A New US Defense Strategy for a New Era:
Military Superiority, Agility, and Efficiency

A Summary of the Findings of the Defense Advisory Committee

Sponsored by the Peter G. Peterson Foundation
Prepared by Stimson
November 2012
A New US Defense Strategy for a New Era:
Military Superiority, Agility, and Efficiency

A Summary of the Findings of the Defense Advisory Committee

Sponsored by the Peter G. Peterson Foundation
Prepared by Stimson
November 2012
Executive Summary

Rapid and continuing changes in the international environment, weaknesses in the US economy, the worsening and unsustainable fiscal outlook, and a better understanding of the comparative strengths and weaknesses of US-military capabilities create a need and an opportunity for the United States to rethink its defense planning and budgets.

› **Internationally**, threats to US interests are changing rapidly. The nation’s one peer adversary, the USSR, was long ago replaced by Russia. Though neither friend nor foe, Russia is certainly more limited in capabilities and ambitions than its predecessor. At the same time, a new power is emerging in East Asia. China, a country with claims against many of its neighbors and whose long-term intentions are uncertain, but which also has powerful economic and political interests in maintaining cooperative relations with the US and other advanced nations. After 10 years, the US is ending its involvement in long and bloody wars in the Middle East and South Asia—wars that cost the nation more than 7,000 lives and trillions in treasure. Even so, the Middle East, North Africa, and South Asia remain unsettled, with one sworn US adversary (Iran), civil conflicts or unstable political situations in many other nations, and the constant specter of terrorist attacks throughout the region. Similarly unsettled situations characterize large swaths of Africa. Yet, after Iraq and Afghanistan, it is clearer today that these instabilities pose only indirect threats to the United States, threats to be managed rather than resolved through protracted military involvement.

› **Fiscally**, the struggles of the US and most of its allies include unprecedented requirements for reductions in government spending, including defense spending. These pressures are expressed most clearly in the sequester provision of the Budget Control Act (BCA). If implemented at the start of 2013, the BCA would cut the defense budget by 10 percent overnight. Of more lasting significance, interest on the nation’s projected long-term debt would crowd out investments that not only are needed to sustain the country’s superior military technologies, but, of at least equal importance, are required if the US is to remain competitive in a rapidly evolving knowledge-based and technologically-advanced global economy.

› The wars in Afghanistan, Iraq, and the several lesser conflicts the United States has fought since the end of the Cold War have clarified the nation’s comparative military strengths and weaknesses. The US has unsurpassed global flexibility, agility, and reach. Its joint and combined forces provide unprecedented intelligence, surveillance, and reconnaissance capabilities (ISR). Its air, naval, and ground forces
have the means to reach out promptly anywhere in the world and deliver powerful blows. These same forces can sustain limited air and ground campaigns far from home, just as they can deliver military supplies to embattled allies or humanitarian support to victims of disasters. No other nation will be able to match these capabilities for years to come. But US military power is not unlimited. The Afghan and Iraq wars demonstrated how difficult it is to stabilize distant nations, to provide security to their populations, and to facilitate effective and honest governance. There may be limits, too, in the US’ ability to defend against unconventional weapons—whether lethal biological or chemical agents, cyber-warfare, or efforts to interfere with the use of space for commercial or military purposes—either by governments or in the hands of terrorists.

In view of these rapidly changing circumstances, the Peterson Foundation brought together a group of experienced, former military and civilian defense officials and experts to discuss US defense strategy over the course of a year.¹ This Defense Advisory Committee notes and endorses the changes already being taken by the Department of Defense to rebalance US forces toward an incrementally and proportionally greater emphasis on Asia and the Pacific. These include redeployments of naval forces and the greater use of rotational deployments of ground and air forces in East Asia. However, we conclude that more far-ranging changes should be implemented over time in US defense strategy and budgets. Our conclusions are founded on 10 key operating principles.

1. The US owes a huge debt to all those who have served in the nation’s wars, and particularly the men and women who have served repeatedly in Iraq and Afghanistan. We should ensure that they are provided superior medical care, as well as the educational and vocational support necessary for successful reentry into the civilian economy.

2. The US should implement as a high priority long-standing proposals to utilize manpower more efficiently, to reform personnel compensation systems, and to streamline the system used to acquire equipment, goods, and services.

3. The US should maintain space, air, and naval forces superior to those of any potential adversary.

4. The US should maintain robust and technologically advanced special operations forces to counter terrorists and criminal enterprises, protect US citizens overseas, and for other contingencies.

5. Priority in research and development (R&D) budgets and additional funds should be given to basic research and the pursuit of advanced military capabilities, with a

¹ See page 9 for the membership of the Defense Advisory Committee. Independent statements by several members of the group are appended, beginning on page 63.
particular emphasis on cyber-warfare, space, defense against biological weapons, and on many of the programs hidden from view in classified portions of the budget.

6. The US should continue to exercise security leadership by working cooperatively with allies and friends to ensure their security, but should strive to ensure that these nations contribute a proportionate share of the cost of these defense preparations.

7. Over time, the US should shift from a mind-set that emphasizes static deployments overseas, and instead rely on frequent rotations of expeditionary forces home-based in the United States to exercise jointly with allies, to familiarize themselves with potential combat theaters, and to demonstrate US resolve and capabilities. Given the threat of war on the Korean Peninsula, however, and the uncertain future of US-China relations, the US should maintain its currently planned ground, naval, and air combat units in Japan and Korea, while it works to develop a more trusting relationship with Chinese military and political leaders. The US also should retain the smaller forces now planned to be based in Europe, until lingering uncertainties about Russia’s intentions are resolved.

8. The US should strongly resist being drawn into protracted land wars, restricting its combat deployments of ground forces to well-defined and limited objectives.

9. The US should reduce the size of its nuclear forces as rapidly as possible, preferably through a new treaty with Russia, and make commensurate reductions in planned nuclear modernization programs.

10. The US should defer additional deployments of Continental US missile defenses until relevant technologies mature and seem assured of providing effective capabilities, but continue to develop and deploy cooperative theater missile defense systems with partners in regions threatened by hostile states with short- and mid-range missiles.

Together, these principles comprise a new defense strategy, which takes advantage of the unmatched flexibility, agility, and reach of US air, naval, and ground forces to promote US and allied interests in a rapidly changing international environment. We call the new strategy “Strategic Agility.” We recommend that over time the US shift to this new strategy, and away from the more static mentality that has characterized the US posture since the early 1950s. By implementing this new strategy, the US can protect its interests and strengthen its global leadership in a wide range of possible budgetary scenarios.

The proposed strategy does not dictate a particular force structure or modernization program. Specific choices will depend on how much money is allocated to the Department of Defense, how much waste is reduced through implementation of the efficiency measures (mentioned in principle #2, above, and described in section V of this paper), and on the politics of defense decision-making within the Pentagon and in the Congress. Obviously, the more that can be spent wisely on forces and modernization, the greater the hedges against an uncertain future and the lower the risks to US interests.
In the penultimate section of the paper, we illustrate a range of possibilities by examining eight, 10-year budget scenarios. These include four aggregate levels of spending: (i) an extrapolation of the budget proposed by President Obama for FY13 and beyond, which complies with the requirements of the BCA (“baseline”); (ii) budgets that increase baseline defense spending by $230 billion over the next 10 years to match inflation; (iii) the 10-year budgets that would result if the sequester provision of the BCA were implemented, but its effects distributed over the 10 years (roughly 10 percent below the baseline); and (iv) a budget envisioning a 15-percent cut from the baseline over the 10 years, which would conform more closely to the size of the cut-backs in US defense spending following the end of the Korean War, Vietnam War, and Cold War. For each aggregate level of spending, we then illustrate possible reductions in forces and modernization programs under two assumptions: (a) if $200 billion of the potential nearly $1 trillion of efficiency savings were implemented, and (b) if $400 billion of the potential were implemented.

The illustrative budgets show that by implementing the new strategy the US can defend and promote its interests with varying, but no more than moderate, risks in all the scenarios. These scenarios also underscore the overriding importance of spending defense dollars more wisely, by implementing long-sought reforms in the ways the Department goes about its business.
Foreword

The principal mission of our foundation is to promote solutions to our nation’s undeniable and unsustainable long-term debts, which constitute a primary threat to our economic future and economic security. The link between economic security and national security is clear: Without a growing economy and a sustainable budget policy, we will not have the resources to adequately defend our nation’s interests at home and abroad.

While securing America must always be a top priority, in these increasingly difficult times, policy makers must make some unusually tough choices if we are literally to get the biggest defense bang for the buck.

This makes it particularly important that defense budget decisions be made in the context of a national security strategy that reflects today’s threats and priorities, not yesterday’s.

To help advance the discussion of defense strategy in Washington, I asked Les Gelb, President Emeritus of the Council on Foreign Relations and former Director of Policy Planning and Arms Control for International Security Affairs at the Department of Defense, to suggest a balanced advisory group of former defense and national security experts. Les also recommended Barry Blechman, a Distinguished Fellow at Stimson, which is devoted to national security studies, as project director.

I find it very encouraging that such a diverse group of experts could achieve this level of consensus on a defense strategy in this new era.

We warmly thank them all for their good work, and we very much hope you will find their report helpful.

Peter G. Peterson
Chairman and CEO
Peter G. Peterson Foundation
Members of the Defense Advisory Committee

Barry M. Blechman, Chairman
Co-Founder and Distinguished Fellow
Stimson

Gordon Adams
Professor of International Relations,
School of International Service, American
University Distinguished Fellow, Stimson

Graham Allison
Douglas Dillon Professor of Government,
Harvard Kennedy School
Director, Belfer Center for Science and
International Affairs

Michael J. Bayer
President and CEO
Dumbarton Strategies

General B.B. Bell, USA (Ret.)
Former Commander UNC / CFC / USFK,
Republic of Korea

Richard K. Betts
Director, Saltzman Institute of War and
Peace Studies
Columbia University

Ambassador Lincoln P. Bloomfield, Jr.
Chairman
Stimson
Ambassador Richard Burt  
Managing Director, McLarty Associates  
Co-Chairman, Global Zero

General James Cartwright, USMC (Ret.)  
Harold Brown Chair in Defense Policy Studies  
Center for Strategic and International Studies

Lieutenant General Daniel W. Christman,  
USA (Ret.)  
Senior Counselor  
US Chamber of Commerce

Lieutenant General David A. Deptula,  
USAF (Ret.)  
Senior Military Scholar, Center for Character  
& Leadership Development  
United States Air Force Academy

Leslie H. Gelb  
President Emeritus and Board Senior Fellow  
Council on Foreign Relations

Jessica T. Mathews  
President  
Carnegie Endowment for International Peace

Admiral Bill Owens, USN (Ret.)  
Prometheus Partners

Anne-Marie Slaughter  
Bert G. Kerstetter ’66 University Professor of Politics and International Affairs  
Princeton University
## Contents

Executive Summary .................................................... 3  
Foreword ................................................................. 7  
Members of the Defense Advisory Committee ...................... 9  

I. Introduction ......................................................... 13  
II. US Interests and the Challenges Posed to Them ............... 15  
III. Moving Toward a New Defense Strategy .................... 23  
IV. Priorities in US Defense Choices ............................... 33  
V. Getting More Bang for the Buck ................................. 43  
VI. Alternative Forces and Budgets ................................. 51  
VII. Conclusion .......................................................... 61  
VIII. Individual Statements ........................................... 63  

Project Staff ............................................................. 67
I. Introduction

Today, the United States has the need and opportunity to reconsider its defense strategy. The war in Iraq is over, the war in Afghanistan is winding down, al-Qaeda is greatly weakened, and the Cold War is an increasingly distant memory. There remain many unsettled civil and international conflicts, particularly in the Middle East, South Asia, and Africa, but these seem more like problems to be managed than issues to be resolved through protracted military involvement. There also remain states hostile to US interests, notably Iran and North Korea, but these nations have only limited military capabilities that can be addressed effectively by the armed forces of the United States and its allies. Although new powers are emerging, especially China, which may threaten US interests one day, they and the United States also share significant interests that could motivate diplomatic resolution of outstanding disputes, and cooperative relations over the long term.

In short, the US now faces a less threatening international environment than it has since the early 1990s, enabling a review of US defense planning. Lessons learned during recent conflicts about comparative US military strengths and weaknesses provide incentives for a hard look at US defense strategy, the forces necessary to implement it over the coming decades, and the risks that accompany changes. Pressures on the federal budget stemming from the nation’s fiscal crisis add to the need to review military spending and defense strategy.

To capitalize on this opportunity, the Peter G. Peterson Foundation empanelled us as its Defense Advisory Committee. Overall, we share a consensus about how the United States should proceed.

This report captures that consensus. It begins by examining US interests and the challenges posed to them (Section II), and proposes a new strategy to defend those interests in the emerging international environment (Section III). We then turn to the priorities in US forces and modernization programs that are implied by the new strategy (Section IV), and describe ideas for reducing defense costs through greater efficiency (Section V). We conclude by describing the changes in the defense posture that would be desirable at alternative budgetary and efficiency levels, along with the risks that might accompany such alterations in the military posture (Section VI). The final section posits key observations that should be addressed by all those concerned with US security and military capabilities.
II. US Interests and the Challenges Posed to Them

America's interests encompass a wide range of issues, both domestic and global. In considering defense strategy, however, only a subset is important. Only some interests can be protected or promoted through the use of military power; even fewer are important enough to warrant the shedding of American blood. When the Cold War ended and there was no longer a rival superpower threatening to escalate conflict into a catastrophic nuclear exchange, Americans saw lesser ultimate risk in the use of military forces. As a consequence, some Americans began to define interests worthy of risking American lives more broadly than before. Differences over which interests are both defendable with military power and worth fighting for have fueled much of the debate over American national security policy in the years since the Cold War.

