

THE 2010 QUADRENNIAL DEFENSE REVIEW

A+, F, OR DEAD ON ARRIVAL?

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**Working Draft
August 27, 2009**

EXECUTIVE SUMMARY

In 2010, the Obama administration will release its first Quadrennial Defense Review (QDR). A strategic framework for the Department of Defense (DOD) as it confronts current and future challenges, the QDR is intended to serve as a means to develop new policies, capabilities and initiatives. However, these intentions have so far been unrealized. Past reviews have been decoupled from meaningful budget figures, realistic force plans, honest procurement decisions, and metrics to measure the success of their recommendations. As a result of this “strategy-reality gap” between concepts and resources, they have had limited practical value.

The issues the QDR must address have been greatly complicated by the Department of Defense’s past failures to develop effective plans, programs, and budgets; carry out effective systems analysis; develop credible cost estimates; and create timely and meaningful future year defense plans (FYDPs). Worst among these problems was the failure to properly manage the procurement process, which reached such a point of crisis that it forced the current Administration to take initial action. So many major weapons systems development programs were in trouble -- with their next generation replacements stuck in a morass of rising costs, development problems, and requirements debates – that Defense Secretary Robert Gates terminated several key programs in his FY2010 budget announcement in April 2009.

However, critical problems remain. Secretary Gates made decisions that should have been made years ago. Yet, he often provided no clear replacement procurement strategy. It also is unclear that the Department has made the kind of procurement reforms that will stop it from continuing its past behavior of undercosting and overestimating capabilities until production delays and cost escalations force another series of terminations. In spite of recent program cancellations and cutbacks, current estimates indicate there could still be a procurement shortfall of some \$60 billion over the next five years.

The combined cost of war, steadily rising military manpower costs, the underfunding of operations and maintenance, and a procurement crisis in every service will force the Obama Administration to reshape almost every aspect of current defense plans, programs, and budgets in the 2010 Quadrennial Defense Review, if the situation is to be improved in any way.

Nevertheless, the legacy of interrelated problems raises serious questions as to whether the next QDR will be more meaningful than its predecessors in creating a strategy that actually shapes US forces, procurements, and readiness. The 2010 QDR has the *potential* to be the next step in the reform process and to institutionalize the reforms Gates initiated with his budget cuts. It is unclear the extent to which it will realize its potential, given the scale of the need to make meaningful decisions, create an affordable force posture and plan, fund credible levels of manpower and readiness, fully restructure the Department’s failed procurement plans, and dealing with the real world cost and program impact of two ongoing wars.

Ultimately, the review seeks to answer the question of whether the US should posture its forces and focus its acquisitions on dealing with conventional threats from rising peer competitors or more asymmetric threats emanating from weak and failing states. Secretary Gates' terms of reference emphasized "balance" between these two competing priorities, stressing the need to "[institutionalize] capabilities such as counterinsurgency and foreign military assistance and [maintain] the United States' existing conventional and strategic technological edge against other military forces."¹

The answers to these questions are being structured around the concept of "hybrid warfare," a type of warfare that requires the broadest possible range of force capabilities and flexibilities across the spectrum of operations. It may be an intellectual improvement over the emphasis on conventional warfighting in past reviews, but so far hybrid warfare is so loosely defined, that it does not provide clear criteria for decision-making. Service efforts to define it have so far been little more than shopping lists for every possible contingency mixed with "buzzwords" that appear to have meaning only as long as they are not examined in any detail. In practice, any concept that effectively justifies anything ends in justifying absolutely nothing.

As a result, the review is already running into serious resource problems. It will be difficult to use hybrid warfare to define and cost end strength goals or to develop a new force plan, given the mixed messages coming from DOD about force-sizing. The concept provides no basis for shaping programs, nor does it rationalize cutting them.

The end result is that DOD is adopting a strategy that creates far more uncertainties regarding key decisions about forces, programs, and procurement. If the United States is supposed to be able to defeat peer competitors in conventional war yet also deal with hybrid threats from non-state actors, how should forces be sized? What high-technology weapons systems will be necessary to defeat peer competitors? Is there a stable, cost effective procurement path to achieve them? It is unclear the extent to which the 2010 QDR will answer these questions.

