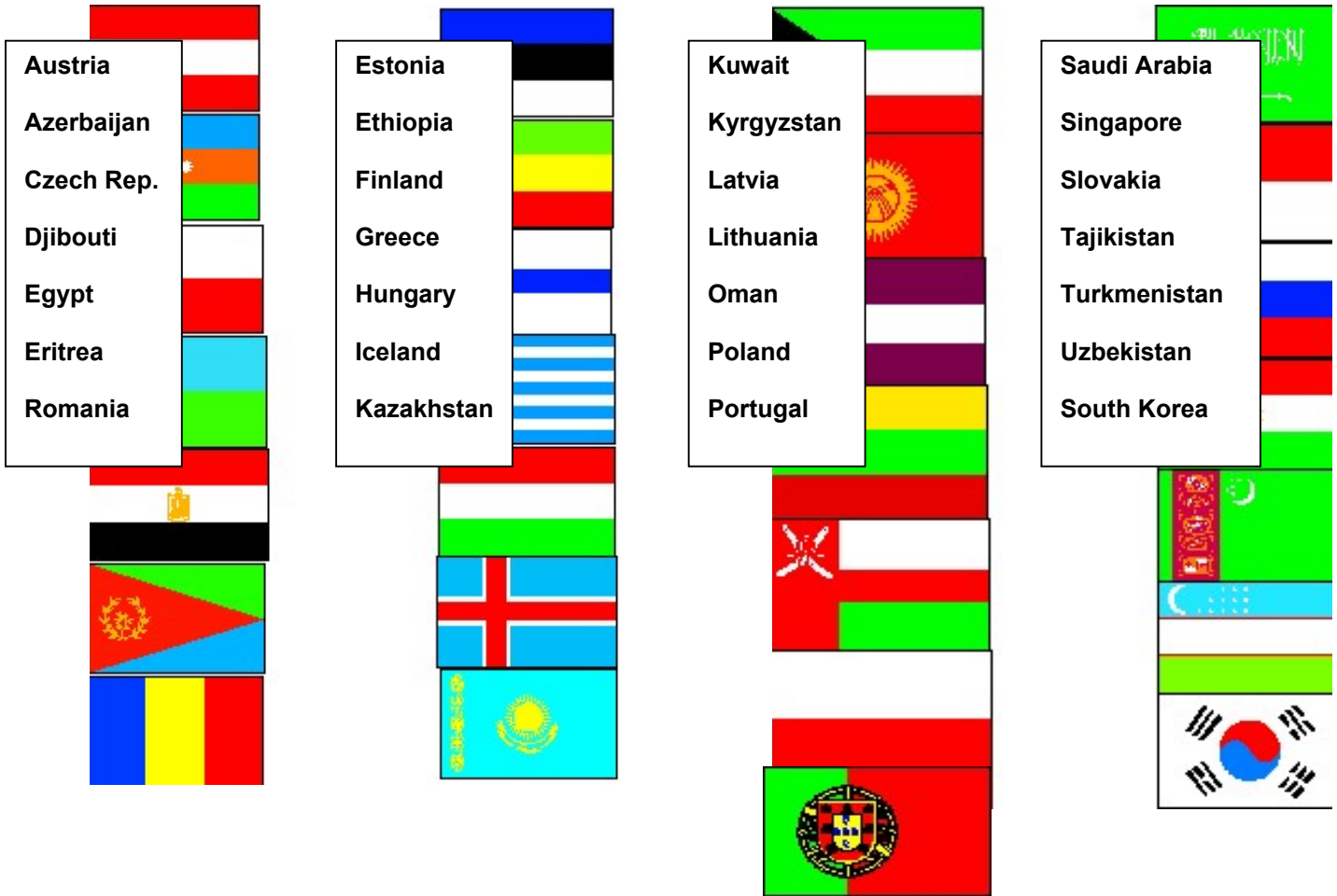
Partners



Yemen

U.S. Special Forces trained approximately 200 Yemeni military forces in counter-terrorism tactics.

Countries Offering Direct Support



Homeland Security

More than 102,000 members of the Ready Reserve were mobilized to support Operation Noble Eagle and Operation Enduring Freedom in 2002, with another 29,000 personnel voluntarily serving on active duty to support these operations. The men and women of the National Guard and Reserves provided an estimated 30 million work days of support to the total force in 2002, a level not seen since the end of the Gulf War.