Evaluating US interests using two categories highlights this distinction. The first category are absolute or vital interests. These are the interests that—in most circumstances—most citizens would agree justify military engagement. US defense strategy should be designed with these interests in mind, and US forces should be adequate to ensure that these interests can be defended with minimum risk. Other interests are conditional. The commitment of US armed forces to defend these interests will depend on a variety of factors, including: whether or not the nation is now, or recently has been, involved elsewhere militarily; the willingness of other nations to join in the fight; and the specific stakes in the situation in question.

In this section, we describe these vital and conditional interests, along with the potential challenges in the emerging international environment. Given the time required to develop technologies and build military systems, it is essential to anticipate possible challenges to US interests at least 20 years in the future. Furthermore, to pursue all of its goals and protect all of its interests, the United States must capitalize on all the tools of government and wield those tools in a more integrated way, not rely solely on the military. Yet integrating these tools to be most effective in meeting challenges may have bearing on the military capabilities needed by the United States. These are daunting tasks, and such forecasts are more often blind-sided than not, making flexibility, agility, and the potential to be reconstituted valuable attributes of US military capabilities.
**Vital Interests**

These are the interests that most observers would agree the US should be willing to fight to defend in most circumstances.

1. *Protecting the US homeland from foreign enemies.* During the Cold War, this interest was taken solely to mean deterring nuclear attacks or, if deterrence failed, defending the nation from missiles and aircraft carrying nuclear weapons. Although the threat of nuclear attack declined sharply with dissolution of the Soviet Union in 1991, both Russia and China continue to possess nuclear-armed missiles and aircraft capable of reaching the US. While neither China nor Russia can be considered a friend of the United States, neither can be considered an enemy either. Consequently, a nuclear attack from either is extremely unlikely, even if it cannot be ruled out altogether.

In the future, the US conceivably also could be threatened by nuclear-armed missiles possessed by North Korea or Iran. Both nations have spent years developing such weapons. Predictions of their imminent arrival dates back to the 1990s, and have proven inaccurate. Still, one cannot rule out that either or both of these hostile nations might be able to attack the US with nuclear-armed missiles within five years or so. The few other states that possess nuclear-armed missiles seem unlikely to threaten the US, even looking out 20 years, although a radical change of government in Pakistan might alter this prospect.

Perceptions that the US homeland could be threatened by terrorists armed with unconventional weapons, whether hijacked aircraft, nuclear materials, or lethal biological agents, increased throughout the 1990s and rose exponentially after the attacks on September 11, 2001. The biological threat is particularly troubling, given the relative ease and stealth with which lethal agents could be manufactured and dispersed. On the nuclear front, the primary terrorist concerns stem from the possibility that corrupt officials in the successor states to the Soviet Union might sell radiological materials, although this threat is diminishing as progress is made in securing such materials and tightening controls over borders in most nations. A rising concern, however, stems from the tumultuous situation in Pakistan, and the possibility that widespread civil conflict might result in Pakistani nuclear materials or even weapons falling into the hands of terrorists.

Other potential threats to the US homeland also have become more visible in recent years, especially the threat of cyber-attacks on government computers or on civilian computer systems that maintain key services. The latter are essential for the US economy, as they control the power grid, the internet, communications and transportation systems, banking and finance, water supply and sewage systems, and many, if not most, industrial sectors. The fact that these systems are primarily owned and controlled by private entities complicates the task of protecting them, though it also means there are additional resources to bring to bear on the problem.
Besides the use of cyber-warfare by hostile governments, cyber-attacks could be staged by individuals or terrorist groups. Where or when such terrorist threats might emerge is impossible to predict, but the potential damage may be widespread.

2. **Protecting US allies from attack.** The United States has committed itself formally in treaties to defend 34 nations from attacks—the 28 members of NATO plus Australia, Japan, New Zealand, the Philippines, South Korea, and Thailand. In addition, American presidents have made verbal commitments to defend other nations, and have acted in ways that make clear those commitments are sincere and meaningful. No one doubts the US commitment to defend Israel, for example, even though there is no formal treaty between the two states. Every US president since Franklin Roosevelt has reiterated commitments to defend Saudi Arabia, and the US intervention to expel Saddam Hussein’s forces from Kuwait in 1990-91 was motivated, in part, by concern that, unless stopped, Iraq’s divisions would continue to the Saudi oil fields. The US also has a special relationship with Taiwan, although the legal status of the commitment is ambiguous.

In all cases, the US expects the nation to which it is committed to provide for its own defense to the degree possible, with the US (and other nations) coming to its assistance when it is confronted by superior force. There is considerable controversy, however, about whether US allies are pulling their weight in these arrangements. This has been true particularly with regard to the European members of NATO, whose burden of defense spending has declined from 2.5 percent of their collective GDPs when the Cold War ended, to 1.6 percent in 2011.

Despite the decline in European military expenditures, NATO has undertaken additional missions during the post-Cold War period. European members of NATO (and Canada) have long provided troops to keep the peace in Bosnia and Kosovo, with a peak of 34,000. They are providing 35,000 troops to help stabilize Afghanistan and various forces to prevent a humanitarian catastrophe in Libya. Limitations on the Europeans’ capabilities were evident in both the latter situations, however, in part traceable to tight defense budgets.

On the other hand, the primary threat that once motivated European defense spending has declined sharply. Few think that Russia currently poses a serious military threat, though the Russian conflict with Georgia in 2008 gave pause to other bordering nations that have histories of conflict and continuing problems due to the presence of Russian minorities within their borders, such as Estonia. Moreover, some East European leaders remain concerned about the future given recent bellicose statements by Russian officials and recent increases in Russian defense spending. Still, according to the World Bank, all of these countries have reduced the defense share of their GNPs since 2008. As the economic slow-down in Europe and competing social programs make a reversal of defense spending trends unlikely, the East Europeans look to NATO and, particularly, to the United States for reassurance.
For a new Russian military threat to emerge, it would require vast improvements in Russia’s armed forces that, as demonstrated in the Georgia invasion, are far from potent. Although Russia has increased its defense spending somewhat, the amount of resources and degree of technological advances necessary to compete with Western capabilities make such a military resurgence unlikely for many years. Moreover, Moscow is also interested in developing the type of peaceful relationships with Europe that would encourage investment in Russia and access to Western technologies. At this point, new military threats from Russia appear unlikely in the near- to mid-term.

Every US administration works hard to make its commitments credible to friends and potential enemies. In addition to diplomacy, the US devotes considerable resources to “shaping” military relationships in potential combat theaters. This communicates to adversaries that US commitments are sincere, and thus dissuades them from contemplating actions that might lead to conflicts. For example, the US has often stationed military forces in allied states, both as a symbol of its commitment and as a trip-wire to ensure US forces would be involved in any conflict. An alternative means of “shaping” expectations is by rotating forces based in the US through the potential combat theater to conduct exercises with friends and allies, and to demonstrate US capabilities. Thus, the US has long depended on deployments of US air and naval forces, especially long-range bombers, aircraft carriers, and amphibious Marine units to such regions as the Mediterranean and Persian Gulf to make clear its ability to intervene quickly and powerfully despite an absence of permanent land bases in those regions.

a. In the near future, rotational deployments to the Persian Gulf remain important given the bellicose stance of Iran, and the concerns of neighboring states. Looking to the more distant future, the greater threats to US allies and friends may emerge in East Asia. The most salient threat is posed by North Korea to South Korea. Although the South Korean armed forces are far superior to those of its neighbor, the military situation is complicated by the North’s ability to inflict very high casualties on the Seoul area with conventional artillery and by North Korea’s possession of a small number of nuclear weapons. Deterring war on the Peninsula is thus essential. Given the 62-year history of US commitment to the defense of South Korea, there should be no doubt that US armed forces would become involved if there were serious conflict on the Peninsula. One US Army brigade combat team (BCT) and two attack helicopter battalions were withdrawn from Korea during the George W. Bush Administration, reducing the US presence in Korea to 28,500 US personnel. The upsurge in tensions between North and South resulting from two military encounters within the past two years, as well as North Korea’s continuing pursuit of nuclear weapons and missiles and bellicose foreign policy posture, make it prudent to retain these remaining forces, at least through the mid-term.
b. In addition, as China’s economic and military power grows, a continuing US military presence in Japan and rotational deployments of naval, marine, and/or air units to the Western Pacific may be important to reassure neighboring states, and to encourage the peaceful resolution of China’s differences with some of its neighbors. These disputes, which sometimes have threatened to escalate into military conflict, stem from disagreements over which nation owns certain islands in the South and East China seas, and the extent of each country’s maritime economic zone and resultant control of undersea resources, especially oil and gas reserves. One also could imagine circumstances leading to an effort by China to seize Taiwan by force, which would likely escalate to involve US military forces. This scenario increasingly appears unlikely given the island’s tightening economic integration with the mainland. China remains committed to the reunification of Taiwan, but a peaceful resolution of the issue seems more likely now than reunification by force.

c. Over the longer term, some observers are concerned that along with the growth of China’s military capabilities, Chinese nationalism and assertiveness also will increase. The concern is that China, eventually, will seek to drive US forces from the region and dominate East Asia politically and economically. This possibility cannot be ruled out, particularly in view of China’s advances in military power, particularly in its space and cyber capabilities. However, China remains decades away from attaining operational military capabilities comparable to those of the US. If the US maintains its commitments and military presence in East Asia, and devotes the resources necessary to keep its technological edge, this imbalance of military power will provide time for US diplomatic strategy to pursue equitable and peaceful relations with China, building on our common economic interests.

3. Ensuring unimpeded access to the global commons. From the earliest days of independence, the US has been willing to fight to maintain freedom of the seas, a particularly important interest with regard to the movement of energy resources. In January 2012, for example, following an Iranian threat, the US asserted it would not tolerate any attempt by Iran to close the entrance to the Persian Gulf. Pirates, a form of international criminal activity, also threaten freedom of the seas, especially in the Arabian Sea and adjoining water. The US and many other nations have deployed naval and special operations forces to combat them. Control seems to have been gained over a similar problem that had been common in the waters adjoining the Strait of Malacca.

The US also maintains that all nations should be able to freely exploit resources under the seabed in international waters. The Law of the Sea Treaty established rules to distinguish among territorial waters, national economic zones, and international waters. One-hundred and sixty-six nations have ratified the Treaty, but not the US. The Treaty provides a basis for resolving existing disputes that underlie current
conflicts in the South and East China seas. The US should encourage the diplomatic resolution of these disputes, and its military presence in the region provides encouragement along those lines. Similar conflicts potentially could complicate relations among Arctic nations and among countries in the Eastern Mediterranean. US ratification of the Law of the Sea Treaty would strengthen its ability to work for the peaceful resolution of all these disputes.

The US also is devoting military resources to defend the use of outer space for military and civilian purposes, another global commons that can be threatened by nations, individuals, or groups. There is particular concern that China’s development of counter-space capabilities might threaten US military advantages. The US is well aware of China’s emphasis on such asymmetrical military tactics, however, and there is no reason in principle why the US cannot compete effectively in both the offensive and defensive components of space-warfare.

Cyberspace is an increasingly fraught commons, in which the Defense Department clearly has a role to play, along with civilian government agencies and private companies in defending electronic transmissions from attacks by governments, individuals, or groups. Cyberspace is growing in importance because of the possibilities it now makes real, including the ability to create physical effects through actions taken only in cyberspace, to say nothing of the sharing of information. Recent reporting suggests the Defense Department also is already using cyberspace for offensive operations. There is little public information available about the near-term impact of these operations and, clearly, their long-range consequences have only begun to be debated.

**Conditional Interests**

While one can foresee the emergence of challenges to conditional interests, predicting the ones that will lead to the engagement of US military forces is impossible. Experience shows the US should be cautious before becoming involved in these situations and clearly limit its objectives. Nonetheless, one cannot rule out such contingencies and, therefore, the US should hedge against these possibilities by maintaining some relevant capabilities and a basis for mobilizing greater forces. Determining the amount of such “insurance” is clearly a subjective matter and a major source of dispute over how much the US should spend for defense.

4. *Intervening in intra-state conflicts to enforce a government’s responsibility to protect its own citizens from genocide, crimes against humanity, ethnic cleansing, or grave and systematic war crimes.* The history of past interventions suggests that the US should be cautious before entering civil conflicts and only do so with clear and limited goals—and the discipline to stick to them. For example, the US sent military forces to Somalia in 1992-93 to facilitate the distribution of humanitarian aid. The
mission was then transformed into an attempt to resolve the ongoing Somali civil war, and ended poorly for US forces. Similar “mission creep” occurred in 1982-83, when the US sent military forces to Lebanon as “peacekeepers,” but eventually took sides in the ongoing civil war. The resulting attacks on the US Embassy and Marine Corps barracks forced a hasty withdrawal. A happier outcome attended US participation in the NATO interventions into conflicts among the states of the former Yugoslavia, but the activities of US ground forces were tightly limited to avoid casualties, which also limited their effectiveness. The US intervention into the recent Libyan civil conflict was conducted primarily with air missions, and also seems to have been successful.

The US government has a variety of instruments to try and prevent humanitarian calamities in foreign nations, including, among other things, diplomacy, economic and political sanctions, covert operations, and a variety of military capabilities. Based on our historical experiences, it seems clear that the US should be hesitant to commit ground forces into these conflicts. The circumstances must be quite powerful to justify intervention on the ground, and US authorities should have clear knowledge of the underlying issues, the key parties, and reasonable expectations for the outcome. Even then, the possibility of unintended consequences should cause decision-makers to think twice before acting.