One thing is certain, however – it is not enough to say that the United States should have all capabilities yet provide no clear plan to achieve them. Every time the 2010 QDR dodges around defining force structure, procurement, and readiness choices, it will be intellectually dishonest and operationally dysfunctional: Another "F" instead of the "A+" effort the US so badly needs.

If Secretary Gates and his team are to produce a QDR that corrects the past disconnect between its concepts and the budget, they must tightly link their central concepts to meaningful budget figures, realistic force plans, honest procurement decisions, and metrics to measure its success. If there is any clear message to be drawn from both the failures of the past, and the vague rhetoric of the present, it is that concepts such as

¹ Robert M. Gates, "A Balanced Strategy: Reprogramming the Pentagon for a New Age," *Foreign Affairs* (January/February 2009). Available at: <http://www.foreignaffairs.com/articles/63717/robert-m-gates/a-balanced-strategy>

“hybrid warfare” are little more than empty buzzwords when they are decoupled from force plans and budget figures.

The FY2010 QDR could be a powerful tool in putting the Department’s planning, programming, and budgeting efforts on a new course, and in filling the vacuum in US defense procurement strategy vacuum left by recent programs terminations. However, a QDR can only be useful to the extent it is tied to detailed force plans, procurement plans, program budgets, and measures of effectiveness, rather than the past mix of jargon and buzzwords. This requires a near revolution in a US defense policy that has become decoupled from the PPB process, tangible force and budget trade-offs, and basic operational realities. It may be overly optimistic to hope for dramatic improvements as a result of President Obama’s first QDR. Institutional inertia may be too powerful, and the tendency to issue another conceptual document that is not translated into operation realities may be too great.

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I. INTRODUCTION

Every four years, the Department of Defense is required by law to conduct a Quadrennial Defense Review (QDR), a comprehensive review of the United States' defense strategy, force structure, modernization plans, and budget. The QDR is intended to provide a strategic framework for the Department as it confronts current and future challenges, and be one of the principal means by which new policies, capabilities and initiatives are developed. However, these intentions have so far been unrealized. Past QDRs have been decoupled from meaningful budget figures, realistic force plans, honest procurement decisions, and metrics to measure the success of their recommendations. As a result, they have had only limited practical value.

The upcoming QDR, expected in early 2010, is the first such review to take place under the Obama administration. It will be conducted in the context of the wide-ranging security threats that the United States faces, including the rise of violent extremism; the proliferation of nuclear, chemical, and biological materials and weapons both to states as well as non-state actors; the potential for failed and failing states to destabilize regions or become safe havens for terrorists and insurgents; the existence of regional adversaries who remain hostile to US interests; and the rise of new great powers that have the potential to alter the global balance of power. These threats, coupled with the demands of the ongoing wars in Iraq and Afghanistan and the global economic downturn, have created a steadily more complicated strategic environment.

The problems the QDR must address have also been greatly complicated by the Department of Defense's past failures to develop effective plans, programs, and budgets; carry out effective systems analysis; develop credible cost estimates; and create timely and meaningful future year defense plans (FYDPs). The Department has also relied on improvised annual supplementals to fund the Iraq and Afghan conflicts. To date, these have totaled \$915 billion through FY2009 – \$687 billion for the Iraq War and \$228 billion for Afghanistan. None of these supplemental has created a survivable funding path or stable funding profile for the next year of either the Afghan or Iraq war.

Figure 1 shows that defense spending reached a level in real dollars unmatched since the end of World War II – over \$670 billion in FY2009. **Figure 2** indicates that this has not created a growing burden on federal spending and the US economy. Nevertheless, DOD's current budgets still cannot fund today's forces and force modernization plans.

The Department has failed to manage manpower in terms of setting credible goals for military, career civilian, and contractor personnel. It let salary and entitlement costs escalate. It created a major "legacy" problem in terms of future retirement and related health costs; and has failed to reach critical decisions about military end strength versus US military commitments that have seriously compromised the ability to manage US military forces on a sustainable basis. The US has been involved in two major regional contingencies at a time when military personnel have fallen from 2.1 million in FY1990 to 1.4 million in FY2009, and career civilians have fallen from 997,000 in FY1990 to 713,000 in FY2009.