More than 9,000 members of the National Guard provided security at 442 airports nationwide; more than 1,500 National Guard members provided border security assistance at both federal and state levels.

Transforming the U.S. Military

“It is refreshing to see the Pentagon search for new ways to manage its research facilities, depots, logistics operations, payroll, base housing and other support operations.”

- Editorial, *Federal Times*, September 2, 2002

“I feel as if people in the Pentagon are really getting with the transformation idea.”

- Sen. Joseph Lieberman, April 9, 2002

“We are waging war against a new enemy with global operations and the messianic aspirations to match; we are undertaking a long-term process to transform our military from its Cold War structure to a force ready for the challenges of a new day.”

- Sen. John McCain, April 9, 2002

“I do believe that without any new toys at all, we can in fact go a long way down the road to transformation by simply re-thinking the way we do business.”

- Gen. Peter Pace, Vice Chairman,
Joint Chiefs of Staff, Oct. 31, 2002.

The U.S. military must transform to counter 21st-century challenges. Military transformation is about more than new weapons and technologies. It is about a new way of doing business and new ways of thinking. It requires encouraging a culture of creativity and intelligent risk-taking. We must promote a more entrepreneurial approach to developing military capabilities: one that encourages people to be proactive and not reactive, to behave less like bureaucrats and more like venture capitalists; one that does not wait for threats to emerge and be validated, but rather anticipates them before they emerge and develops new capabilities that can dissuade and deter them. We need to change not only the capabilities at our disposal, but also how we think about warfighting. All the high-tech weapons in the world will not transform U.S. armed forces unless we also transform the way we think, the way we train, the way we exercise and the way we fight.

Changing How DoD Plans and Operates

In the 2001 Quadrennial Defense Review, the Department developed a new defense strategy to assure allies and friends, dissuade adversaries, deter aggression and coercion, and decisively defeat any adversary if deterrence fails. Since then, the Department has furthered the transformation of U.S. defense capabilities in accordance with this strategy.

Military Command Structure

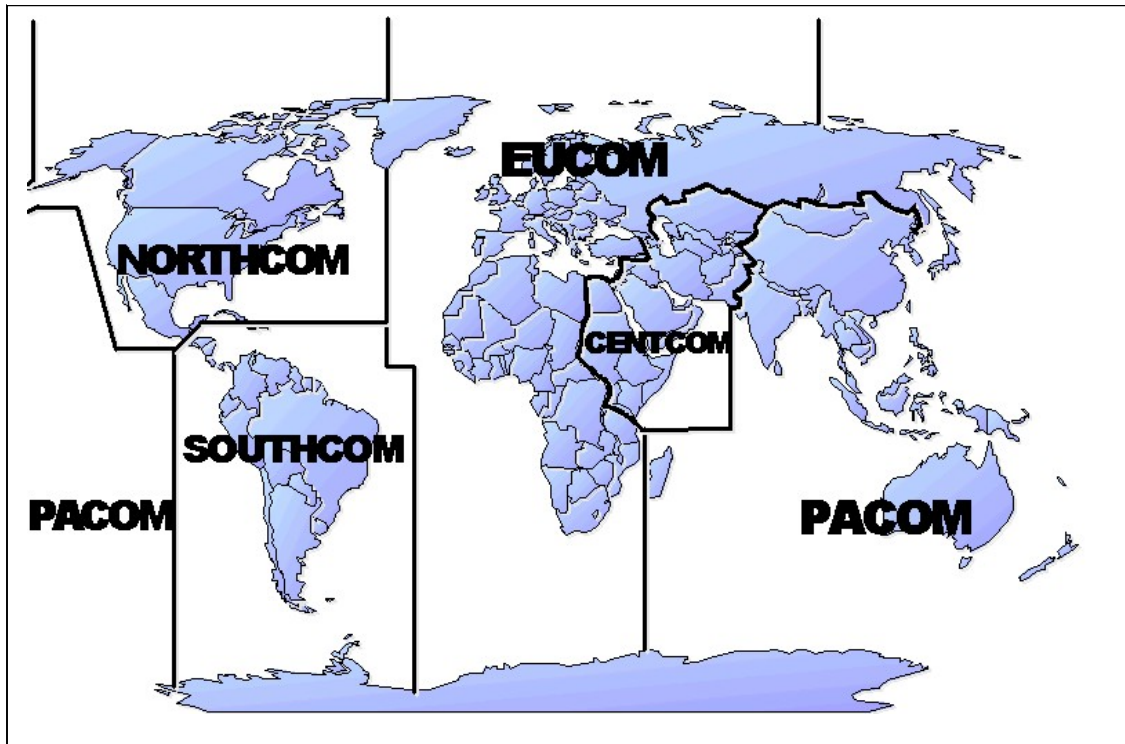
The 2002 Unified Command Plan realigned and streamlined the U.S. military command structure to better address 21st-century threats. The plan is one of the most significant