Decisions not to intervene in these kinds of situations are not without consequences, of course. Many Americans regret the Clinton administration’s refusal to intervene to stop the Rwandan genocide, for example, and there is controversy as to whether the US should continue to stand aside as the Syrian government kills thousands of its own citizens. If the situation is well understood, and if distinct and limited goals requiring relatively small increments of military power can be identified, then interventions can sometimes be justified. Serious questioning of the potential consequences is always required, however. Weighing US-humanitarian values against the potential military and political consequences of interventions into civil conflicts, to say nothing of its costs, presents difficult issues for any administration. Even so, it is evident that when such interventions are conducted, policymakers should have clear and limited goals in mind and the discipline to stick to them.

5. *Stabilizing governance in nations to avoid the emergence of new threats to US interests, such as the establishment of terrorist groups.* While neither operation was motivated initially by this goal, the severe problems faced by US forces in Iraq and Afghanistan make clear that this mission is perhaps the most difficult of all for US armed forces. The US invaded Afghanistan to depose the Taliban government and end the sanctuary it had provided for al-Qaeda. Although that goal was quickly accomplished, the mission evolved into establishing stable governance throughout the country so that conditions would not revert to those prior to the intervention. Similarly, whatever the reasons for the initial US decision to attack Iraq and depose Saddam Hussein, the situation soon evolved into a civil conflict in which
US forces attempted to establish a stable and democratic government capable of controlling the situation. The high cost in blood and treasure of these interventions and their long duration should make future administrations extremely reluctant to undertake these kinds of missions. Although similarly chaotic situations currently characterize parts of Africa (Sahel, Central Africa) and the Middle East (Syria, Yemen), US leaders clearly are reluctant to become involved on the ground in a significant way. The better course is to narrowly target specific adversaries that may be trying to take advantage of the situations, and rely primarily on special operations forces and air power for this purpose, preferably within an agreed legal framework. We do not believe it would be prudent to intervene with large ground forces with the goal of re-establishing stable governing authorities.
III. Moving Toward a New Defense Strategy

Since the end of the Second World War, the US has sought to prevent attacks on its friends and allies by basing large military forces on their territory. As shown in figure III-1 below, the US maintained roughly 400,000 military personnel in Europe and the Western Pacific for most of the period between the end of the Korean War in 1953 and the end of the Cold War in 1991, three-fourths of which were based in Europe to contain the USSR. With few exceptions, these military personnel were “accompanied” by their families, meaning that extensive infrastructures (housing, schools, etc.) were constructed, making clear the permanence of the US commitment.

Figure III-1. US Forces Deployed Abroad


After the drawdown from the war in Korea, the total number of troops deployed to Europe, Japan, and Korea ranged narrowly between 350,000 and 430,000 during this period, regardless of other demands for US forces (depicted as “other deployed forces” in the chart above). At the height of the Vietnam War in 1968, for example, 318,000 US troops were still deployed in Europe. The Soviet military threat rose and fell; the US economy boomed, shrank, and boomed again; Republicans and Democrats traded dominance of the White House and the Congress. Regardless of these events, the US overseas presence remained nearly constant.
Overseas basing of US forces has both advantages and disadvantages. The placement of US troops (and their families) in harm’s way virtually guarantees US fulfillment of its defense commitments to allied nations, reassuring their governments and presumably deterring nations believed to pose threats to them. The reassurance of such technologically advanced nations as Japan and South Korea may have been important, moreover, in persuading those states to forego developing nuclear weapons, thus bolstering US efforts to stem proliferation. In the early years of the Cold War, when US forces did not nearly have the reach they have today, forward deployments also were an essential element of military readiness. With 22 Soviet divisions poised on the intra-German border, in the absence of forward deployments, it would have taken months to move US ground forces and their equipment to Europe, and the fight would have been over before significant US participation became possible. A similar situation existed on the Korean Peninsula.

Forward deployments also saved money for the United States, as some governments, especially West Germany, Japan, and South Korea, offset some of the infrastructure and operational costs of the deployed forces—costs the US would have had to pay if the forces were based in the United States. (Although Germany no longer makes such payments, Japan and Korea continue to offset the costs of forces deployed on their territory.) At the same time, though, many would argue that the allies, reassured by the US-forward military presence, decided to reduce spending on their own defenses in favor of social programs. More importantly, the US presence abroad causes political problems. While reassuring to governments, a large-scale US military presence often causes resentments among local populations, either because of the disruptions to civilian life resulting from military equipment, the misbehavior of some US servicemen, or simply local desires for alternative uses of the land devoted to the US armed forces. These types of issues continue to be problems, particularly in East Asia. More serious problems have emerged in the Middle East. Radical Islamists maintain that the US military presence is an affront to their religion, and use it to rally support to their causes and to undermine governments friendly to the United States. As a result, all governments in the region attempt to limit interactions between US servicemen and women and local populations, and insist that any American presence be kept as discreet as possible.

The US continues to cling to its overseas garrisons despite radical changes in the international environment and in the capabilities of US military forces. Eighty-thousand US troops remain stationed in Europe 20 years after the end of the Cold War, and another 70,000 military personnel are still based in Korea and Japan. At the same time, contingencies in the Middle East have led to the deployment of additional forces in Southwest Asia. Beginning with the 1991 intervention to liberate Kuwait from Iraqi occupation, US forces in South Asia and the Middle East grew substantially, reaching a peak of about 250,000 in 2007, and now total approximately 100,000. The wars in Iraq and Afghanistan have already had direct costs of more than $1 trillion.
Today, the US and its allies no longer face a significant threat in Europe. The war in Iraq is over, the war in Afghanistan is drawing down, and other threats to US interests in the Middle East are posed by nations with only limited military capabilities. Our relationship with China in East Asia has not yet turned, and may never turn, into a military confrontation. Given these circumstances, we believe there is opportunity to reassure friends and deter potential adversaries abroad by taking more advantage of the flexibility, agility, and reach of US military forces.

US taxpayers have invested heavily in defense capabilities for many years, particularly when compared to military spending by other nations. All told, the US accounted for 44 percent of world-wide defense spending during the 58 years shown on figure III-2 below, and remains around that proportion today. The investment has paid substantial dividends. US military forces are now overwhelmingly superior to those of any potential adversary, or combination of adversaries, and will likely remain so for years to come.

**Figure III-2. World Military Expenditures**

Military superiority, however, does not translate into military omnipotence. The US armed forces are extremely capable of some missions, but struggle to accomplish others. In particular, space, air, naval, and special operations forces make it possible for the US to reach virtually any spot on the globe in a timely manner. These forces have unprecedented flexibility, agility, reach, precision, and lethality, providing capabilities that seemed like distant visions not many years ago. At the same time, US capabilities to fight unconventional wars on the ground, to defeat insurgencies, to stabilize governance, and to ensure security for societies in distant regions is limited, at best. This is not because of any deficiencies in, nor malpractices by, the US armed forces. The task of imposing order, providing good governance, and inculcating democratic values in foreign, undeveloped societies riven by internal conflicts is simply too hard a task, and not one for which military forces are particularly well-suited.
Given the emerging international environment, the history of the United States’ recent involvements in the Middle East and South Asia (to say nothing of earlier experience in Southeast Asia), and the comparative strengths and weaknesses of US military technologies, it seems clear that the US, over time, should shift to a new defense strategy, one built on the following 10 operating principles.

1. *The US owes a huge debt to all those who have served in the nation’s wars, and particularly to the men and women who have served repeatedly in Iraq and Afghanistan.* The nation should ensure that these men and women are provided superior medical care, as well as the educational and vocational support necessary for successful reentry into the civilian economy. Fulfilling these obligations should be the highest priority in decisions on US defense spending.

2. *The US should implement as a high priority long-standing proposals to utilize manpower more efficiently; to reform personnel compensation systems; and to streamline the system used to acquire equipment, goods, and services.* The means to achieve these greater efficiencies are described in Section V of this report. Inertia and vested interests have blocked implementation of these measures, despite their widespread support by experts. The United States’ long-term fiscal challenge and its potential impact on the viability of any ambitious national security strategy, however, provide both the imperative and the potential political leverage to override opponents of greater efficiency.

3. *The US should maintain space, air, and naval forces superior to those of any potential adversary.* These are the United States’ comparative advantage and, for the new defense strategy to be effective, they must remain capable of reaching any portion of the globe, penetrating enemy defenses, and carrying out the full spectrum of combat missions. Other nations are pursuing means of countering the US ability to penetrate their territory, and the US should place a high priority on staying ahead in this competition.

4. *The US should maintain robust and technologically advanced special operations forces to counter terrorists and criminal enterprises, protect US citizens overseas, and for other contingencies.* In particular, the US should rely primarily on its technologically advanced intelligence, surveillance and reconnaissance (ISR) capabilities, airpower, and special operations forces to combat terrorist organizations. It should seek whenever possible to work cooperatively with governments upon whose territory the terror organizations might be based in carrying out such operations, but it should be prepared to conduct such operations unilaterally if they present a clear and present danger to this nation or its citizens. Special operations forces may be particularly important to secure weapons of mass destruction in failing states or during civil conflicts involving organizations hostile to the US.
5. **Priority in research and development (R&D) budgets, and additional funds, should be given to basic research and the pursuit of advanced military capabilities.** In addition to shifting funding from advanced development to more basic research within the Defense budget, accomplishing this change requires supporting the US science and technology base through civilian programs. Particular emphasis should be placed on cyber-warfare. Ways to facilitate military support for the defense of key civilian networks without compromising privacy and other concerns need to be addressed. Defense against biological weapons is another problem that should receive a high priority. In addition, many of the so-called “black programs” hidden from view in classified portions of the budget represent the more advanced US military capabilities and should be protected from budgetary pressures.

6. **The US should continue to exercise global leadership by working cooperatively with allies and friends to ensure their security, but should strive to ensure that these nations contribute a proportionate share of the cost of these defense preparations.** The possibility that a US ally might be threatened in a way that could lead to major ground war cannot be ruled out, even though no such contingency seems likely in the 20-year time frame examined in this study. In thinking about such contingencies, the US should work actively with allies to identify joint interests, to jointly plan how to deter and, if necessary, defeat the potential adversary, and to identify the specific contributions that would be made by each. US leaders should make clear that allies are expected to make fair and proportionate contributions to their own defense, rather than relying excessively on US capabilities. Common planning among allies can maximize their contributions through specialization and greater inter-operability. The US should jointly plan, train, and facilitate the arming of allies for such contingencies, and provide such advanced military capabilities as nuclear deterrence, ISR, air and naval support, and logistics from the outset of the crisis.

The US also should be prepared to intervene on the ground, if necessary, to defend threatened allies. This requires the US to maintain robust and capable ground forces that are sized and structured to deliver overwhelming capabilities for limited periods of time, but not ground forces sized and designed for long-term stabilization or constabulary duties. If implemented, over time this principle could lead to a one-third reduction in US ground forces. Under such conditions, it is particularly important to carefully control the number of uniformed personnel assigned to staff, overhead, and administrative jobs in order to maximize the number of people available for deployable combat units.
7. The US should shift over time from a mind-set that emphasizes static deployments overseas, relying instead on frequent rotations of expeditionary forces home-based in the United States in order to exercise jointly with allies, to familiarize themselves with potential combat theaters, and to demonstrate US resolve and capabilities. Utilizing a basing structure consisting of a few key logistical nodes and a network of more austere bases, US forces can deploy frequently to troubled regions—both through regularly scheduled exercises and as necessitated by world events—to work jointly with friendly nations. The Defense Department is already beginning to shift in this direction through the replacement of some Marine Corps units now based on Okinawa with rotational deployments of Marine Corps units from the US to Australia and, perhaps, to US islands in the Pacific. The great flexibility, agility, and reach of US forces make such a strategy eminently doable, eliminating the complications associated with permanent bases and the resulting interactions between US service personnel and foreign populations, particularly in Islamic nations.

Given the threat of war on the Korean Peninsula and the uncertain future of US-China relations, however, the US should maintain currently planned ground, naval, and air combat units in Japan and Korea, while it works to develop a more trusting relationship with Chinese military and political leaders. The US also should retain the smaller combat forces now planned to be based in Europe until lingering uncertainties are resolved; reductions can be made in manpower, however, by streamlining the command structure in Europe.

8. The US should strongly resist being drawn into protracted land wars. US leaders should think long and hard before committing US ground forces into contingencies that might lead to lengthy commitments of sizable scale, particularly when the goal is to stabilize failing states or to unseat despotic rulers. At a minimum, the US should only participate in such interventions when they have the active support of friendly states with a clear stake in the situation, such as neighbors of the troubled nation. Ground force deployments may be necessary to fulfill commitments to allies, but such deployments should be conducted only as part of joint operations to achieve the rapid defeat of the enemy’s forces and the equally rapid withdrawal of US forces, as was done in the first Gulf War. In all cases, when undertaking the deployment of ground forces with the potential to lead to protracted involvements, US political and military leaders should agree on clearly defined and realistic objectives and have a workable strategy for its implementation. Most importantly, political leaders should maintain the discipline to adhere to these planning parameters and avoid getting drawn into more ambitious and unrealistic goals.
9. The US should reduce the size of its nuclear forces as rapidly as possible, preferably through a new treaty with Russia, and make commensurate reductions in planned nuclear modernization programs. The size of US strategic nuclear forces is driven by perceived requirements to deter nuclear attacks on the US or its allies by Russia; no other nation has a comparable nuclear arsenal. Determining what is required for deterrence is subjective and uncertain. US nuclear planning remains dominated by the Cold War assumption that deterrence requires an ability to destroy Russian strategic and conventional forces, and supporting war industries, with a high level of confidence. The number of weapons could be reduced if the perceived requirements for deterrence were assessed on the basis of contemporary international relationships, on current Russian economic and military capabilities, on the nature of Russian society, and/or by taking advantage of the greater accuracy of modern weapons to cut back the redundancy in targeting. Some observers argue that, in a crisis, deterrence also would depend on the relative size of the US and Russian arsenals. This view seems to carry political weight, as most presidents prefer to make nuclear reductions together with Moscow through arms control agreements. Nevertheless, unilateral reductions should not be ruled out. If significant reductions were made in the size of US nuclear forces, it also would be possible to reduce and delay the costly modernization program now planned for both the nuclear infrastructure and for delivery systems.