Managing overall readiness, and operations and maintenance (O&M) costs, have led to less visible problems, but over the last eight years, the Department has quietly made reductions in non-war related O&M funding that have steadily reduced readiness and training levels. It also failed to provide a credible plan and funding profile for the cost of rehabilitating and replacing the equipment and stocks consumed by the Afghan and Iraq wars. Its limited estimates of “reset” costs to date have been little more than guesstimates that do not provide for a credible effort to fund rehabilitation and replacement of used up equipment and depleted stocks.

As repeated reports by the General Accountability Office (GAO) have shown, the Department mismanaged many of its major procurement programs.² No military service developed an affordable procurement program. Every service to some extent mortgaged its future by failing to contain equipment costs, and by trading existing equipment and force elements to develop new systems that it was not able to procure in the numbers planned. Failures in cost containment were compounded by failures to make realistic assessments of technology and production capabilities, and by failures to set reasonable performance specifications and stop the growth of technological risk and the creation of even more demanding performance specifications over time. During the last decade, the US defense procurement system effectively became a “liar’s contest” in terms of projected costs, risk, performance, and delivery schedules.

These failures to properly manage the procurement process reached a crisis point that forced the current Administration to take initial action. So many major weapons systems development programs were in trouble -- with their next generation replacements stuck in a morass of rising costs, procurement and development problems, and requirements debates – that Defense Secretary Robert Gates terminated several key programs in his FY2010 budget announcement on April 6, 2009.

However, critical problems remain. Secretary Gates made decisions that should have been made years ago. Yet, he often provided no clear replacement procurement strategy. It also is unclear that the Department has made the kind of procurement reforms that will stop it from continuing its past behavior of undercosting and overestimating capabilities until production delays and cost escalations force another series of terminations. In spite of recent program cancellations and cutbacks, current estimates indicate there could still be a procurement shortfall of some \$60 billion over the next five years.

Furthermore, the data in **Figure 1** and **Figure 2** precede the full impact of the national and global economic crisis, massive domestic spending that will vastly increase the federal deficit and put equally massive pressure on the government to limit federal spending, and a so far unsuccessful effort to fully cost the impact of ongoing wars in projecting future defense spending. It seems unlikely that defense will be much above 4.6% of the GDP in FYU2010 – which is still far below the Cold War level of effort. This does not, however, mean that the US can afford the defense program in needs to

² GAO, *Defense Acquisitions – Assessment of Selected Weapon programs*, GAO-08-467SP, March 2008, pp. 10-11.

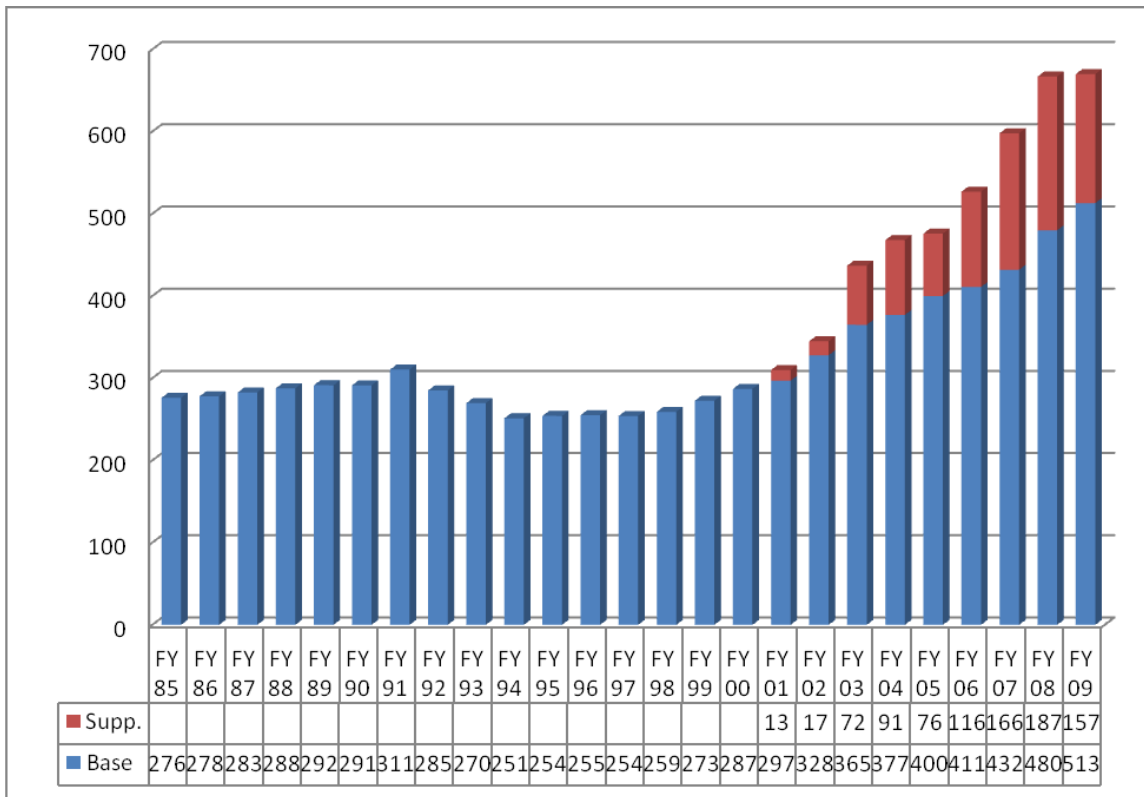
implement its desired strategy, bail out its national economy, and make major new increases in entitlements programs all at the same time.