reforms of our nation's military command structure since World War II. The increasing lethality and accuracy of asymmetric technologies necessitated revision of the Department's command structure to better contend with these threats.

The Unified Command Plan underwent the following changes:

- Northern Command (NORTHCOM) was created for homeland defense. The NORTHCOM commander is responsible for air, land, and maritime defense as well as coordination of military support to civil authorities at the federal, state and local government levels.
- Joint Forces Command (JFCOM) took on a new focus as the lead command for transformation of our military forces.
- Space Command (SPACECOM) was merged with Strategic Command (STRATCOM) to eliminate redundancies and streamline decision-making. STRATCOM now is better focused on supporting planning global operations and the new strategic triad, which calls for a reduction in offensive capabilities.
- Regional combatant commands' boundaries were realigned to reflect new changes in the geopolitical environment.

The World with Commanders' Areas of Responsibility



Defense Planning

The Department is seeking ways to incorporate new capabilities and transformational concepts into all aspects of its planning. DoD has created a new approach to developing its plans, which incorporates new capabilities, risks, operational concepts, contingencies and technologies. The Fiscal Year 2004 defense budget request will reflect changed priorities in weapons and systems, accelerating investments in transformational capabilities. Lastly, DoD began implementing the Nuclear Posture Review, which realigned our nuclear forces with our new deterrence triad.

Defense Operations

Operation Enduring Freedom is an excellent example of how U.S. armed forces are employing transformational concepts to execute the war on terrorism. Similarly, DoD is pursuing opportunities to benefit from dramatic improvements in all of its operations. DoD's security cooperation activities are focused now on building the right defense partnerships for the future, which will promote stability and security in key regions. There is a greatly increased emphasis on joint warfighting—exemplified in the 2002 Millennium Challenge experiment and the Department's work to establish Standing Joint Force Headquarters and Standing Joint Forces.

Transparency in the Budget Process

The Department of Defense must have a strategy-driven budget -- not a budget-driven strategy. For the first time in DoD history, the office of Program Analysis and Evaluation has deliberately set out to make the decision process transparent to Congress, the American public and the media. This effort has already clarified service budget proposals through unprecedented briefings to Congressional members, staff and the press. The briefings have already yielded a heightened new awareness of the progress of DoD's budget deliberations.

Joint Strike Fighter International Agreements

In 2002, seven international partners signed on to the Joint Strike Fighter (JSF) program, including Australia, Canada, Denmark, Italy, the Netherlands, Norway, and Turkey. By further internationalizing this critical strike fighter program, we will share costs during the JSF development stage while strengthening defense relationships with our allies.

Restructured Missile Defense Research & Development

In 2002 DoD reorganized and revitalized the missile defense research and testing program, free of constraints of the Anti-Ballistic Missile Treaty. The new Missile Defense Agency (formerly the Ballistic Missile Defense Office) established a single program to develop an integrated missile defense system. Using the best and brightest experts for program development, this restructuring allows the missile defense program to pursue viable options and discard programs that hold no promise. One program was eliminated in 2002: the Navy Area-Wide Theater Missile Defense program. A second, the Space Based Infra-Red (Low) program, was restructured.

Key Program Decisions

The elimination of Crusader -- a strategically outmoded, Cold War-era artillery system -- freed up \$9 billion to develop and field precision munitions and 21st-century, non-line-of-sight artillery systems for the Army's Future Combat Systems.

Development and deployment of unmanned aerial vehicles (UAVs), which play a crucial role in Operation Enduring Freedom, accelerated significantly from previous experience. Our operations demonstrated that unmanned vehicles can be lethal on the battlefield.