10. The US should defer additional deployments of Continental US (CONUS) missile defenses until relevant technologies mature and seem assured of providing effective capabilities, but continue to develop cooperative theater missile defense systems with partners in regions threatened by hostile states with short- and mid-range missiles. The technology required to intercept intercontinental range ballistic missiles is daunting, and the capabilities of the 30 interceptors now deployed to defend CONUS are questionable. More progress has been made in developing interceptors capable of defending limited areas from shorter-range missiles. These interceptors are inter-netted with land-based and space-based radars into so-called “theater systems.” An integrated system to defend US forces, Japan, and South Korea from North Korean missiles is operational in East Asia. A similar system to defend against Iranian missiles is being developed for Europe. The US and members of the Gulf Cooperation Council are also planning a theater system to defend against limited range Iranian missiles. The theater systems have the advantage of necessitating close cooperation between the armed forces of the United States and local states, thus tightening ties among allies and providing the basis for closer cooperation on other matters. Given the contrast in the capabilities of theater and long-range missile defense technologies, it seems evident that priority in deploying missile defenses should be given to theater systems. CONUS defenses should be deployed only if necessary technologies mature to the point at which officials are confident they could provide meaningful capabilities.
Taken together, these 10 principles constitute a new strategy, which we call Strategic Agility. We recommend that over time the US shift to this new strategy from the more static mentality that has characterized the US posture since the early 1950s. Under Strategic Agility, the US would use its global reach to project forces abroad where and when they could most strongly affect circumstances, and then return them to their home bases in the US to prepare for the next deployment. The US would rely on space, air, and naval forces, and on technically superior special operations forces, to intervene anywhere around the world quickly and effectively. The US would preserve its ground forces to bring to bear overwhelming capabilities when necessary, while avoiding involvement in protracted land wars that would impede their ability to respond elsewhere. Special operations forces would continue to receive high priority as the elite force that can strike surgically anywhere in the world, at any time. US air forces would continue to emphasize the global reach, penetrability, and precision strike that they have developed over the last 20 years, based primarily on sovereign US territory but able to deploy abroad at a moment's notice. US naval forces would continue to project power around the world with only few permanent facilities overseas, providing both backing for US foreign policy in peacetime and decisive strikes when required. US ground forces would be scaled to provide a powerful punch when needed, without becoming tied down as constabulary forces. The US would maintain key logistical nodes, like Ramstein AFB in Germany, and a skeleton structure of austere bases in key regions, and deploy all relevant force elements to them routinely, to exercise with the forces of friends and allies, to familiarize themselves with potential combat theaters, and to reassure allies of our continuing commitment and capabilities. Most overseas deployments, however, would be temporary rotations, unaccompanied by family, and thus not requiring the sustainment of large, costly infrastructures.

Obviously, any significant changes in US defense strategy and military deployments should be implemented gradually, accomplished in consultations with friends and allies, and their pace tailored to the flow of world events.

- The US is currently planning to withdraw two of the four Brigade Combat Teams (BCTs) now deployed in Europe. Additional reductions in military personnel based in Europe are possible through the streamlining of command structures, but two BCTs should remain deployed there for now to provide reassurance to East European leaders that the US will continue to exercise security leadership on the continent. Further reassurance should be provided through rotational deployments of US air and ground units to the existing structure of austere bases and ranges for exercises and joint operations. US forces and facilities in Europe also can be used to support rotational deployments to the Middle East.

- US NATO allies should be encouraged to increase their defense spending as their economic situations permit but, in any case, to develop their defense capabilities in a complementary way, with greater specialization among nations, larger stocks
of key munitions, and more attention to inter-operability. The intervention in Libya demonstrated serious problems in the Europeans’ capabilities that could be corrected even with small budgets, if they planned more like a joint entity.

› As US forces and the war draw down in Afghanistan, care should be taken to avoid developing permanent facilities in the Middle East/South Asia. Any threats posed by Iran can be handled by US expeditionary forces. Friends in the region can be reassured by joint planning and frequent rotational deployments for joint exercises to demonstrate capabilities. Development of cooperative theater missile defense systems would be helpful for both military and political reasons, as well.

› The transition to a more dynamic engagement strategy should proceed only slowly in East Asia, where ongoing risks of conflict in Korea and the seas bordering China, as well as uncertainties concerning China’s future goals, risk misperceptions by friends and adversaries if reductions are made too hastily. Here, the replacement of the Marines now based in Okinawa with rotational deployments to Australia and US Pacific islands can proceed as planned. US forces now based in Korea and elsewhere in Japan, however, should not be reduced until progress is made toward resolution of ongoing conflicts, and the US and China develop a more cooperative relationship.

Strategic Agility is an evolutionary change in US defense planning, continuing and enlarging departures already in motion, made possible both by the changing international environment and, importantly, by the unmatched capabilities of US military forces. It represents the best means of ensuring US security as the Defense Department weathers the pressures certain to result from the emerging fiscal crisis.
IV. Priorities in US Defense Choices

Implementation of Strategic Agility would provide guidance for priorities in US defense budgetary decisions regardless of the level of funding provided to the Defense Department. Of course, choices among forces and modernization programs would be less difficult the more efficiency reforms described in Section V could be implemented. We illustrate such choices at alternative budgetary levels in section VI of this paper. In this section, we discuss the priorities that are implied by the new strategy. The section is organized primarily by Service, but it should be noted that the individual Services do not fight America’s wars—they organize, train, and equip the forces. It is the combatant commands that fight, using these forces. “Jointness” means that an array of capabilities is provided through Service or functional components to a joint force commander. His or her job is to assemble a plan from among this “menu” of capabilities, applying the appropriate ones for the contingency at hand. The shift to joint operations is far from complete, however. In the future, US defense planning and command structures could more closely integrate functions and capabilities across service lines while simultaneously eliminating unneeded redundancies, yet still retain the separateness and unique contributions of the Services. Adjustments to Service budgets in the future should be made with the intent to create synergies through greater interdependency.

The Navy is a key component of Strategic Agility. It can project forces far from US shores in a rotational, expeditionary manner without requiring permanent bases on other nations’ territory. The Navy thus provides flexible surface, air, and subsurface forces without becoming entangled in conflicts and political circumstances on the ground. The Navy does use facilities maintained by foreign nations as an expedient way to provide support for its ships, such as the arrangements now being worked out with Singapore, but they are not actually necessary to maintain the Navy’s presence overseas. Port visits for refueling and replenishing are useful, however, as relationship-building and presence-establishing opportunities, just as the new strategy envisions.

While Strategic Agility relies on naval forces, it offers minimal guidance for future choices within the Navy. The Navy operates under a three-tier readiness system, deploying some forces forward, resting and maintaining other forces, and readying the remainder. The Navy’s current force of aircraft carriers and large-deck amphibious ships should be preserved, although they should be emphasized as platforms for power projection and presence, and less as fighting forces themselves, as there is so little challenge to the Navy on the open seas. The exception to maintaining the current force is the aging Ticonderoga cruisers. The Navy has
already proposed accelerating their retirement in the FY13 budget, and under the new strategy further retirements of this class should be implemented.

The Navy has pursued a modernization strategy that also aligns well with Strategic Agility, which emphasizes relying on more advanced technologies to preserve US military dominance, even while saving money. The Navy already fields a force that will be dominant in the near- to mid-term, without facing aging problems that could degrade its capability before future investments come to fruition. This is especially true for strike aircraft, where the Navy’s current force of F-18 Super Hornets will remain capable aircraft for the next decade or so, giving the Navy the time to develop the FA-X for more distant threats. If necessitated by budgetary reductions, planned purchases of F-35s could be cut back or cancelled if the program continues to experience development problems. The same is true for the Navy’s surface and submarine combatants. The DDG-51 missile-armed destroyers and Virginia-class submarines are dominant platforms that will long outpace anything the rest of the world could put to sea, easing the need for near-term replacements.

The Air Force has executed a wide array of missions in recent years, but its strength lies in dominating the air and space domains. Strategic Agility takes advantage of this US dominance, and relies heavily on the great mobility and reach of the Air Force, and the US’ lead in space. The Air Force provides the capabilities to strike and destroy targets, as well as to provide either military or humanitarian support, anywhere in the world, on very short notice. The Air Force also is essential to deliver US ground forces to distant regions on short notice. Strategic Agility relies on airpower to provide unstoppable striking power to ensure a military option regardless of the opposition.

Under the new strategy, the Air Force would resume a shift to the expeditionary deployment model it began in the 1990s. On a pre-planned rotational basis, some forces would be deployed forward to conduct operations, exercises, and presence missions; recently returned forces would be set aside for personnel training and equipment refits; while still others would be readying for deployment. Such a model provides presence and reassurance, while maintaining reserve units at a high level of readiness, and yet still makes possible significant savings.

The Air Force maintains a worldwide network of bases, with a few key nodes of significance like Ramstein Air Base in Germany. In recent years, the Air Force established a network of more austere facilities in Eastern Europe and the Middle East to support temporary, rotational deployments. Under Strategic Agility, most Air Force units would be home-based in the US and deploy routinely to these operational bases overseas. This basing structure and rotational deployments would make possible a continued high level of engagement with friends and allies, while also providing the means to surge forces and conduct operations for specific periods of time. Even single-seat fighters, supported by refueling and cargo aircraft,
could surge forward to these locations and then operate out of them for discrete periods of time.

The Air Force is also responsible for most of the US’ space-based assets. These intelligence, surveillance, communications, and targeting capabilities underpin the US’ military dominance. These assets must be prioritized in budgetary decisions to ensure not only the US lead in space, but also its lead in every other domain as well.

Strategic Agility clarifies priorities in future Air Force investments. Although the Air Force provides invaluable airlift with cargo and tanker aircraft, including supporting the rapid movement of ground forces, the new strategy lessens the burden on these forces by eliminating the requirement to sustain protracted ground operations. It also eases demands for the large numbers of fighter aircraft required in such campaigns, focusing instead on operations best executed by the smaller, more potent, advanced fighter/bombers the Air Force has already developed. This shift frees up resources to invest in next-generation technologies.

Strategic Agility thus requires continuing investments in Air Force modernization programs, especially next-generation fighter/bombers, long-range bombers, and space systems. It also requires continued work on unmanned aircraft, focused on next-generation capabilities of modularity, greater autonomy, and survivability in contested environments. This should eclipse the purchase of the existing fleet of aircraft that serve only limited purposes. The strategy also stresses continuing development of the F-22 to ensure that its already world-leading strike and air superiority are sustained. The F-35, as in the case of the Navy’s version, represents the next intermediate step in fighter forces. The mid-tier capabilities it provides would be a lower priority. Under the new strategy, Air Force acquisition planning would stress technologies necessary for future fighters, bombers, and supporting aircraft and space systems, and place a lower priority on fielding large numbers of F-35s in the mid-term.

The Air Force has demonstrated its unrivalled excellence in the campaigns it has fought in recent years, requiring relatively small numbers of strike aircraft for discrete periods of time. In both the opening phase of Operation Iraqi Freedom and the air campaign over Kosovo and Serbia, for example, about 300 strike fighters were employed. In Libya, fewer aircraft were used because allies provided aircraft as part of the coalition's operation. Within a year or two, the Air Force will have almost 500 F-15s, half of which are Strike Eagle variants, and almost 200 F-22s—the best fighter in the world. The Air Force also maintains in its inventory 1,000 F-16s in order to sustain longer campaigns and to prevail in major regional contingencies. Under Strategic Agility, if budgetary pressures necessitated cuts, the number of F-16s squadrons could be reduced and F-35s purchased in smaller numbers, in order to free resources to invest in next-generation technologies.
The Air Force Reserve and Air National Guard provide key capabilities to hedge against unexpected developments in the international environment. The larger number of less capable fighter aircraft, like the F-16s, and additional lift and tanker aircraft should be maintained in these reserve components. This ensures that if the US becomes involved unexpectedly in a protracted conflict, the country would still be prepared. These capabilities would be a crucial complement to reserve ground forces, as well as providing a robust hedge for the unknown future, at a lower cost than if they were maintained in the active force.

Strategic bombers have proven useful in supporting ground forces in the past decade, but since such protracted ground campaigns would be avoided under the new strategy, planning for bombers should focus on long-range strike, which depends on their continuing ability to penetrate heavily defended areas. Because of this refocus, if budgetary pressures required cuts, older B-1 bombers, which have carried the burden in the permissive environments of Iraq and Afghanistan, could be retired. The stealthy B-2 and a small number of B-52s could provide sufficient long-range striking power in the mid-term, while accelerated development and fielding of the next-generation bomber is necessary to ensure that US long-range strike capabilities remain ahead of developments in air defenses.

In the past three decades, the US has developed an extremely effective capability to use military force in a surgical way through its Special Operations Forces. These forces are a critical part of Strategic Agility. They have proven a viable alternative to protracted land war, especially to counter the threat posed by small cells of terrorists, criminal enterprises, or other non-state actors. The new strategy rules out protracted military operations that have proven ineffective at changing underlying conditions on the ground, but it cannot discount the threats that failed states and other local issues might incubate. Therefore, Strategic Agility relies on the ability of special operations forces to deal with these threats after they have come into existence, but before they can harm the US, its citizens, or its allies. Unfortunately, effective Special Operations Forces take a great deal of work to create and maintain, and their commanders have emphasized that they cannot be simply expanded and replicated on a larger scale. Funding for Special Operations Forces would be prioritized under the new strategy regardless of budgetary constraints, but efforts to expand the size of these forces would be tempered to ensure they remain elite.