This legacy of interrelated problems raises serious questions as to whether the next QDR will be more meaningful than its predecessors in creating a strategy that actually shapes US forces, procurements, and readiness. The Department of Defense began work on the QDR for 2010 on April 23, 2009. This timing alone raises serious questions about the value of such a document, given the scale of the need to make meaningful decisions, create an affordable force posture and plan, fund credible levels of manpower and readiness, fully restructure the Department's failed procurement plans, and dealing with the real world cost and program impact of two ongoing wars.

The FY2010 QDR could be a powerful tool in putting the Department's planning, programming, and budgeting efforts on a new course. It could be a major step in moving towards a force posture that actually meets US strategic needs with the budgets and forces required, and in filling the vacuum in US defense procurement strategy vacuum left by recent programs terminations. However, a QDR can only be useful to the extent it is tied to detailed force plans, procurement plans, program budgets, and measures of effectiveness, rather than the past mix of jargon and buzzwords.

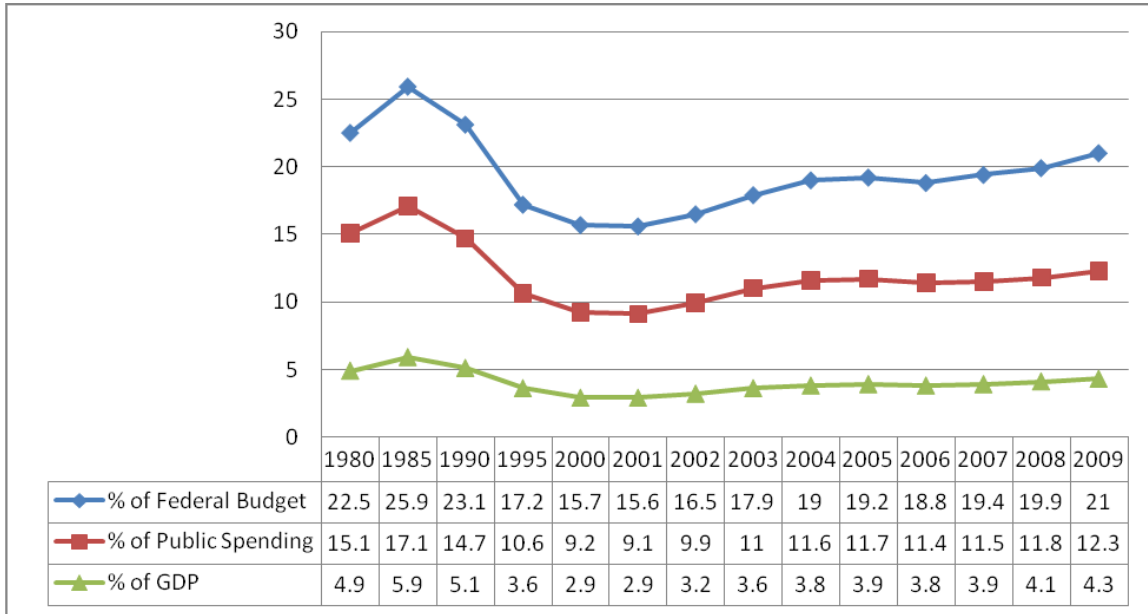
This requires a near revolution in a US defense policy that has become decoupled from the PPB process, tangible force and budget trade-offs, and basic operational realities. It may be overly optimistic to hope for dramatic improvements as a result of President Obama's first QDR. Institutional inertia may be too powerful, and the tendency to issue another conceptual document that is not translated into operation realities may be too great.