Transformation of the Navy's ballistic missile submarine fleet continued in 2002 to meet mission challenges of the 21st century. Four of the older Ohio-class ballistic missile submarines (SSBNs) are being converted to guided missile submarine (SSGN) systems.



In 2002 the Secretary of Defense directed the termination of the Crusader, a Cold War-era artillery piece that was too heavy and too slow to fight 21st century battles.

Crusader termination saved taxpayers \$9 billion on a system the Army didn't need, and directed the funding toward more lethal, agile and transformational technologies such as the Guided Multiple Launch Rocket system (above).

The Navy also decided to cancel production of the DD-21 destroyer and shift resources to the DD-X family of ships. This move will produce a family of surface combatants that uses advanced technology on a wide range of ships, including a downsized destroyer, a smaller surface ship and a larger cruiser.

Sea Swap is the Navy's innovative program that will allow a ship to deploy longer than a usual six-month deployment. The entire crew is lifted to an area where the ship is on station and swapped out -- thus increasing the time a ship can stay on station and allowing us to operate with a smaller fleet.

Research & Development

In the past, too much time elapsed between conception and final fielding of a new weapons system or platform. A new process called spiral development, or evolutionary acquisition, allows DoD to put systems in the field without going to 100% capability, but with the potential to develop that and more. Spiral development shortens the time to field systems, and also includes realistic budgeting and cost estimates: more realistic cost estimates by the DoD Cost Analysis Improvement Group makes better use of taxpayer dollars while increasing stability within programs.

The Training Transformation (T2) Strategic Plan was approved and first steps were taken to provide dynamic, capabilities-based training as the key enabler to achieving Department of Defense transformation objectives. The T2 initiative identifies high-level goals and broad steps needed to transform DoD training across the full spectrum of service, joint, interagency, intergovernmental, and multinational operations.

Recruiting & Retaining

The Best & Brightest to Serve

"Innocent people were dying [on Sept. 11, 2001]. When that happened, I kind of put stuff into perspective. I'm going to try to see what I can do to help the cause."

-Army recruit Josh Ruiz, 21, of Chicago to the *New York Times*, September 20, 2002

The Defense Department would not survive for long if hundreds of thousands of talented, dedicated men and women didn't step forward and sign on the dotted line every year. All services had a good year in recruiting. The Army has now met or exceeded its recruiting goals for the past three years. In 2002 the Navy achieved its recruiting goal for each month of a fiscal year for the first time since 1983. The Marine Corps has achieved its recruiting goals for 87 consecutive months. The Air Force has met or exceeded its recruiting goals since 1999.

We want to attract the best and the brightest people to the military – and we want to keep them.

Putting People First

Pay Raises

In 2002, military personnel received the largest pay raise in twenty years - 4.6% across the board, with an additional \$1 billion in targeted pay raises up to 10% for mid-grade officers and non-commissioned officers.

Basic Allowance for Housing

The housing allowance increased in 2002 toward the goal of eliminating all out-of-pocket expenses for men and women in uniform. Out-of-pocket expenses were lowered to 11.3% in 2002 and are on track for elimination by 2005.

Federal Thrift Savings Program

The federal government's 401K system was opened to military service members for the first time in FY02. Service members can now save and invest a portion of their pay on a tax-deferred basis.

Civilian Student Loan Repayment

Defense components in 2002 were authorized to repay student loans up to \$6,000 per year and \$40,000 total as a hiring incentive.

100% Tuition Assistance Program

Provides all active duty service members with up to \$4,500/year to pursue higher education goals.

Health Care Improvements

In 2002, DoD successfully implemented TRICARE For Life benefits for dual-eligible Medicare beneficiaries and military retirees. In addition to successfully introducing benefits for 1.5 million people, through careful management the Department also executed the program well under its budgeted amount, saving nearly \$1 billion in health care costs.

Family Assistance

New 24-hour family assistance services were made available to more than 200,000 service members -- 7 days a week, 365 days a year.

Defense Civilian Personnel Data System

The Department completed deployment of the largest personnel management data system in the world, the Defense Civilian Personnel Data System (DCPDS), as part of its Regionalization and Systems Modernization Program. DCPDS is capable of processing 1.74 million pay and benefit transaction combinations -- a promise of better service to employees.