It has become clear the United States is already involved in offensive cyber-warfare, although many still express concern about the defensive preparedness of the US in cyberspace. Strategic Agility would prioritize both of these missions. Offensive cyber-operations provide the US another means to strike anywhere in the world, without maintaining the physical presence of troops on foreign lands. These missions—though highly classified—appear to offer real alternatives to physical strikes in mitigating the threats the United States faces in the 21st century. In turn,
defensive cyber operations become even more important as US military dominance does little to protect the United States—especially its civilian infrastructure—from both state and non-state actors in cyberspace. Clearly, both the private sector and civilian government agencies have roles to play in defending the nation against cyber-attacks, which could have devastating consequences for the US economy. Under Strategic Agility, the military would have roles to play in both cyber-offense and -defense, which would receive high priority and greater resources.

The Marine Corps traditionally has followed an expeditionary model that also fits well with the proposed strategy. Requirements of the wars in Iraq and Afghanistan broke this pattern, but the Marines are refocusing on it as the wars draw down. Under the new strategy, the Marines would continue to serve as the nation’s ready ground combat force. Along with particular Army units, such as the airborne “Ready Brigade,” the Marines would constitute the nation’s leading component for short-term operations, especially missions like non-combatant evacuations, which can require significant forces on land—but only for short periods of time. Ready Marine forces would be both deployed at sea as part of Amphibious Ready Groups and rotate through a skeleton structure of bases, as they have already begun to do in Australia and are rumored to begin on Tinian. The planned drawdown of Marines from Okinawa would continue under the strategy, and gradually be completed in consultation with the government of Japan. The Marines’ command elements would be strictly based in CONUS in order to emphasize the out and back nature of Strategic Agility. Structurally, the Marines are already well-suited to the new strategy. The Marines’ operational and administrative command structures are split and align with the concepts of ready forces deployed, contingent forces preparing to deploy, and resting forces having returned from deployment.

Current planning already calls for reducing Marine end-strength to 182,000 from its current level of 202,000. If necessitated by budgetary pressures, the Marines could be reduced further, perhaps to as few as 150,000 personnel. At this level, the Corps could continue to exercise its expeditionary model, with roughly 50,000 personnel in the deployed category at any one time. If forward-deployed forces follow the model currently planned for the Australian deployments, that level of personnel would enable the Marines to maintain a rotational presence at dozens of locations throughout the world, including sea-based Marine Expeditionary Units. Even while maintaining forces at these forward-based locations, the Corps would be sufficiently large to maintain a ready force to respond to contingencies and a refitting force to care for people and equipment. A cut of this magnitude would be accomplished most efficiently by disestablishing one of the three Marine divisions, which would require legislative authority.

The new strategy provides clear guidance for trade-offs about future Marine Corps equipment to emphasize leap-ahead technologies. Equipment purchased to sustain the lengthy deployments of Marine forces to Iraq and Afghanistan, like
Mine-Resistant Ambush Protected (MRAPs), could be mothballed. Performance requirements for the Marines’ follow-on to its current Amphibious Assault Vehicle could be reduced, as the greater armor and firepower now envisioned is more suited for sustained ground combat than the missions planned for the Marines under the new strategy. For aircraft, planned purchases of V-22 Ospreys should be continued as the aircraft provides greater mobility, especially in unopposed landings. The F-35 short take-off and vertical landing (STOVL) aircraft in development may no longer be required, and if budget reductions necessitate cuts, the Marines may want to forego acquiring this aircraft to free resources to invest in the system a generation beyond this manned aircraft, much as the Navy is doing.

The Army maintains a diverse range of capabilities that respond to many situations. As the current Army Chief of Staff has said, “Our Army is the Nation’s force of decisive action, a relevant and highly effective force for a wide range of missions.” The Army not only provides the forces that deter aggression worldwide, but also helps shape the future environment through military-to-military contacts, and helps our partners build the capacity to defend themselves. Not least among these capabilities is the Army National Guard’s State Partnership Program, which has cultivated relationships with partner militaries for years now, and in some cases, decades.

Under Strategic Agility, the Army would remain capable of many tasks, but its focus would be to provide the punching power to conduct a ground campaign of maneuver warfare for specific and limited objectives. This mission fits well with the Army’s long-time focus on developing the structure, equipment, and doctrine necessary to fight a decisive campaign. Even during the Cold War with the Soviet Union, especially in the early 1980s, the active Army was preparing for a violent but limited engagement, rather than a protracted struggle. If the conflict could not have been quickly and decisively concluded, the Army was intentionally structured to require mobilization of the Reserve Components. During the past decade, the Army has responded admirably to demands placed on it by the nation's political leadership by reorienting itself for counterinsurgency and stability operations. These kinds of operations are clearly difficult to constrain in time or space, and have created great stress on the Army as an institution and on the soldiers themselves. In contrast, the Army has excelled in recent decades in those limited, conventional conflicts in which it has been able to bring its full force to bear, as in the opening weeks of the 2003 Iraq War, Desert Storm in 1990, and Panama in 1989.

Although the US would resist involvement in protracted ground wars under the new strategy, the possibility of such contingencies cannot be ruled out. As a result, preparing for conflicts like the continuing war in Afghanistan would be a secondary priority, though Army doctrine and training from the past decade would be preserved in Army schools. The primary responsibility for this mission
would be assigned to the Reserve Components. Depending upon the overall size of the Army made possible in the budgetary environment (see Section VI), some active Army elements could be given this role, as well. Moreover, planning for protracted campaigns would allow for mobilization beyond the capabilities of the Reserve Components, relying on expanding active forces through recruitment. Both options, however, require the time to mobilize, expand, and train a competent force. Given the prospective international security environment, this is a reasonable risk. In the event that the international environment began to deteriorate and risks of large-scale protracted ground warfare re-emerged, the strategy would permit expansion of the Army to meet these heightened risks.

In terms of force structure, the new strategy would continue the Army’s transition to modular brigades as the basic combat unit. Army planning would emphasize use of these fewer units concurrently in limited operations, rather than their use as rotational replacements for one another in protracted conflicts, as is currently the case. Moreover, although it has transitioned to a brigade combat team-based force, the Army still maintains division and corps level headquarters, as well as theater-level army headquarters. These capabilities are necessary to execute protracted wars. Given the lesser emphasis on these contingencies under the new strategy, many of these headquarters units could be abolished. Instead, the Army would increase its reliance on joint headquarters created under combatant commanders for specific operations.

By circumscribing contingencies in which ground forces would be committed, Strategic Agility would make possible significant reductions in Army forces if necessitated by budgetary pressures. In the initial phase of Operation Iraqi Freedom, only eight Army brigades and four Marine brigade-equivalents cut through much larger Iraqi forces and ended major combat in a matter of days. Although exact analogies are difficult, today’s Army provides even greater combat power with its brigade combat teams. The Obama administration has already stated it will no longer size the Army to conduct long-term stability operations; it will reduce Army manpower by 13 percent; and it will cut some of the current 45 brigade combat teams, though a final number has not been announced. If necessary because of budget constraints, under Strategic Agility the Army could be reduced to as few as 30 brigade combat teams and retain sufficient capabilities for effective maneuver warfare in foreseeable contingencies and the Army’s many other tasks. With reductions of this magnitude, however, it is imperative that remaining units are highly trained, and fully manned and equipped. The country cannot afford a return to the “Hollow Army” that resulted from the build-down following the Vietnam War.

US nuclear forces play an important role in relations with allies, largely reassuring these nations of our capability to deter nuclear attacks on them. However, the nuclear arsenal is sized and structured primarily by perceived requirements to
deter attacks on the US itself. As Russian nuclear forces pose the greatest potential threat to the US, perceived requirements to deter a Russian attack dominates planning for US nuclear forces. As Russian operational strategic forces are already well below the limits established by the New START Treaty, the US could accelerate implementation of necessary US reductions to meet those restrictions as well.

Moreover, the operational forces permitted by New START, as well as the even larger number of nuclear warheads retained in a reserve status, appear to be more than necessary to deter a Russian first strike on this country. Therefore, the US can make deeper cuts in both operationally deployed and reserve strategic forces, as well as in shorter-range nuclear systems. Preferably, these reductions would result from a new agreement with Russia, but the possibility of unilateral cuts in excessive nuclear forces should not be ruled out if political circumstances permit.

In terms of force structure, under the new strategy the next-generation bomber would not be given a nuclear mission, but would retain its high-end penetrating capabilities for conventional strikes. (B-2s would continue to have a residual nuclear mission, as would a small number of B-52s.) A new look at deterrence requirements also would make possible the retirement of some Minuteman intercontinental ballistic missiles (ICBM), as well as a reduction in the number of next-generation ballistic missile submarines. The latter would be particularly important to ease budgetary constraints, as the submarine modernization program is currently estimated to cost as much as $90 billion. In the prospective international environment, 300 Minuteman ICBMs, a force of 10 submarines, and a small number of B-2 and B-52 bombers would provide more than enough capability to deter any nuclear strike on the US or its allies.

As has been noted, Strategic Agility would prioritize theater missile defenses over national missile defenses, primarily because the former is demonstrating effective capabilities against existing threats, while both the latter’s capability and the threats it is supposed to defend against are proving more difficult to develop than had been expected. Under this approach, the US would continue to depend on the threat of devastating retaliation to deter attacks on CONUS, whether from Russia, China, or any hostile nation with a newly developed capability to strike the US with nuclear-armed missiles. As a result, savings could be found in the operation and advanced development of national missile defenses. Basic and applied research in relevant technologies would be continued until technological advancements convincingly promised greater capabilities than are characteristic of existing systems. Such an approach might save one-half of the more than $8 billion that the US spends on missile defense development each year.

The development and deployment of theater defenses would continue as a high priority, including the Navy’s plans to modernize its fleet of Aegis-equipped destroyers. Land-based theater missile defenses should be provided a higher
priority within the Army’s portfolio. In addition, the Army force structure may need to be adjusted to more easily deploy Patriot and THAAD missile defense systems as stand-alone units, rather than as part of larger forces. Programs to counter potential threats of terrorists armed with weapons of mass destruction, such as radiological and biological weapons, as well as to secure fissile materials, also would receive a high priority.

With respect to the research and development (RDT&E) budget overall, the new strategy would prioritize programs that prepare US forces for the future—the science and technology components of broader research and development efforts. As defense programs have become more complex, funding that is required to bring soon-to-be-fielded systems to maturity has taken a larger and larger share of RDT&E budgets. Most notably, this funding is captured in Budget Activity 5, “System Development and Demonstration,” a phase that occurs after prototyping but before full production. Of the $38 billion of RDT&E not addressed previously, $15 billion is currently spent on this phase. Strategic Agility would place a lower priority on such near-term development efforts, permitting considerable savings if budgetary constraints made such cuts desirable. Conversely, the new strategy would increase funding for science and technology development, and basic and applied research. (It would also encourage civilian agency programs to promote relevant technology development in the private sector.) Finally, “black” or classified programs, we would presume, represent the true cutting edge of US military technology. These would receive a high priority under Strategic Agility as they keep potential adversaries from knowing easily how capable US forces are now or will become shortly, and provide a hedge against an uncertain future.
V. Getting More Bang for the Buck

Regardless of the defense strategy the United States pursues, it should seek to get the greatest possible return for its investment. It has been evident for decades that greater efficiency could be gained in defense spending from better business practices. The Defense Business Board (DBB) in 2011, for example, determined that, “substantial budget cuts (five to 15 percent) can be achieved without affecting future mission readiness if there is an intense focus on reducing ’overhead and infrastructure’ spending.” In this section, we compile options for such strategy-neutral efficiencies that have been proposed by commissions and study groups in recent years. Because individual views on the desirability of each option differ even among the members of this committee, this report does not endorse any specific option. Yet, all of us and virtually all readers can find some efficiency choices, and savings, acceptable. The nation’s fiscal crisis makes the implementation of at least some of these reforms a matter of increasing urgency.

Better Manpower Utilization

The US depends on a professional force of volunteers to provide the best military in the world, and the volunteers that step forward are our most important asset. When the country replaced the draft with the all-volunteer force in 1973, the cost of personnel increased substantially. As a result, we must be committed to using personnel as efficiently as possible.

One option is to eliminate duplication. Official government studies have recently commented on excessive duplication of personnel assigned to functions ranging from developing and operating satellites and information systems, to operating depots and athletic facilities, and providing health care. Older studies pointed to chaplains, judge advocate generals, meteorologists, and linguists/translators as specialties with needless duplication.

The relationship of the military’s combat “tooth” to the overhead “tail” that supports it is another well-established measure of efficiency. This was the crux of a 2010 DBB study focused on “significant, unsustainable trends” in overhead, including, “creating new organizations and large staffs without sufficient controls to ensure their efficiencies.” The 2011 Defense Manpower Requirements Report noted that 35 percent of the active force is in a position supporting infrastructure. The Rivlin-Domenici Task Force argued military end-strength could be lowered by 100,000 by placing better controls on these positions.
Another option would be to alter the duties that are performed by service members, by civil servants, and by contractors. The DBB determined that 340,000 service members are performing commercial duties, and recommended eliminating 10 percent of those positions. The presidentially-convened Simpson-Bowles Commission considered converting most of those billets to the civil service, because civil servants tend to cost less overall than uniformed personnel. It may be possible to simply reduce the number of civilian personnel as well. The DBB suggested cutting civil-servant employment across the Pentagon back to its FY2003 level of 650,000 personnel, or by 15 percent, whichever is greater. The Defense Department also relies heavily on contractors to perform many duties. Comptroller Robert Hale estimated the Pentagon employees 300,000 contractor full-time equivalents and, as with its recommendation on civil servants, the DBB recommended returning contractor spending across the Pentagon to FY 2003 levels.

Many tasks are inherently military, but not all service members cost the same. Reservists and Guardsmen are a much more scalable labor force. It would be possible to save money by locating additional responsibilities and capabilities in the Reserve Components.

