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STATEMENT BEFORE THE HOUSE ARMED SERVICES COMMITTEE

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Chairman McKeon, Ranking Member Smith, and Members of the Committee, thank you for inviting me to testify today. On September 11, 2001, I was working in the Pentagon as part of a small team drafting the 2001 Quadrennial Defense Review. The 9/11 attacks were a watershed event for me personally and for the Department of Defense. The attacks immediately reduced the peacetime bureaucratic processes of the day, including the QDR, to trivialities, as the Department – and the Nation – unified in their intent to vanquish the Islamist terrorists who perpetrated the attacks and to prevent future attacks on the United States.

This week, it is appropriate that we remember those who were murdered by al Qaeda on that sunny Tuesday morning in New York, Washington, and Pennsylvania. We also remember those who serve in our intelligence and military services, and their families, and have made such extraordinary sacrifices in Iraq, Afghanistan, and other operations around the world. We honor especially the more than six thousand American Service Members who have died and more than 45,000 who have been wounded while fighting since 9/11. While we are thankful that in a decade's time al Qaeda has never succeeded in conducting another major terrorist attack on American soil, we also remember that America is not alone in facing al Qaeda and its affiliates' indiscriminate acts of terror. Allies and friends around the world -- nowhere more so than in the Muslim world -- have also lost countless lives to al Qaeda's acts of barbarity.

In my testimony today, I will outline some of the pertinent lessons to be drawn from the past decade, the security and fiscal challenges we face looking ahead, and how we might reconcile them in the years ahead.

Lessons Learned Since 9/11

Looking ahead, it is important to draw the right lessons from our experiences over the past decade:

First, we criticized ourselves in the aftermath of the 9/11 attacks for "failing to connect the dots." Although we have made significant improvements in our intelligence enterprise to prevent future attacks, we should not kid ourselves: Despite our best efforts to anticipate and prevent strategic surprises, we must also be prepared for future shocks and inevitable surprises. We must develop the resiliency to minimize them and the agility to adapt rapidly

and respond appropriately. We should avoid the mistake of the 1990s, where we over-optimized U.S. general purpose forces for the wars we preferred to fight that resembled OPERATION DESERT STORM. Instead, we must ensure our future forces organize, train, and equip themselves to fight in ways that defy our preferences: when our satellite communications are jammed; regional airfields are bombarded with rockets and missiles; ports are mined so that transport ships cannot enter their harbors; and anti-ship missiles force naval and amphibious forces to operate from greater distances.

Second, over the past decade the U.S. military has come to embrace a modern version of what B.H. Liddell Hart called the strategy of the indirect approach. By enabling and working with and through allies and partner security forces in Iraq, Afghanistan, and elsewhere in the world, the United States has been far more effective in defeating al Qaeda and other irregular forces than if we had fought them unilaterally. As we look ahead, the United States should continue to employ indirect approaches that leverage the advantages of others with whom we share common security interests. Especially in an age of austerity, we will need to encourage and enable our allies and friends around the world to do more for their own defense, while the United States maintains principal responsibility for securing the Global Commons of the high seas, the skies above, space, and cyberspace.

Third, we have seen the enormous costs that a non-state adversary with limited means has been able to impose on the United States. For less than a million dollars, al Qaeda organized and executed the 9/11 attacks. Conservative estimates reckon the financial impact of the attacks and America's response to be more than \$1 trillion. As we enter an age of austerity we must not only think about how we can save money and where we can take risk; we must also think more about how we adopt cost-imposing strategies to turn the tables on those who would pose threats to our security. Especially when resources are limited, we must think harder about increasing our competitors' costs while minimizing our own.

At the same time, we must avoid drawing the wrong lessons from the past decade. While it would be a mistake for the United States to turn its back on irregular warfare and all that we have re-learned about counter-insurgency in the past decade, future wars may look very different. For example, we have seen the incredible impact that unmanned aerial vehicles have had in locating and targeting terrorists and insurgents and we have greatly expanded our fleets of non-stealthy Predator, Reaper, Shadow, FireScout, and Global Hawk UAVs. Future adversaries, however, may possess air defenses that limit the use of high-signature aircraft. Simply acquiring future capabilities based on their effectiveness in the past decade could leave U.S. forces less prepared and more vulnerable as they encounter more capable adversaries.