Recruiting

Army

Improved applicant management reduced losses in the Delayed Entry Program from 18.6% (FY99) to 12.7% (FY02).

Waiting lists for training programs were reduced from more than 20 percent (FY98) to less than 1% (FY02).

Attrition dropped from a 36-month cohort rate of 38.9% (FY94) to 36.1% (FY02). Officer attrition rates are at their lowest in 15 years.

Satisfaction indicators are at a 10-year high in Quality of Life issues, including basic pay, retirement and job satisfaction.

Navy

Deploying battle groups are manned at no less than 96% six months prior to deployment and no less than 98% on deployment, compared to 90% and 94% respectively only two years ago.

In 2002 the Navy achieved its recruiting goal for each month of a fiscal year for the first time since 1983 and achieved its overall goal for the third consecutive year. Only one month into FY03, 54% of recruits needed have signed contracts and have reporting dates.

For the second year in a row, the Navy retained an unprecedented 59% of all eligible sailors deciding to remain in the service at the end of their first term. This is an all-time

Navy record, up from 56.9% only three years ago. Pilot retention is at 43% -- the highest level since 1990.

Marine Corps

The Marine Corps has achieved its recruiting goals for 87 consecutive months. First-time re-enlistments were at 57% of the FY03 goal only five weeks into the fiscal year. FY02 marked an 18-year high for officer retention at 92.6%.

The Marine Corps is aggressively pursuing public-private ventures to improve conditions for more than 24,000 families living in military housing. Currently 4,500 public-private housing units are available for Marine Corps families on Marine and Navy installations at Camp Pendleton, CA; San Diego and New Orleans.

Air Force

The Air Force has met or exceeded its recruiting goal every year since 1999. In FY 02, the Air Force met its recruiting goal five months early. Officer retention for FY02 is divided as follows: pilots, 75%; navigators, 81%; air battle managers, 79%; mission support, 56%. These rates represent the highest levels in six years. The Air Force goal for retaining first term airmen is 55%; the FY 02 rate was 73%. At the beginning of FY03, more than 45% of approximately 80,600 government-owned family housing units on domestic Air Force bases are inadequate. The Air Force Military Family Housing Privatization Initiative currently includes 37 projects that will privatize 38,500 units by FY05. To date, the Air Force has awarded five additional projects for approximately 4,000 units.

ROTC Makes a Comeback on Campus

"We're looking for a very bright and talented person to lead the army of the future," says Col. Matt McCarville, director of Princeton's Reserve Officers Training Corps. Most undergraduates prepare for joining the workforce, but the students under McCarville are studying to be soldiers.

Cadet Pete Hegseth, a Princeton senior, will serve four years in the Army after graduating with a degree in political science. "What drew me was basically a deep sense inside myself that there was a duty to fulfill," says Hegseth.

About 55,000 college students across the country are currently enrolled in ROTC. But since the 2001 terrorist attacks, the programs are growing fast. At Princeton, for example, the freshman ROTC class has quadrupled in four years. The overall pool of students seriously considering military careers is up to more than 600,00 today from about 70,000 a few years ago.

"After 9-11, I realized how important it was to protect the nation, and the mission statement of Princeton is 'in the nation's service and service of all nations,' and it seemed like ROTC fit into that," says Princeton freshman Megan Jaye. "I think it's a great legacy carrying on into the Army and protecting the nation. I'm very proud and I'm very excited to have this opportunity."

Resources

- I. *Testimony on Iraq*: Remarks by Secretary of Defense Donald Rumsfeld to the U.S. House of Representatives Committee on Armed Services; Washington, DC; September 18, 2002. <http://www.defenselink.mil/speeches/2002/s20020918-secdef2.html>
- II. *Press Statement*: Remarks by Secretary Donald Rumsfeld at NATO Headquarters; Brussels, Belgium; June 6, 2002. http://www.defenselink.mil/news/Jun2002/t06062002_t0606sd.html
- III. *Defense Transformation*: Remarks by Secretary of Defense Donald Rumsfeld to the National Defense University; Washington, DC; January 31, 2002. <http://www.defenselink.mil/speeches/2002/s20020131-secdef.html>
- IV. *Guidelines When Considering Committing U.S. Forces*: by Secretary of Defense Donald Rumsfeld, 2002. <http://www.defenselink.mil/news/Oct2002/d20021017guidelines.pdf>