Proposals for improving the utilization of manpower and the potential savings associated with them are summarized in Table V-1 below. Better utilization of manpower, in principle, could save more than one half trillion dollars over 10 years.

**Table V-1. Better Manpower Utilization**

*Approximate Possible Savings in Billions of Dollars Over 10 Years*

<table>
<thead>
<tr>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Streamlining Redundancy and Duplication</td>
</tr>
<tr>
<td>Reducing Infrastructure Billets</td>
</tr>
<tr>
<td>Concentrating Service Members on Inherently Military Functions</td>
</tr>
<tr>
<td>Reducing Civilian Manpower</td>
</tr>
<tr>
<td>Relying Less on Contractor Support</td>
</tr>
<tr>
<td>Better Balancing Between the Active and Reserve Components</td>
</tr>
</tbody>
</table>

**Total Possible Savings** $520
Personnel Compensation Reform

The country is rightfully committed to the special obligations it has to those who serve in uniform, particularly given the great sacrifices made by many of these individuals over the past 10 years. Caring for US military personnel that have been wounded physically or emotionally in war is a particularly sacred task. Specific compensation policies are not inherently sacred, however, and the proposals listed below would continue the high-level of compensation now provided to US military personnel, but do so more efficiently.

Option One: Adjust the Formulas for Cash Compensation Growth

Since the late 1990s, military pay has been increased faster than civilian pay in order to address a perceived gap in compensation. However, the 11th Quadrennial Review of Military Compensation (QRMC) reported that a complete assessment of pay and benefits reveals the average enlisted member earns $21,800 more annually than his or her civilian counterpart, placing him or her in about the 90th percentile of equivalent civilian wages. The typical officer receives compensation in the 83rd percentile of equivalent civilian wages. The Congressional Budget Office (CBO) examined options in 2009 and 2011 to slow the growth of military pay, and the Simpson-Bowles panel considered freezing it for three years.

Option Two: Peg Pay to Performance: Merit and High-Demand Specialties

Targeting pay to higher-demand personnel could provide savings by allowing some service members to receive greater pay, thus improving their retention and easing the need to continually recruit and train replacements. The Defense Advisory Commission on Military Compensation (DACMC) and the QRMC agreed that when a service member is rewarded for meritorious performance, the higher compensation should be paid throughout his or her career. Thus favoring high-performers over time could lead to a smaller workforce that is equally productive as the current force. These studies further recommend increasing the Pentagon’s discretion over special and incentive payments.

Option Three: Transfer Non-Cash Compensation into Cash Compensation

Adjusting non-cash compensation, whose “value is less easily understood,” according to the QRMC, would provide better value to both the Pentagon and service members. In that vein, the CBO and the QRMC examined options that would substitute cash allowances for select in-kind benefits. Making payments in cash, which gives service members the most discretion over their compensation, may increase their satisfaction even if spending on overall compensation is less.
Option Four: Limit Pool of Inactive and Retiree Health Care Beneficiaries

Health care coverage is a major part of military compensation. This service is—and should remain—free to active-duty members. However, benefits for family members and retired military personnel have expanded substantially over the last decade. Medicare-eligible retirees especially saw a significant increase in benefits: New eligibility for the Defense Department plan with the lowest out-of-pocket costs, free primary and preventive care, full access to prescription drug benefits, a new dental plan, and most notably, TRICARE for Life—supplemental coverage for Medicare covering most out-of-pocket expenses. TRICARE for Life alone cost the Defense Department almost $11 billion in FY12, a cost that did not exist in 2000. The biggest and most direct health care savings might come from rolling back some of the benefits added in the last decade of increased defense spending.

Option Five: Increase Health Care Fees and Cost-Sharing

Health care costs for inactive or retired service-members also depend heavily on the degree to which they are shared between the Pentagon and the beneficiary and the members of his or her family. Enrollment fees for working age (i.e., pre-Medicare-eligible) retirees on the Defense Department-provided health insurance remained fixed at their 1996 values until FY2012. DACMC, QRMC, CBO, and the Rivlin-Domenici Task Force all considered indexing cost sharing to its 1995 ratio. Other alternatives include a CBO analysis that would exclude working-age retirees from the Defense Department’s health care plan with the lowest out-of-pocket costs altogether, as well as a DBB recommendation to place more of the cost burden on employers that would otherwise cover working-age retirees. It has been suggested that many of these concepts should be applied to co-payments for prescribed drugs as well. A first step was legislated last year by pegging premiums to retirement pay increases, though these increases do not keep pace with the faster inflation of health care costs. This year, the Congress is considering several more significant reforms of these types as part of its review of the administration’s fiscal year 2013 budget proposal.

Option Six: Modernize Military Retirement

According to a 2011 DBB study, the current retirement system is unfair, inflexible, and unaffordable. The QRMC, DACMC, and Rivlin-Domenici all suggested changing components of the retirement formula, including age eligibility, vesting schedule, calculation of benefits, role of retention bonuses and gate pays, need for an alternative plan with defined-contribution elements, and grandfathering provisions. The DBB, on the other hand, proposed a wholesale replacement of today’s defined benefit system with a new defined contribution plan based on the Uniformed Military Thrift Savings Plan.

Proposals for reforms in personnel compensation and their estimated savings are summarized in table V-2.
### Table V-2. Personnel Compensation Reform

*(Approximate Possible Savings in Billions of Dollars Over 10 Years)*

<table>
<thead>
<tr>
<th>Personnel Compensation Reform</th>
<th>Possible Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusting the Formulas for Cash Compensation Growth</td>
<td>20-30</td>
</tr>
<tr>
<td>Pegging Pay to Performance: Merit and High-Demand Specialties</td>
<td>10</td>
</tr>
<tr>
<td>Transfer Non-Cash Compensation into Cash Compensation</td>
<td>110</td>
</tr>
<tr>
<td>Limit Pool of Inactive and Retiree Health Care Beneficiaries</td>
<td>90-100</td>
</tr>
<tr>
<td>Increase Health Care Fees and Cost-Sharing</td>
<td>40-110</td>
</tr>
<tr>
<td>Modernize Military Retirement</td>
<td>5-40</td>
</tr>
<tr>
<td><strong>Total Possible Savings</strong></td>
<td><strong>$175-300</strong></td>
</tr>
</tbody>
</table>

### Improving Acquisition Practices

The Government Accountability Office (GAO) provides a list of areas that it considers at high risk for waste, abuse, mismanagement, or in need of reform. It has included defense weapon systems acquisition since 1990, and defense financial management since 1995. Many other studies have offered recommendations about how to reap savings by becoming more efficient in the acquisition process. DBB looked at the different types of contracts used by the Defense Department and determined that the, “preferred [contract] choice is fixed-price, then cost-plus, then Time & Materials contracts,” yet the bulk of weapon system acquisition costs go to cost-plus contracts. It also argued for using financial incentives as a way to balance the achievement of cost, time, and quality goals. The process used to acquire goods and services also could be streamlined and made more efficient. A report by the Center for Strategic and International Studies (CSIS) favored expanding use of a process in which senior acquisition officials are convened in a “Joint Rapid Acquisition Cell.” There they are subject to different regulations than the normal acquisition process, and tasked with rapidly meeting immediate requirements. A House Armed Services’ Committee (HASC) panel on Acquisition Reform also emphasized different approaches, such as evolutionary acquisition and open systems architecture, to shorten development timelines and, therefore, reduce cost growth.

The pace of acquisition is determined in part by the regulations governing the contracting process. The 1986 Packard Commission recommended a wholesale recodification of government-wide procurement into a single law. This sentiment continues to inspire many of the contract process reforms, such as those reiterated by Business Executives for National Security. The HASC panel applied this same principle of streamlined processes to information technology (IT) acquisition, recommending milestone decision points more aligned with how the private sector develops IT. The Defense Science Board (DSB) also suggested this solution in a 2009 acquisition study.
Table V-3. Improving Acquisition Practices
(Approximate Possible Savings in Billions of Dollars Over 10 Years)

<table>
<thead>
<tr>
<th>Better Contracting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutionalizing Rapid Acquisition Models</td>
</tr>
<tr>
<td>Streamlining Process, Including Regulations</td>
</tr>
<tr>
<td>Acquisition Workforce Reforms</td>
</tr>
<tr>
<td>Prototyping</td>
</tr>
<tr>
<td>Commercial Off-the-Shelf Purchasing</td>
</tr>
<tr>
<td>Requirements Reforms</td>
</tr>
</tbody>
</table>

**Total Possible Savings**  $100+

Many boards and commissions have identified specific best practices that could be used to improve the acquisition process including: Relying on prototypes to provide a firmer understanding of cost and capability of new technologies; buying commercially proven technologies rather than developing technologies unique to defense; and increasing and better training the acquisition workforce.

Beyond these specific improvements, many believe that acquisition problems have a common root. The Packard Commission found the acquisition process’ problems, “begin with the establishment of approved ‘military requirements’ for a new weapon.” Twenty-four years later, the HASC panel identified the initial establishment of requirements as, “a major factor in poor acquisition outcomes.” One possible response would be to alter the membership of the Pentagon’s primary decision-making body in setting requirements. CSIS recommended doing so by formally placing Combatant Commanders on that body, known as the Joint Requirements Oversight Council (JROC). The HASC Panel did not go as far, and only emphasized that the Combatant Commanders’ and other defense officials’ input be considered by the JROC, as is currently mandated by law.

Proposals to reform the acquisition process and the potential savings are shown in Table V-3. Unlike the previous sections that identified specific options whose budgetary savings could be calculated directly, improving acquisition practices would yield savings only indirectly by catalyzing better management. Thus, it is difficult to assign specific dollar amounts to each measure. Still, the current defense plan would spend $2 trillion on procurement, and research and development over the next 10 years, and GAO found cost growth of five percent in the last year. If the proposals reduced spending by only a few percentage points, savings could be $100 billion or more.
In summary, although many disagree about what the Defense Department should do and how much it should spend, all agree that its actions should be as efficient as possible. This section has identified possible 10-year savings of more than $500 billion through more efficient uses of manpower, $300 billion by reforming personnel compensation, and at least $100 billion from improved acquisition processes. If all of these efficiencies were realized, they would represent close to $1 trillion, or almost 20 percent of the 10-year defense budget plan. While such far-reaching reforms are unlikely to be fully implemented, efficiencies must be gained to ensure that US defense dollars are spent as wisely as possible, and that American citizens get the best and most effective defense possible no matter what strategy the US pursues.
VI. Alternative Forces and Budgets

Shifting to Strategic Agility does not dictate a specific force structure. Rather, it provides a framework to inform choices about force structure and modernization programs. Different combinations of choices could support the new strategy. These choices depend on several factors: (i) the aggregate budget levels provided over the next 10 years; (ii) how those funds are allocated among the Department’s components; and (iii) how efficiently programs and personnel are managed. To illustrate how the new strategy might be implemented, in this section we provide examples of the choices that might be made at four different aggregate budget levels. These include two options for each, showing how different amounts of efficiency savings would affect the cuts that otherwise would need to be made in forces or acquisition programs. The two options illustrate the effects of reforms in manpower, compensation, and acquisition that produce, first, $200 billion in savings over 10 years—or about one-fifth of those savings identified in section V—and, second, $400 billion in savings over 10 years.

Baseline Scenario

We first assume that the Department of Defense will receive the total resources envisioned by the President’s FY13 request. This level of resources would achieve the savings required by the 2011 Budget Control Act’s discretionary caps, and would be greater than the resources the Department would receive if the sequester provision of that Act were to take effect.

Even if the Defense Department received all the resources requested by the President, the defense budget would still be under pressure. The new strategy requires setting new priorities for the allocation of resources. For instance, Strategic Agility calls for spending more on the “research” component of RDT&E. If all of basic and applied research—the science and technology accounts—were doubled, it would require an additional $67 billion over 10 years. Moreover, the force structure and modernization programs should be brought into better alignment with the new strategy. This means that resources freed from reducing the number of Army brigades, Navy cruisers, tactical fighters, or nuclear forces and modernization programs could be reinvested to focus on those capabilities—like space systems, Special Operations Forces, and cyber-warfare—the strategy does prioritize.

Additionally, the Defense Department’s plans historically cost more to implement than is expected. The Congressional Budget Office (CBO) annually demonstrates that the resources requested by the Defense Department are not sufficient to execute its plans
in later years. For the FY12 request, CBO estimated the Defense Department would require two percent more funding, or $64 billion, than it expected to receive over the next five years. For the FY11 request, CBO estimated it would require $41 billion more funding than it projected over five years. These additional costs primarily result from inevitable increases in personnel and operating expenses, and also because of growth in the cost of weapon systems. Though the FY13 request assumes changes to the force structure, experience suggests that even with those changes the plan will cost more than is projected, possibly by as much as $100 billion over 10 years.

If the savings assumed under either efficiency option were implemented, resources would be available to cover these budget short-comings. Moreover, these additional resources also would allow hedging against possible, but unplanned for, risks in the international environment. At the least, the additional resources made available through better manpower utilization, acquisition practices, and reforms in compensation would allow changes to US forces to be made very gradually, thus clearly communicating to US allies and adversaries the US’ continuing commitments as the strategy was being implemented.