Figure 1: Real Defense Spending FY1985-FY2019 (\$US billions)



Source: Office of the Undersecretary of Defense (Comptroller). *National Defense Budget Estimate for the FY 2009 Budget (Greenbook)*. Updated, September 2008, Table 6-4.

Figure 2: Defense Spending as a Percent of Federal Budget, Public Spending, and GDP



Source: Office of the Undersecretary of Defense (Comptroller). National Defense Budget Estimate for the FY 2009 Budget (Greenbook). Updated, September 2008, Table 7-7.

II. THE FAILED HISTORY OF THE QDR

The limits to the QDR process become clearer when their history is examined in detail. Soon after collapse of the Soviet Union, it became apparent that the Cold War strategy of containment -- and its force-sizing and force-shaping constructs, programs, and budgets - - had become obsolete. This led Les Aspin, the first Secretary of Defense under President Clinton, inaugurated the Bottom Up Review (BUR) in 1993.³

The Pentagon undertook a wide-ranging review of strategy, programs, and resources in an attempt to delineate a workable national defense strategy and plans for the military to successfully execute the full range of missions within that strategy. As a result, the BUR acknowledged the significant changes in the global security environment. It articulated a strategy which focused on preventing conflict by promoting democracy and undertaking peacekeeping missions. However, as a force shaping construct, it drew largely on the prior planning of the Bush Administration and on the Base Force concept of the late 1980s. It advanced the notion that the United States should maintain at minimum a force capable of fighting two major regional conflicts almost simultaneously.⁴

The End of the Cold War and a Growing Strategy-Reality Gap

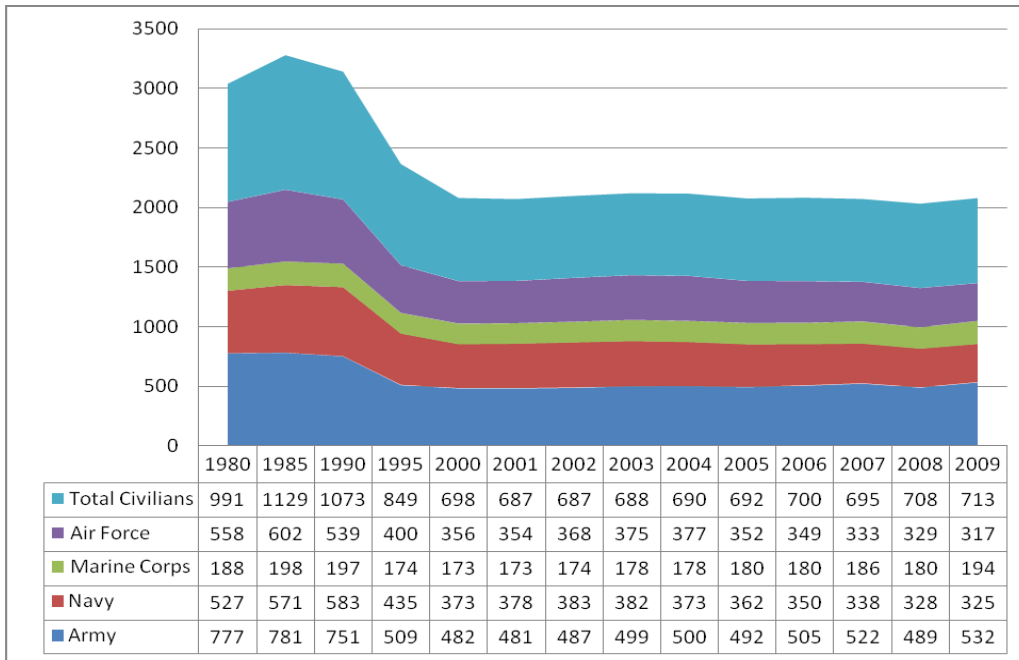
This two major theatre war metric is still present in DOD policy and strategy literature. Almost immediately, however, it proved to be unrealistic – both because of the emerging strategic realities of the post Cold War era, and the limitations imposed by ongoing cuts in US forces. The first Clinton term produced no conventional conflicts, but it did produce a plethora of smaller, but very complex engagements. Debacles in Somalia and Haiti showed that the demands of irregular operations could become a central concern.