Principal Security Challenges Ahead

Ten years on from the 9/11 attacks, America finds its military forces still engaged in Iraq, Afghanistan, and conducting other combat and non-combat operations around the world. While al Qaeda has been greatly weakened over the decade and the United States has been successful in hunting down its leadership and keeping it on the run, it remains determined to visit violence on the United States, its friends, and allies. Consequently, the United States must remain vigilant.

At the same time, the United States simply does not have the luxury to focus only on the clear and present danger posed by al Qaeda. As a global power, and indeed as the free world's security partner of choice, the United States faces a range of foreign threats. Even while we have checked the evil of al Qaeda, other dangers are growing. Three challenges in particular will require greater attention over the next several decades, and preparing for them represents the most prudent course of action to ensure the appropriate portfolio of military forces and capabilities to confer the flexibility and fungibility needed to deal with the widest range of inevitable surprises and unforeseen contingencies:

The Rise of China. It is instructive that the United States planned for war with Great Britain up to the eve of World War II. The United States did not see Great Britain as the most likely threat, but the potential danger posed by the Royal Navy to hemispheric defense was the most consequential. Similarly, China today has the greatest potential to compete with the United States militarily. China is not an enemy, but the course that it will chart in the next several decades is far from clear. China's spectacular economic growth over the past several decades has contributed positively to the global economy. Its thirst for overseas commodities and unsettled maritime claims, however, are cause for concern. Even more worrisome has been its sustained military build-up, including the development and fielding of so-called anti-access and area-denial capabilities that appear intended to take on the American military's traditional approaches to transoceanic power projection and forward presence in distant geographic theaters. China's A2/AD network includes growing inventories of medium- and intermediate-range missiles; state-of-the-art integrated air defenses; submarine forces; anti-satellite systems; and computer network attack capabilities.

Regional Nuclear Powers. Nuclear threats are not new; the United States has lived with the threat of nuclear weapons in the hands of hostile powers since the Soviet Union tested its first nuclear weapon in 1949. New nuclear powers, however, are emerging and threatening regional military balances. North Korea has not only tested its own nuclear weapon, but has proliferated nuclear and missile technology. It has brandished its nuclear capabilities vis-à-vis South Korea and Japan, and in the event of an internal power struggle following the death of Kim Jong Il, its nuclear capabilities could be up for grabs. The most likely nuclear exchange scenario, however, may involve Pakistan and India. Should Islamist terrorists repeat a Mumbai-like attack against India, or if tensions should escalate resulting in the conventionally superior Indian Army making incursions into Pakistan, Pakistan could resort to the use of nuclear weapons. Increasing instability in Pakistan, moreover, holds the possibility of the army losing control over its dozens of distributed nuclear weapons and specter of them falling into the hands of Islamist terrorists. Finally, and perhaps most consequentially for the United States and its friends in the Middle East, Iran is continuing efforts to acquire nuclear weapons. Should Iran acquire nuclear weapons, instability would characterize the strategic balance between Iran and Israel, with both sides potentially having incentives to pre-emptively attack the other. Iran's possession of nuclear weapons would also likely compel other regional states, including Saudi Arabia, Egypt and Turkey, to acquire their own nuclear capabilities, further destabilizing an already unstable critical region of the world.

Transnational Non-State Actors. Even after the killing of Osama Bin Laden by U.S. SEALs, al Qaeda and other non-state groups may continue to threaten U.S. security interests. While al Qaeda has weakened over the past several decades, affiliated groups have emerged in Europe, Africa, the Middle East and Southeast Asia. Other non-state actors including insurgent, terrorist, and criminal groups are continuing their attempts to destabilize fragile strategic states around the world. The lethality of violent extremist groups would increase dramatically should they acquire nuclear or biological weapons. Within our own hemisphere, narco-cartels continue to threaten the stability of key partners such as Mexico and Colombia. In the future, transnational non-state actors may grow in importance. The threats they pose will increase as great powers arm them with more sophisticated weaponry and employ them as proxies in peripheral contests to impose costs on their state rivals and bleed them, rather than opposing other great powers more directly.

