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NATIONAL DEFENSE INTO THE 21ST CENTURY: DEFINING THE ISSUES

(AUSA's Institute of Land Warfare sponsors a series of small conferences to examine defense topics impacting on the U.S. Army. In that regard, a two-day conference was coordinated in conjunction with the U.S. Army War College, the U.S. Naval War College and the Atlantic Council of the United States. This conference examined the issues of national security and the individual military services as they pertain to the Quadrennial Defense Review. The following are remarks as prepared for delivery by Deputy Secretary of Defense John P. White on 24 February 1997.)

I appreciate the opportunity to speak to you today, because this is a critical moment for the Department of Defense, our defense policy, and the armed forces we maintain to protect and defend us. We are going to be counting on organizations like yours for support as we make the tough but critical decisions about our future.

We are at a pivot point in history, as the Cold War recedes into the past and a new century rushes toward us. We have prepared well for this point, having spent the past four years building a national security strategy and the military forces necessary to meet today's challenges. We also know we cannot stand still. The chief characteristic of this world is rapid change. To protect American security, we must stay ahead of change — indeed, we must shape and direct that change.

If we are to shape the future, we have to resist the natural impulse to be nearsighted — to focus our defense strategies, resources and choices mainly on the world as we know it. During the Cold War, when the threat forecast was relatively constant and the adversaries were well identified, our principal security challenges were clear. But in today's world, when the threat forecast is more blurry and changeable, we must focus a greater share of our attention on the strategy and requirements for meeting the unknown challenges of the long term.

In short, we need to strike a better balance between the present and the future. That is one of our chief goals in the Quadrennial Defense Review as we take a hard look at the world ahead, identify the challenges that confront us, and determine the best and most affordable way to meet those challenges.

Today I want to talk about how we are using the QDR to help us make the key decisions that will guide our national defense into the coming century. Some of our choices will be hard. They will involve difficult trade-offs, and they will be controversial. But unless we are willing to make them, we run the risk of entering the next century unprepared for the challenges we will face. Our strategy for the 21st century must drive our choices in the QDR, but we must make these choices within the resource constraints we face. This is the central challenge for the QDR and the basic reason we have undertaken it: to develop a new strategy and new capabilities for a new era with limited resources.

First, let me tell you a little about the QDR. It is a collaborative effort involving the Office of the Secretary of Defense, the Joint Staff, the CINCs [commanders in chief] and the services. At a general level the review is being conducted by seven panels, each with its own subject area — strategy, force structure, modernization, readiness,

infrastructure, human resources and information operations and intelligence.

At more senior levels, this work is reviewed and integrated, options are developed, and choices are framed for decision by the Secretary. As we proceed, we will work closely with the National Defense Panel, which is now established and prepared to review our progress and to make recommendations for consideration by the Department. We will present our final report to Congress by May 15, but will be consulting with them throughout the process.

Our overarching goal in the QDR is a fundamental reassessment of America's defense. It is about assessing and balancing risk, developing an appropriate strategy, and making tough choices about the capabilities we need to carry out that strategy. As the Secretary has stressed, we are examining everything: strategic assumptions, warfighting plans, force size and disposition, investment programs and supporting infrastructure.

I want to emphasize four broad ideas about the QDR that I hope to leave with you today:

- ◆ It is strategy-driven; that is, we will make choices based on how best to meet the perceived threats and challenges of the future.
- ◆ It is realistic. Therefore, we are taking into account the resource constraints we face. We want our choices to be executable. To ignore the resource constraints would be to produce a work of no practical value.
- ◆ It is analytic and professional. We are engaged in a serious analytic process to determine what we need, how we structure our forces, how we develop our program — always informed by professional military judgments.
- ◆ Finally, at the end of the day, choices in the QDR are about balancing risks. We must assess a changing world (knowing our forecasts will often be wrong), and then evaluate the trade-offs between present and future capabilities realistically, among competing alternatives to accomplish the same mission, and among the threats and challenges we may face and for which we must prepare.

Risks are unavoidable, so what is the correct balance?

A fundamental problem we must address in the QDR concerns the overall balance of our defense program, specifically the necessity of modernizing our force while maintaining highly ready forces today for the broad range of missions our strategy demands. If we continue as we have over the past few years, we will be unable to modernize the force sufficiently. You are all familiar with the call for increasing our funding for procurement to a level of approximately \$60 billion per year. This is the level estimated to be required to replace our aging equipment and to maintain our technological edge. We have not been able to meet this goal in our past few budgets.