<table>
<thead>
<tr>
<th>Increases</th>
<th>Increases</th>
</tr>
</thead>
<tbody>
<tr>
<td>› Double basic and applied research funding</td>
<td>› Double basic and applied research funding</td>
</tr>
<tr>
<td>› Cover understated costs in current plan</td>
<td>› Increase Special Operations Forces</td>
</tr>
<tr>
<td>› Increase Special Operations Forces</td>
<td>› Increase cyber-warfare capabilities</td>
</tr>
<tr>
<td>› Increase cyber-warfare capabilities</td>
<td>› Increase funding for space systems</td>
</tr>
<tr>
<td>› Increase funding for space systems</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Decreases</th>
<th>Decreases</th>
</tr>
</thead>
<tbody>
<tr>
<td>› Begin phased-in force structure changes: reduce Army BCTs, retire Navy cruisers, Air Force legacy fighters, reduce nuclear forces</td>
<td>› Begin phased-in force structure changes: reduce Army BCTs, retire Navy cruisers, Air Force legacy fighters, reduce nuclear forces</td>
</tr>
</tbody>
</table>
High Scenario

After setting the baseline, we next examine what could happen if the defense budget were raised instead of cut. Some political leaders and experts see the international environment as more threatening than we have portrayed in this report, and believe that higher budgets are desirable to hedge against an uncertain future.

In this scenario, we assume the Budget Control Act caps will be waived and the Department of Defense will receive the funding necessary to keep pace with inflation. This will ensure that the defense budget does not decline in either nominal or real terms. In short, this scenario represents a traditional Congressional Budget Office baseline, which is usually determined by taking the appropriated levels for the previous year and factoring in inflation in later years. Following the traditional approach, the Defense Department would receive $230 billion more over the next 10 years than the administration’s proposed FY13 plan.

Such a resource level would allow restoring the cuts proposed in the FY13 request and maintaining the force structure as it currently exists across the Department of Defense. These changes could include reversing the decisions to retire seven Ticonderoga-class cruisers and two dock-landing ships; eliminating seven fighter squadrons, and reducing mobility and ISR aircraft; and immediately reducing ground force units. However, changes to the force structure and modernization programs should still be made to better align the force structure and modernization programs to the new strategy. More importantly, the efficiency savings discussed above should still be implemented, thus freeing up significant resources to reinvest in actual defense capabilities. If $200 billion of efficiency savings were realized, $430 billion more would be available over the next 10 years for forces and modernization than is envisioned in the current FY13 budget request. In line with Strategic Agility’s recommendations, these resources could be funneled into greater Science and Technology spending, including doubling basic and applied research spending. It could accelerate the next-generation bomber program, focused on the conventional mission. It could be invested in greater unmanned capabilities—both in air and ground vehicles—to ensure US dominance in these realms. It could be spent on those other capabilities—like space systems, Special Operations Forces, and cyber-warfare—the strategy prioritizes.

If $400 billion in efficiency savings were achieved, all of the above could be implemented and, illustratively, the Navy’s shipbuilding plan dramatically expanded. Currently, the Navy plans to spend $64 billion over the next five years to build new ships. That plan includes 19 new DDG-51 destroyers, 31 new Littoral Combat Ships, and 21 new Virginia-class attack submarines. If each of those plans were doubled, allowing for additional costs to scale up greater shipbuilding capacity, the Navy could have a fleet of 369 ships, surpassing its stated goals and returning to its fleet size in the mid-1990s. (In

---

2 The actual CBO baseline this year follows BCA caps, as those caps statutorily set all discretionary spending, including defense spending.
actuality, additional ships would also need to be staffed and maintained, driving up Navy personnel and other costs, meaning a somewhat smaller increase in the size of the fleet.) Though Strategic Agility does not require a larger Navy, a larger Navy would provide a greater hedge against international uncertainties, just as would maintaining the existing Air Force and Army force structures. By preserving the existing force structure, these additional resources would allow the new strategy to be gradually implemented, thus clearly communicating to US allies and adversaries the US’ continuing commitments.

**Table VI-2. Illustrative Changes Under the High Scenario**

<table>
<thead>
<tr>
<th>With $400 Billion in Efficiency Savings</th>
<th>With $200 Billion in Efficiency Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>($630 Billion More Available for Forces)</td>
<td>($430 Billion More Available for Forces)</td>
</tr>
</tbody>
</table>

**Increases**
- Double basic and applied research funding
- Increase Special Operations Forces
- Increase cyber-warfare capabilities
- Increase funding for space systems
- Increase Navy shipbuilding program
- Accelerate next-generation bomber for conventional missions

**Increases**
- Double basic and applied research funding
- Increase Special Operations Forces
- Increase cyber-warfare capabilities
- Increase funding for space systems
- Accelerate next-generation bomber for conventional missions

**Decreases**
- None necessary

**Decreases**
- Begin phased-in force structure changes: reduce Army BCTs, retire Navy cruisers, Air Force legacy fighters, reduce nuclear forces

**Smoothed Sequester Scenario**

We next consider a scenario in the opposite direction: What changes would have to be made to match the reductions mandated over the next 10 years by the sequester provision of the Budget Control Act? The Pentagon and many experts have said that the specific mechanism envisioned for sequester is particularly onerous, largely because of the 10-percent cut it would require in the first year. After that first year, defense spending actually would rise according to the legislation. To compensate for this “cliff,”
we have assumed that the savings generated by sequester would be achieved, but those savings would be phased in gradually, resulting in the same total savings, but less of a dramatic decrease in any one year. We call this a “smoothed sequester” and it would require an additional $550 billion in savings over 10 years as compared to the plan envisioned in the President’s proposed FY13 budget—just under 10 percent of planned Defense Department spending. We believe Strategic Agility could still be executed at this level of savings with acceptable levels of risk.

If it were possible to achieve $400 billion in efficiency savings, these reductions would offset most of the cuts required to achieve the sequester level. Only an additional $150 billion would need to be found over 10 years. To achieve that amount of savings, the defense budget could still increase every year from FY14 on, but it would need to be held to a growth of 1.4 percent a year, instead of the planned average of 2.1 percent a year. To implement Strategic Agility, such savings could be achieved by cutting deeper into the Army’s and Air Force’s capabilities needed to sustain protracted ground warfare. All told, the Army’s budget would be decreased by two percent a year, and the Air Force’s budget by one percent a year. Such budget cuts might require, for example, a reduction of active Army BCTs from the current 45 to between 35 and 40, and possibly retiring the 13 F-16 fighter squadrons in the active Air Force (most F-16 squadrons are in the Air Guard and Reserves and would be retained). For the Navy, accelerated retirements of Ticonderoga-class cruisers could be implemented to transition to a force structure more in line with the new strategy. In addition, illustratively, the missile defense cuts described in the previous section also would be implemented, or a similar amount could be taken from nuclear programs. (For example, the US is set to spend roughly $30 billion on the new ballistic missile submarine in the next 10 years, which could be reallocated) With those savings in hand, increased funding for basic and applied research, including cyber-warfare, would still be possible in this budget scenario.

If only $200 billion in efficiency savings were achieved, however, larger reductions in forces and modernization programs would be required. The necessary savings could be achieved by drawing down the Army’s budget by five percent a year, for example, although a cut of this magnitude would bite into the Army’s total capabilities. Cumulatively, a 4.5-percent annual budget reduction would mean that Army funding in FY22 would be only 65 percent of the funding it is requesting to receive in FY13. The resulting force would maintain only two-thirds of its current combat strength—or 30 BCTs.

Further savings could come from reducing the Air Force budget by one percent a year, as well as by growing the Navy’s budget by only .5 percent a year, rather than the .9-percent average it has requested. Cuts of this magnitude in the Navy and Air Force budgets could be accommodated, for example, solely by scaling back the F-35 lines in the two Services’ budgets (the costs for Marine Corps versions of the F-35 are included in the Navy’s budget). Finally, one percent a year could be cut from the Marines’ budget by cutting back procurement programs, as described in the previous section, and by
### Table VI-3. Illustrative Changes Under the Smoothed Sequester Scenario

<table>
<thead>
<tr>
<th>With $400 Billion in Efficiency Savings ($150 Billion in Savings From Forces Needed)</th>
<th>With $200 Billion in Efficiency Savings ($350 Billion in Savings From Forces Needed)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Increases</strong> (Defense Budget Still Grows Every Year)</td>
<td><strong>Increases</strong></td>
</tr>
<tr>
<td>› Double basic and applied research funding</td>
<td>› Increase basic and applied research funding by 50 percent</td>
</tr>
<tr>
<td>› Increase Special Operations Forces</td>
<td>› Prioritize Special Operations Forces</td>
</tr>
<tr>
<td>› Increase cyber-warfare capabilities</td>
<td>› Prioritize cyber-warfare capabilities</td>
</tr>
<tr>
<td>› Increase funding for space systems</td>
<td>› Prioritize funding for space systems</td>
</tr>
<tr>
<td><strong>Decreases</strong></td>
<td><strong>Decreases</strong></td>
</tr>
<tr>
<td>› Cut Army budget by two percent a year; reduce BCTs from 45 to 35–40</td>
<td>› Cut Army budget by 5 percent a year; reduce BCTs from 45 to 30</td>
</tr>
<tr>
<td>› Cut Air Force budget by one percent a year; retire 13 active F-16 squadrons</td>
<td>› Cut Air Force budget by one percent a year; retire 13 active F-16 squadrons - OR- reduce F-35 development</td>
</tr>
<tr>
<td>› Cut missile defense to theater forces and only basic and applied research for continental forces - OR-</td>
<td>› Cut growth in Navy budget to .4 percent a year from its planned rate of .9 percent; retire cruisers and reduce F-35 development</td>
</tr>
<tr>
<td>› Reduce nuclear forces and modernization programs</td>
<td>› Cut Marine Corps budget by one percent a year; reduce end-strength by seven percent and reprioritize procurement programs</td>
</tr>
<tr>
<td></td>
<td>› Cut missile defense to theater forces and only basic and applied research for continental forces - OR-</td>
</tr>
<tr>
<td></td>
<td>› Reduce nuclear forces and modernization programs</td>
</tr>
</tbody>
</table>
reducing the Corps’ manpower from the planned 182,000 to 170,000. If cuts like those were made, basic and applied research could still be increased by 50 percent in this budget scenario.

Cuts of this magnitude would require accepting greater risk. By tailoring US active forces to a narrower range of missions, as suggested particularly by the reductions in Army BCTs, Navy cruisers, and Air Force F-16 squadrons, the forces would not be as well-prepared if circumstances arose in which the nation’s political leaders determined it was necessary to become involved in a new protracted ground conflict. Some of this risk could be mitigated by refocusing reserve components on those capabilities—like stability operations—that the active forces would be divesting. Even at this deeper level of cuts, however, we believe Strategic Agility could be implemented with moderate risk.

**Historical Builddown Scenario**

In the three previous major US defense builddowns—following the end of the Korean War in the 1950s, the Vietnam War in the 1970s, and the Cold War in the 1990s—the defense budget decreased in constant dollars by an average of 30 percent from its peak year to its low point. Today’s circumstances are difficult to compare. Base and war budgets have been separated, bringing the total defense budget to sustained levels significantly higher than at even the peaks of Cold War spending. During the past few years, war costs have decreased rapidly, though the base budget has remained relatively flat. Nevertheless, if the historical builddown trend held and was applied just to the base budget, the defense budget might be reduced to $470 billion in FY22. Reaching such a level would require an additional $790 billion in savings over 10 years, as compared to the President’s FY13 request.

The option in which $400 billion were possible in efficiency savings would call for only slightly more force and modernization reductions than were described for the $200 billion in efficiency savings option under the “smoothed sequester” budgetary level. One possibility would be to make deeper cuts in nuclear forces. Reducing the ICBM force by one of its three wings, reducing the ballistic missile submarine force to 10 submarines, delaying the modernization program, and proceeding with reductions in missile defenses previously mentioned might save more than $60 billion over the next 10 years. Additional savings might be found by not increasing basic and applied research, other than by reallocating funds within the RDT&E budget.

The second option, in which only $200 billion were implemented in efficiency savings, would require significantly deeper cuts in forces and weapon programs—$590 billion worth. To reach savings of this magnitude, the cuts described above would have to be taken together, and even further savings found. Both the missile defense and nuclear force structure cuts would be required. The Army would be brought to the same force structure as the previous option, but with its operating expenses further reduced. At 60 percent of its FY13 funding, the Army likely could only support fewer than 30 BCTs in a
Table VI-4. Illustrative Changes Under the Historical Builddown Scenario

<table>
<thead>
<tr>
<th>With $400 Billion in Efficiency Savings ($390 Billion in Savings From Forces Needed)</th>
<th>With $200 Billion in Efficiency Savings ($590 Billion in Savings From Forces Needed)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Increases</strong></td>
<td><strong>Increases</strong></td>
</tr>
<tr>
<td>› Increase basic and applied research funding by 50 percent</td>
<td>› Prioritize basic and applied research funding within RDT&amp;E</td>
</tr>
<tr>
<td>› Prioritize Special Operations Forces</td>
<td>› Prioritize Special Operations Forces by keeping funding flat</td>
</tr>
<tr>
<td>› Prioritize cyber-warfare capabilities</td>
<td>› Prioritize cyber-warfare capabilities</td>
</tr>
<tr>
<td><strong>Decreases</strong></td>
<td>** Decreases**</td>
</tr>
<tr>
<td>› Cut Army budget by five percent a year; reduce BCTs from 45 to 30</td>
<td>› Cut Army budget by 5.5 percent a year; reduce BCTs from 45 to less than 30</td>
</tr>
<tr>
<td>› Cut growth in Navy budget to .4 percent a year from its planned rate of .9 percent; retire cruisers and reduce F-35 development</td>
<td>› Navy budget held flat; retire cruisers, reduce F-35 development –AND– delay ballistic missile submarine modernization</td>
</tr>
<tr>
<td>› Cut Marine Corps budget by one percent a year; reduce end-strength by seven percent and reprioritize procurement programs</td>
<td>› Cut Marine Corps budget by 2.5 percent a year; reduce end-strength by 20 percent and reprioritize procurement programs</td>
</tr>
<tr>
<td>› Cut missile defense to theater forces and only basic and applied research for continental forces –AND–</td>
<td>› Cut missile defense to theater forces and only basic and applied research for continental forces</td>
</tr>
<tr>
<td>› Reduce nuclear forces and modernization programs</td>
<td>› Reduce nuclear forces and modernization programs</td>
</tr>
<tr>
<td></td>
<td>› Keep Reserve Component funding flat</td>
</tr>
<tr>
<td></td>
<td>› Cut all supporting agencies by five percent a year</td>
</tr>
</tbody>
</table>
fully equipped, trained, and ready status. The Marines’ end-strength would be reduced to about 150,000, or by 20 percent, of its planned level. The Air Force budget would be cut by 25 percent from its FY13 level, although much of those cuts would come from the nuclear reductions, as well as the F-16 and F-35 cuts. The Navy’s budget would be held flat with an additional reduction to reflect delaying the ballistic missile submarine modernization program. These cuts would mean true changes to force structure. In the extreme scenario, moreover, all of the supporting Defense agencies would be cut by five percent a year. Even then the prioritized programs, like Special Operations Forces, basic research, and the Reserve Components would only be able to maintain the levels requested for them in FY13, with no increases over the 10 years.