Cumulatively, these challenges suggest a more dangerous world – one in which traditional forms of American power projection will become prohibitively costly; nuclear dangers will become more common in distant theaters and as threats at home; and irregular warfare will remain an enduring feature of the security environment.

The geographic nexus of these challenges is the Indo-Pacific region, stretching from the Persian Gulf to the Strait of Malacca and up to the Sea of Japan. Although the U.S. military does not have the luxury of focusing on a single theater, the greatest tests our armed forces will face in the coming decades are likely to emanate from this region. Just as military planners focused their attention upon Europe and Northeast Asia as principal theaters during the Cold War, it is the Indo-Pacific region that will dominate the attention of planners over the next several decades as they wrestle with these challenges.

In confronting these security challenges, the United States is also likely to face multi-dimensional access and operational problems. Future adversaries may:

- Deny the United States the ability to generate sorties from theater bases and aircraft carriers within range of their missiles, necessitating both carrier- and land-based air operations from far greater ranges;
- Possess more sophisticated air defense than recent adversaries in Libya, Iraq and Kosovo with mobile passive target acquisition radars that are more difficult to locate and longer-range surface-to-air missiles, resulting in the increased vulnerability of non-stealthy manned and unmanned aircraft;
- Employ systems to jam GPS signals and deny communications links to U.S. aircraft, requiring the United States to develop alternatives to GPS for positioning, navigation and timing, as well as local communications schemes such as airborne line-of-sight relays if satellite communications are unavailable;
- Develop their own fifth generation fighter aircraft, challenging U.S. localized air superiority;

- Employ over-the-horizon maritime ISR, long-range anti-ship missiles, supercavitating torpedoes, and mines to hold off U.S. naval surface and amphibious ships;
- Threaten regional air and sea ports of debarkation with conventional, chemical, biological, or nuclear attacks to impede the insertion and staging of large ground forces in neighboring countries;
- Attack U.S. ISR, communications, or GPS satellites using radio-frequency interference, direct ascent anti-satellite missiles, co-orbital anti-satellite weapons, or directed energy systems;
- Attack U.S. and allied military computer networks used for command and control, logistics and mission control, or civilian networks related to critical infrastructure;
- Target civilian populations in the United States or allied cities; and
- Exploit civilian populations to provide sanctuary from attacks.

Overcoming these problems will require forces and capabilities that can respond to threats on a global basis rapidly; operate from range; carry sufficient payloads; evade detection, penetrate into denied areas and persist to strike elusive targets; operate in small, highly distributed formations autonomously; and survive and operate effectively in extreme WMD environments.

America's Fiscal Predicament

Compounding these dangers, Admiral Michael Mullin, the Chairman of the Joint Chiefs of Staff, has justifiably characterized America's fiscal predicament as a national security threat. Unlike previous periods in our history when the United States ran large deficits and increased its debt, it is unlikely simply to "grow" its way out of debt this time around. The rate of increase in the national debt is projected to exceed by a wide margin even the most optimistic estimates of U.S. economic growth rates.

Given this reality, Congress faces difficult choices about raising taxes, curbing growth in entitlement programs, and/or cutting discretionary Federal spending, including National Defense. Should the Joint Committee fail to reach agreement on a deficit reduction plan as directed by the Budget Control Act, the sequestration trigger could result in an additional \$500 billion reduction in defense spending beyond the \$350 billion already envisaged over the next ten years. Such draconian cuts, especially if level-loaded across the ten-year period, would compel Defense programmers and budgeteers to identify "quick cuts" rather than "smart cuts," thereby stretching procurement programs and reducing operations and maintenance spending to generate immediate savings.