Let me illustrate this dilemma: Last year, we planned to put \$45.5 billion in the FY98 budget for procurement. But in the budget we submitted to Congress this month, we actually asked for only \$42.5 billion — \$3 billion less. As those of you who follow the budget carefully know, this phenomenon has bedeviled us for the past several years, although we have made improvements year to year. There are three basic reasons why we have had this problem.

First of all, we had to offset the costs of contingency operations that were not provided for in last year's budget. This is a chronic problem that often forces us to dip into our readiness and modernization funds.

Second, every year we face a cost-forecasting problem. When the services put together their budget plans, they are often too optimistic about the cost of operations and support, such as running military installations or conducting depot maintenance. Consequently, in each budget year, they may have to spend more money on operations and support than originally planned, and they typically spend it out of procurement. It can really add up. We had to shift \$2.9 billion from the modernization account to pay for these underestimated costs in the FY98 budget.

But, the problem is more complicated. Between 1990 and 1997, our spending on procurement dropped about 53 percent. That was appropriate during the post-Cold War drawdown, because we

could keep our forces modern by weeding out the older equipment.

Over the past four years, we took on an array of new responsibilities and activities. We not only needed to size our capabilities to deal with two nearly simultaneous major contingencies, but we also faced a dramatic increase in other activities, running the gamut from humanitarian and relief operations in the third world to the major deployment in Bosnia. This was a new world for all of us and we needed to evolve and adjust with it.

A new world with new challenges required us to focus resources on the here and now. That was appropriate. We needed to be successful in meeting these new challenges, and we have been. Our current defense strategy and forces structure have kept us relatively safe in this uncertain, dynamic world. Indeed, we have helped to make the world a less dangerous place. We have deterred aggression in the Arabian Gulf. We have restored democracy to Haiti. We have stopped the war in Bosnia and prevented it from spreading throughout the heart of Europe. We have maintained peace on the Korean peninsula. Meanwhile, we have helped to reduce the former Soviet nuclear arsenals, heal the Cold War fault lines in Europe, advance cooperation and stability in our own hemisphere, and strengthen our alliance with Japan as we advanced security in the Pacific. In short, we have made the world a safer place and yes, a better place. And the key to all of this has been American engagement in the world. The focus on the present has come at the expense of investment for the future. We cannot continue this practice of ignoring future needs while we operate in the present. We need to strike the proper balance between these competing demands. This year we are beginning the transition to a new era. As part of that transition, we need a completely fresh examination of how we balance current and future capabilities.

Some might challenge this assertion. Today we have the world's most capable military, a powerful and flexible force second to none. Our forces are ready, our people are of the highest quality, and we continue to maintain our technological edge and to modernize the force. We have strong alliances, a global presence, and the ability to meet any potential challenge on today's battlefield. Why the

call for reviewing our defense strategy, making hard choices, reshaping the force?

The fundamental reason is the one I have already mentioned: We cannot stand idle while the world changes around us. We must actively shape events, revise our strategies as necessary, and adapt to the changing environment.

In addition, as I have said, we must be assured that we have struck the correct balance between present and future, and across the array of risks that must be faced.

To do this right, the QDR will work through four levels of analysis, beginning with a close examination of the challenges we face and our objectives in meeting those challenges. Essentially this is a threat analysis, taking into account the potential changes in the world over the coming years and the anticipated challenges to our interests. It is also an attempt to identify the opportunities available to us to shape the future in ways favorable to our interests.

We must maintain our ability to meet today's challenges while we position ourselves to prevent future threats from emerging and to be able to defeat them if they do emerge.

With this view of the desirable future, we then must develop a strategy to help achieve that world. This is the second level of analysis. The core principles of that strategy have been identified even though we are still exploring many specific means of implementation.

- ◆ First, we want to shape the international environment, to promote regional stability, to prevent or reduce conflict and threats, and to deter aggression and coercion.
- ◆ Second, we want our forces to be able to respond to a full spectrum of challenges — from deterring aggression and coercion in crises, to conducting a wide range of contingency operations, including fighting and winning theater wars. These first two principles require the United States to remain engaged in the world, to lead, and to work to influence the actions of others — who can affect our national well-being.

- ◆ The third principle is that we must prepare now for the challenges of an uncertain future. We must exploit the revolution in military affairs, introduce best business practices into the Department, and remain flexible to deal with unlikely but potentially significant threats.