Such a force would likely still be able to execute the high-priority missions required by Strategic Agility, although with greater risk. US superior technologies and resulting qualitative advantages—especially in air and sea power—likely would still hold. Furthermore, all of the reductions could be gradually implemented, avoiding any suggestion the US was retreating from the world. During the time the budget cuts were being implemented, US allies and adversaries could see the adjustment the US was making strategically, and understand that the US still intended to maintain its commitments through rotational deployments of air and naval forces. Nevertheless, at this budget level, the armed forces would become narrowly tailored to the high-priority missions, requiring more time for the military to prepare if it was called upon to do something different, such as engage in protracted ground combat.

The reductions shown in these tables are not recommendations, but are strictly illustrative. Strategic Agility does not call for any specific force structure, but it does provide a framework for making defense choices. Those choices will be more or less difficult depending on the overall funding available for Defense, and the budgetary leeway made possible by operating the Department more efficiently. The scenarios above lay out illustratively how the strategy could be implemented at different budgetary levels, and different levels of success in achieving efficiencies.
VII. Conclusion

If there is one point which should be obvious from the illustrative budgets and forces, it is the overriding importance of implementing long-overdue reforms in the ways the Defense Department utilizes manpower, compensates personnel, and acquires goods and services. Implementation of even 20 percent of the nearly $1 trillion in potential 10-year savings that have long been identified by authoritative sources would greatly ease pressures for reductions in forces and modernization programs, especially in stringent budgetary environments. Implementation of 40 percent of these efficiency measures would permit retaining enough forces and weapon programs to minimize risks to US interests in even the most draconian budget scenario.

Growing recognition of the trade-offs between greater efficiency and the retention of greater military capabilities is increasing support for many of these measures throughout the defense establishment. Hopefully, concerns regarding our long-run fiscal challenges will help the Congress and the political interest groups that have stymied progress in the past to soon reach similar conclusions. Devices to bring about compliance with efficiency measures, such as spending caps, pay-go rules, and triggers, have long been used with respect to the budgets of civilian agencies. Thought might be given to the possible application of compliance measures to defense programs to encourage more rapid progress.

In considering future budgets, experienced defense officials and military leaders stress the desirability of two criteria. First, it is far better to make long-term decisions about future defense spending and stick to them, than to reduce spending plans year-by-year incrementally. When decision-makers have a clear sense of the resources that will be made available over the long-term, it is much easier for them to make rational choices among competing priorities. Second, it is preferable to make any necessary reductions in forces and provide sufficient resources to operate them effectively, than to pretend to maintain a larger force structure but deny it the means of ensuring its effectiveness. In short, the worst outcome of any budgetary reductions is a so-called “hollow force.” It is far better to have smaller forces capable of the missions set out for them.

The US is emerging from a protracted period of difficult conflict in the Middle East and South Asia. American service personnel have fought long and hard, and achieved a great deal; we owe them a huge debt of gratitude. In our relief due to the ending of these wars, we should not lose sight, however, of the difficulty of the tasks given to the armed services in Iraq and Afghanistan. Establishing security, stability, and effective governance is tough business. We should not forget its difficulty and the price we paid,
in both blood and treasure. The US should not enter lightly into new conflicts that could evolve into protracted wars against unconventional foes in nations far from home—far both in geographic distance and in societal values.

Even as it fought in Iraq and Afghanistan during the past 10 years—unlike the experience during the war in Southeast Asia—the US did not neglect the other military capabilities necessary to defend US interests. Indeed, US taxpayers invested heavily in defense quite apart from the wars and, as a result, we emerged with military capabilities superior to those of any other nation or potential combination of hostile nations. The ending of the conflicts in the Middle East provide the opportunity to build on these capabilities to implement a new defense strategy that takes advantage of the flexibility, agility, global reach, and potential lethality of US naval, air, and ground strike forces. Instead of the static positioning that governed the disposition of US forces during the Cold War, the United States can move—as political conditions in the three main potential theaters of combat make possible—to an expeditionary model that facilitates continuing engagement with allies and friends, without elaborate infrastructures overseas. This would be a model that plays to US comparative military advantages without potentially counterproductive involvement in other nations’ politics and the antagonisms that sometimes result from cultural sensitivities. In any budgetary scenario, a shift over time to the new strategy will better help the US defend its interests and maintain its global security leadership, with minimal risks, in the evolving international environment.
While I support the thrust of the report, particularly the recognition of US global military superiority, and the focus on down-sizing conventional ground forces, I have strong reservations with respect to some of the issues raised.

First, it is unrealistic to create an option for increasing defense budgets. The defense budget is inevitably headed down, even without sequester, and regardless of the outcome of the 2012 election. Any other expectation befuddles rational planning.

Second, the “smoothed sequester” and the “historical builddown” options are politically likely, budgetarily realistic, strategically responsible, and manageable with no damage to US national security interests. It would be wise for the Defense Department to begin planning to that target.

Third, the efficiencies and acquisition reform suggestions, while desirable, are unlikely to be achieved. Budget reductions will force efficiencies, not the other way around. The Department should plan accordingly.

Fourth, “defending the global commons” is not a useful planning algorithm. The security of space, air, and sea operations for civilian and commercial purposes is provided by international law and organizations, and shared interest, not by the US military. Our military forces do not defend every communications and observational satellite, every commercial jet, or every cargo ship and tanker.

Fifth, the report too easily endorses offensive cyber capabilities. The US is not an innocent, drive-by victim of cyber-attacks, but already a leading initiator of such capabilities, helping stimulate a cyber-arms race.

Sixth, burden-sharing rhetoric is unrealistic as a defense planning tool. It is far from clear that allies and “friends” of the US share the US view of global security dilemmas or the role of military force.

Seventh, I support a more far-reaching approach to nuclear force reductions, leading to “monad” based on a smaller number of SLBMs.

-Gordon Adams
This report deserves strong endorsement because it provides a politically realistic service, but it does not go far enough. It presents responsible recommendations in the right direction—restraint of American global ambition and intervention—that can attract enough support to be implemented. Strategic analysis unconstrained by the practical need for consensus, however, would emphasize more sharply the radical changes in external threats and proper demands on American effort since the collapse of fascism and communism in the 20th century. This in turn would better underline the imperative for belt-tightening in defense to do its share in regaining domestic economic security. With threats from great powers in remission, and threats from terrorists mostly handled by the less expensive elements of military forces, it makes no sense for Washington to keep borrowing hundreds of billions of dollars in order to keep spending almost half of the world’s total for military power.

A particular example of how this report might have gone further would have been to dispense with the recommendation to continue stationing two US brigade combat teams in Europe to reassure the allies. When those allies on their own now vastly outweigh Russia, and allocate half of what the United States does to our common defense, there is no truly strategic need to keep any more US forces there than necessary to maintain the logistical basis for future reinforcement if things go bad. NATO, counterterrorism, and American leadership and military superiority are all important. These goals, however, should not be confused with assumed responsibility to control local strategic interactions everywhere in the world, to maintain all of the basic force structures to which we became accustomed in past decades of epochal conflict, or to subsidize wealthy allies in order to reassure them.

-Richard K. Betts

I applaud the wisdom and political courage of this effort to optimize the nation’s defense posture while addressing the strategic imperative to arrest the growth in unsustainable debt. While supporting the report’s conclusions, I wish to emphasize the growing relevance of non-military tools in shaping the current international security environment, and their corresponding effect on the potential requirement for employing military assets. In contrast to the industrial age and the rise of state power enforced by large conventional and unconventional forces, the security environment today is driven by various factors including economic interest, competing ethnic or religious identities, and mass perceptions of injustice and grievance. The power of media and communications connectivity has elevated the capacity of information to trigger popular anger, violence, and political revolt. We need an expanded concept of security and the levers of influence to achieve it, including by recognizing the salutary effects of non-coercive military presence and engagement. I am unconvinced that rebasing significant numbers of forces with their families from foreign bases to CONUS will either preserve the considerable benefits of the status quo or yield substantial net budget savings. However, a transformational effort within civilian agencies aimed at fashioning more potent non-military tools of influence would lessen this concern and mitigate the risk of other tradeoffs identified in this report.

-Lincoln P. Bloomfield, Jr.
We support this report’s conclusions with one exception: We do not believe it goes far enough in calling for nuclear weapons reductions. In our recent report for Global Zero, we argued the United States should fundamentally shift its nuclear policy and arsenal, maintaining a maximum of 900 total nuclear weapons with only one-half deployed at any time on a combination of ballistic missile submarines and B-2 bombers. We repeat that conclusion here.

-Richard Burt and James E. Cartwright

I support the principles and conclusions that constitute a new defense strategy of Strategic Agility. However, while the report stresses that the possible force structure changes listed in section VI are only illustrative, the reader could consider these examples as actual recommendations. There are alternatives that can achieve the strategy more cost-effectively.

For example, a more cost-effective means of projecting power can result from reliance on land-based airpower operating from the worldwide network of bases described in the report, rather than an over-weighted dependence on the considerably more costly sea-based aviation advocated by the report’s force structure illustrations. Additionally, 5th generation multi-dimensional ISR/strike forces—in the Navy, Air Force, and Marine Corps—have the potential of introducing new concepts of operation that would be significantly more cost-effective than traditional applications of 4th-generation aircraft. Any suggestions in the report to significantly reduce or eliminate any Service variant of the F-35 fly in the face of maintaining the Nation’s technological advantage over its adversaries.

The need to exploit technology while integrating capabilities to achieve a greater degree of Service interdependence in the future is paramount. The report tends to reflect a more traditional focus on inputs from the individual services. Integrated Service component capabilities, in combination with innovative concepts for organizational structure and operations, have the potential for yielding significant savings, and greater military effectiveness. A tangible example would be F-35’s used to queue Aegis fleet missile defense batteries for engaging adversary anti-ship ballistic missiles launched against US aircraft carriers. There are many others.

Moreover, section VI conflates Service functions to organize, train, and equip, with employment options that are the purview of combatant commanders. A true joint and capabilities-based approach to crafting force structure would provide combatant commanders the means to achieve desired security effects in a more cost-effective manner than reflected in the report.

Lastly, a strategy of Strategic Agility should specifically unleash and energize the Services to develop the best means of exploiting their associated competencies within the context of the new strategy. Stipulating force structures, or even force relationships, is premature and will deprive the Nation of as yet-undiscovered but potentially superior means of achieving the strategy objectives.

It is my hope that these few cautionary paragraphs will assist in clarifying the ideas behind this important work, and bring balance and order to the debate.

-David A. Deptula
The premise of this exercise is the linkage between national security and the nation’s fiscal hole: that the federal debt must be reduced if vigorous economic growth is to be restored, and that without such growth the resources to adequately fund national security agencies will not be available for the long term. Even with added revenues, the size of the necessary cuts demands that they come from across the federal budget—from domestic discretionary spending, entitlements, and defense.

Only three of the four scenarios described in this report meet this criterion; the growth scenario does not belong. It is ‘usual think’ in a time that requires a great deal more courage to take on the shibboleth that any cuts in defense spending put national security at risk. Adding insult to inappropriateness, it rolls cuts made through efficiency improvements into new force additions—the usual politics of using cuts in defense “tail” as an incentive to add new “tooth,” rather than as a means to achieve savings. The growth scenario's presence in this report weakens an otherwise careful, bold, and thoughtful piece of work.

On a different front, I question the unsupported assertion that all 11 of the Navy’s carrier battle groups should be preserved. This is a Cold War-level force and the most expensive of all force structures at that. The argument is made that the Navy does not require “permanent bases on other nations’ territory.” While true in peacetime, in war the Navy, like every other force, does require bases that can be absolutely relied on. The report attempts to square this circle by arguing that carrier groups “should be emphasized as platforms for power projection and presence, and less as fighting forces.” This seems an excessively expensive way to maintain presence—almost alone on the world’s blue waters.

-Jessica T. Mathews

I support this report’s conclusions, but believe it remains too cavalier about the unilateral use of drones against terror organizations operating on the territory of sovereign nations with which the US is not at war. Though these unmanned aircraft provide a valuable national security tool, the United States risks establishing dangerous precedents that will come back to haunt us as other nations develop their own unmanned capabilities. The US should work to establish a formal international framework that governs the complex and challenging space between the law of war and criminal law, setting forth agreed rules on the targeting, detention, and legal rights of individuals attacking the United States and its allies in the name of non-state organizations.

-Anne-Marie Slaughter
Project Staff

Barry Blechman

*Project Director*

Distinguished Fellow and Co-Founder, Stimson

Russell Rumbaugh

Director, Budgeting for Foreign Affairs and Defense, Stimson

Matt Leatherman, Stimson

Kerri West, Stimson

Jon Quinn and Douglas Hamilton provided oversight for this project for the Peter G. Peterson Foundation.

April Umminger, Crystal Chiu, and Rebecca Rand produced the report and graphics.