Some believe that it would be relatively easy and painless to cut \$500-800 billion from defense over the next decade. Many cite the defense build-up since 9/11 and suggest that

with the drawdowns of forces from Iraq and Afghanistan, we can reduce defense spending as we have after other major buildups in history. It is true that defense spending, including war costs, increased from slightly less than \$400 billion in FY01 to around \$700 billion in FY11 (in constant FY12 dollars). This build-up, however, is markedly different from defense build-ups of the past. In the aftermath of previous build-ups, budget cutters could count on reducing end-strength and paring back procurement. In the post-9/11 build-up, though, end-strength changed very little; Active Component end-strength has hovered around one-and-a-half million, while recapitalization and modernization plans for large parts of the forces were largely deferred, continuing the so-called “procurement holiday” of the previous decade.

America cannot afford to balance the budget on the back of defense. Reductions beyond the \$350 billion in cuts over ten years already anticipated will be difficult for the Department of Defense to make, especially while U.S. forces are still engaged in wars overseas. If the sequestration trigger were pulled, it could result in even more drastic reductions placing the United States at great peril. At the same time, it is increasingly unlikely that Defense will be spared from some reductions in the years ahead. The challenge will be in making adjustments to DoD to develop and maintain those forces and capabilities that are most relevant to the security challenges ahead and capable of operating in non-permissive conditions, while finding efficiencies and reducing those forces and capabilities that are least relevant and most dependent on relatively benign operating conditions.

Making Changes to Meet Security Challenges in an Age of Austerity

The security challenges we face in the decade ahead are greater than they have been at any time since the Cold War, while the resources to deal with them are becoming more constrained. Together, the dual imperatives of preparing for new security challenges and reducing defense spending are likely to drive changes in the military over the coming decade. Ideally, DoD should revise the Defense Strategy to explain how it will reconcile the changing security environment with reductions in defense spending.

Akin to the Nixon Doctrine in 1969, a revised Defense Strategy might call on allies and partners to do more in their own defense, with the United States serving as a global enabler rather than a “first responder” for regional crises. As part of a new bargain with its allies and close partners around the world, the United States might redouble its efforts to police the Global Commons – the high seas, air, space and cyberspace -- beyond the sovereign control of other states for the benefit of all, while expecting its allies to do more at home. Just as the United States may find it more difficult to project power in the future, it might once again serve as an “Arsenal of Democracy” to arm allies and friendly states with their own anti-access and area-denial capabilities to defend their own sovereignty from regional hegemonic aspirants.

Emulating President Eisenhower’s New Look strategy, a revised strategy might place emphasis on particular elements of the U.S. military to foster deterrence. Just as the New Look emphasized nuclear weapons to deter aggression, the United States today might emphasize special operations forces and global strike capabilities – including cyber, conventional and nuclear – to deter aggression or coercion. In its divisions of labor with allies and friendly states around the world, special operations, and global surveillance

and strike capabilities represent unique American military advantages that are beyond the means of most states and are thus complementary rather than duplicative. Special operations and global surveillance and strike capabilities, moreover, are among the most fungible capabilities in the U.S. arsenal as they can be applied across a range of theaters in a variety of military operations. Such capabilities may also be among the least vulnerable to anti-access/area denial threats.

DoD should revise its force planning construct to move away from preparing to conduct concurrent large-scale land combat campaigns focused on conducting or repelling invasions. It should consider a wider range of contingencies, including the elimination of a hostile power's WMD capabilities. At the same time, it should assume that the United States would conduct no more than one large-scale land combat campaign at any given time. To deal with opportunistic aggression by a third party if the United States is engaged in war, the United States should maintain sufficient global strike capabilities, including a deep magazine of precision-guided weapons, to halt invading forces and conduct heavy punitive attacks over extended periods of time.