The third level in the QDR analysis is to translate the strategy into specific elements of our overall defense posture — what missions will our forces will be equipped to undertake, what range of capabilities we need, how many forces are required, and how should they be structured.

From that analysis will flow specific decisions — numbers and kinds of forces, infrastructure, modernization of systems, R & D programs and so on. Only when we have made the decisions at the other levels can we address the specific allocation of resources. This is the fourth level. But once we have reached that level, we must keep the decision process integrated, because a decision in one area will affect what we should do in other areas.

For example, decisions about lift can affect both strategic options — how we might choose to deal with a potential conflict — and options for weapons systems in individual services. If we alter a large modernization program because the threat has changed, it can necessitate changes in force structure. Conversely, changes in force structure can cause changes in modernization programs and support infrastructure. In addition, changes in one modernization program can affect others. Only by making the connections and their implications clear can we have a crisp and coherent debate over fundamental decisions.

Recognizing all these complexities and interdependencies still begs the question of whether there is a need for hard choices. The answer is clearly yes. There is a temptation to assume — or hope — that the choices we face will not be as difficult because we will find relief from budgetary pressures. I believe this is wishful thinking. Given the pressures for deficit reduction and a balanced budget by 2002, I do not believe we can assume that the resources available for defense will be greater than those available today. Will the current allocation of resources allow us to do all we need to

do? No. We have demonstrated the shortfall in our ability to meet our modernization goals. But it is worse than that. We need to consider other requirements, including chronic underfunding of real property maintenance and other infrastructure needs, unknown contingencies, expanded ballistic missile and cruise missile defense programs, and new initiatives to deal with the threats from weapons of mass destruction and terrorism.

Can we fund these shortfalls by reducing our support costs? Yes, to some extent. We probably need to consider further base closing and realignment. I don't have to tell you how politically difficult that will be, but when weighed against other choices that option may begin to look more attractive. Moreover, it would be unrealistic to expect that infrastructure reductions alone could produce the investment funds we need in the short term. BRAC [Base Realignment and Closure], for example, has significant up-front costs. We must continue to push acquisition reform, and we will. We need to expand our outsourcing, and we will — aggressively. But I want to assure you that these savings, even at their most optimistic, will not be enough. The need is too large. We must look to other areas for savings: operations, modernization, force structure and end strength. Unless we look make tough choices in these areas, we will not achieve the objectives of the QDR.

The Department is taking the QDR very seriously. The entire senior leadership of the Department is fully engaged. In my judgment, a successful QDR is the only way we will be able to achieve the necessary balance between meeting current needs, investing for the future, and shaping that future in ways favorable to our interests. We have the obligation to the country to do just that.

Let me conclude by noting for you what I think constitute the elements of a successful QDR.

We must look across all elements of the Department, questioning and evaluating the reasons we are doing things the way we are. As the Secretary has stated, everything is on the table. We must ask whether the tempo of current operations is having an impact on the readiness of selected units, and we must do something about it if that

is the case. We must ask whether the high state of readiness we maintain across the board is appropriate given our strategy. We must ask whether the current generation of planned modernization programs are the right ones, and whether the quantities budgeted are properly sized. And we must ask whether we are operating as efficiently as possible in our business and management practices.

We must not shrink from these choices. The QDR will be successful if it makes clear the connections and balances the risks among choices at different levels — between threat analysis and strategy, between strategy and program elements and between choices of alternative systems. If we have made those connections clear, balanced the risks, made the tough choices, and reallocated the resources to implement a sound program, then the QDR will be a success.

One of the qualities that has made America the world's sole superpower and undisputed leader of

the free world is that we do not shrink from making tough choices. Arthur Miller once said, "What is paradise, but the absence of the need to choose?" Building a strong force for an uncertain future under tight fiscal constraints is certainly no paradise. It will involve some hellish choices. But we cannot afford not to make them.

If we do the QDR right, it should touch off a national debate over how to defend our country in the 21st century. This debate is healthy, the timing is exactly right, and I am optimistic that the end result will be a strong, sensible and affordable defense, and a secure nation. But that optimistic outcome will occur only if we make honest choices. The only sacred cow is a strong defense.

To succeed, we will need your support. I urge all of you who have supported a strong defense all these years to stand with us as we make the hard choices necessary to keep our forces strong and our nation secure.

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