DoD should also reconsider military roles and missions. It should reduce duplication across the services, including in combat aircraft, armored forces, and cyber capabilities. Rather than having all Services equally prepared for all contingencies across the spectrum of conflict, it should explore greater differentiation between the Services. For example:

- The Marine Corps might reinvigorate its role providing forward presence and optimize itself as the Nation's premiere on-call crisis response force on a day-to-day basis. In a state of general war, the Marine Corps might perform two main roles: first, small teams of highly distributed / highly mobile Marines could conduct low-signature amphibious landings and designate targets ashore for bombers and submarines as a vanguard force in the early stages of a blinding campaign; and second, Marines could play an instrumental role seizing key bases and maritime chokepoints, particularly in peripheral theaters, to enable follow-on operations of the joint force.
- The Army might focus on security force assistance to foreign security forces steady-state. In a general state of war, it should be prepared with a Corps-sized capability to conduct a large-scale WMD elimination campaign as its most stressing case.
- As the Army and Marine Corps expand their capacity for security force assistance and foreign internal defense in semi-permissive environments, special operations forces could shift their emphasis toward unconventional warfare, foreign internal defense, counterterrorism, special reconnaissance, direct action, and special WMD elimination in denied environments.
- The Air Force and Navy might reduce their forward presence while focusing more on delivering globally available capabilities to penetrate enemy anti-access/area-denial networks, providing persistent broad area surveillance and attack as

well as mutually assured air and sea denial in contested zones, while maintaining control of the Global Commons.

Beyond changes in the strategy and design of forces, we should explore ways to gain efficiencies in the institutional functions of the Department and reduce headquarters staffs. Over the past several decades almost all headquarters units in the Department have grown significantly while operating forces have remained level or declined. Large headquarters staffs, including the staff in the Office of the Secretary of Defense, do not improve military effectiveness and, arguably, reduce the Department's agility to deal with lean adversaries such as al Qaeda. Congress might consider reducing legislative reporting requirements to facilitate staff reductions.

We must also act to arrest personnel cost growth lest DoD follow the path of large American corporations that have run into trouble in recent years as their healthcare and pension costs have made them less competitive. U.S. military pay raises—in excess of the employment cost index (ECI)—and added or expanded benefits have increased the cost of military personnel on a per person basis by 46 percent in real terms since 9/11. Military healthcare is another significant contributor to the growth in personnel costs, having risen by 85 percent in real terms over the past decade. Congress should consider an overhaul of military compensation, healthcare, and retirement pensions to bring them more in line with private sector best practices.

DoD should develop new operational concepts such as AirSea Battle that address the types of security challenges outlined earlier. Such concepts serve a vital function as the connective tissue between strategic objectives and the types of forces and capability investments that are needed. DoD should evaluate its R&D and procurement programs and prioritize them in light of its operational concepts. Capabilities that are fungible across theaters and combine multiple attributes described earlier – global responsiveness and range; payload; survivability; endurance; autonomy; and counter-WMD – should receive high priority. Those that lack such attributes or make only niche contributions should be accorded lower priority.

Finally, DoD should draw a lesson from the past. Between the First and Second World Wars, the War and Navy Departments faced far graver budgetary austerity than anything currently being contemplated. Their forces were dramatically reduced following demobilization after World War I. Field-grade officers such as Dwight Eisenhower had trouble making ends meet and considered leaving the Service. But despite terrible funding conditions, the Army, Navy and Marine Corps protected their intellectual capital. They used their limited resources to experiment with new capabilities like the airplane, aircraft carrier, and the tank. They conducted a series of wargames, developed a wide range of Color Plans, and they developed operational concepts like Amphibious Warfare that would prove so crucial in the Second World War. Likewise, it would be prudent to protect DoD's intellectual capital in the current environment.

Conclusion

Despite the conventional wisdom that America is in decline, the United States continues to enjoy unrivalled strategic advantages. We are blessed with insular geography and friendly neighbors. America is rich in natural resources and fertile land. It enjoys deep and enduring alliances and access to a global portfolio of bases. It has a culture of assimilating immigrants and promoting innovation. The United States enjoys the most favorable position relative to all of the other great powers. With ample political will and shared sacrifice, I am confident the United States can get its economic house back in order, while safeguarding the country from those who would harm us.

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The Center for Strategic and Budgetary Assessments (CSBA) is an independent, nonpartisan policy research institute established to promote innovative thinking and debate about national security strategy and investment options. CSBA's goal is to enable policymakers to make informed decisions on matters of strategy, security policy and resource allocation.

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