However, the deeply entrenched commitment to conventional theater wars halted any attempt to quantify the demands imposed by a range of smaller conflicts as well as the risk of the kind of larger scale conflicts exemplified by the Iraq and Afghan Wars. Moreover, US force level and key weapons numbers dropped for every service, as **Figures 3 to 6** illustrate, and created a growing gap between the metric and the force levels the US actually could deploy:

³ Les Aspin. *Report on the Bottom Up Review*, "Section I: National Security in the Post-Cold War Era". October 1993. <http://www.fas.org/man/docs/bur/index.html>

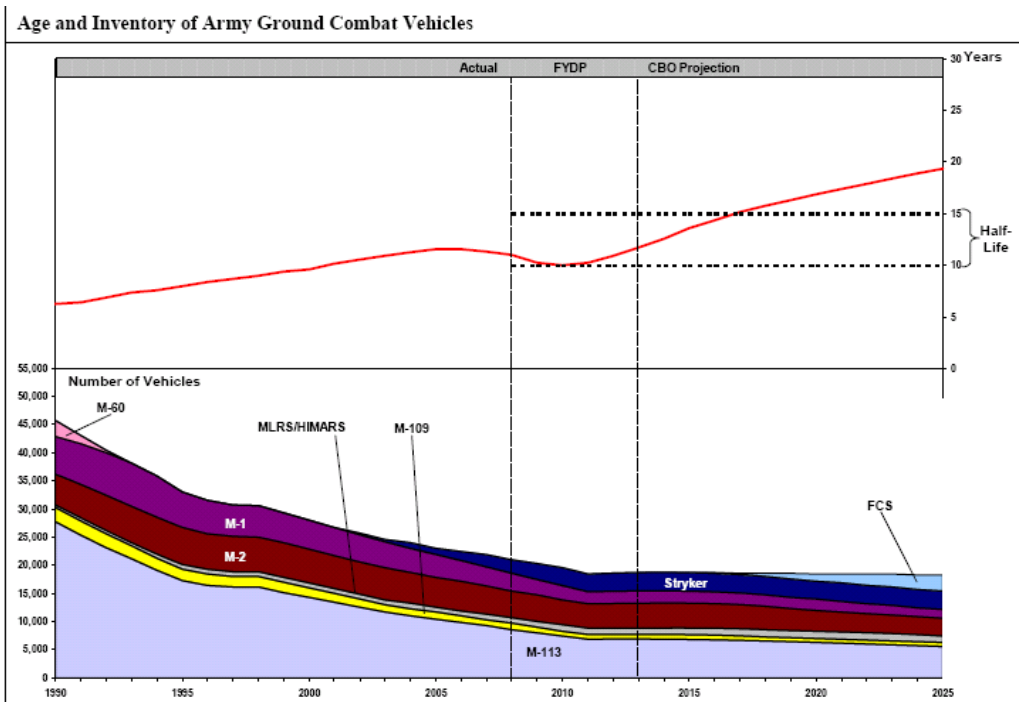
⁴ Les Aspin. *Report on the Bottom Up Review*, "Section IV: Building An Overall Force Structure". October 1993. <http://www.fas.org/man/docs/bur/part04.htm>

Figure 3: Manpower by Service (FY1980-2009)



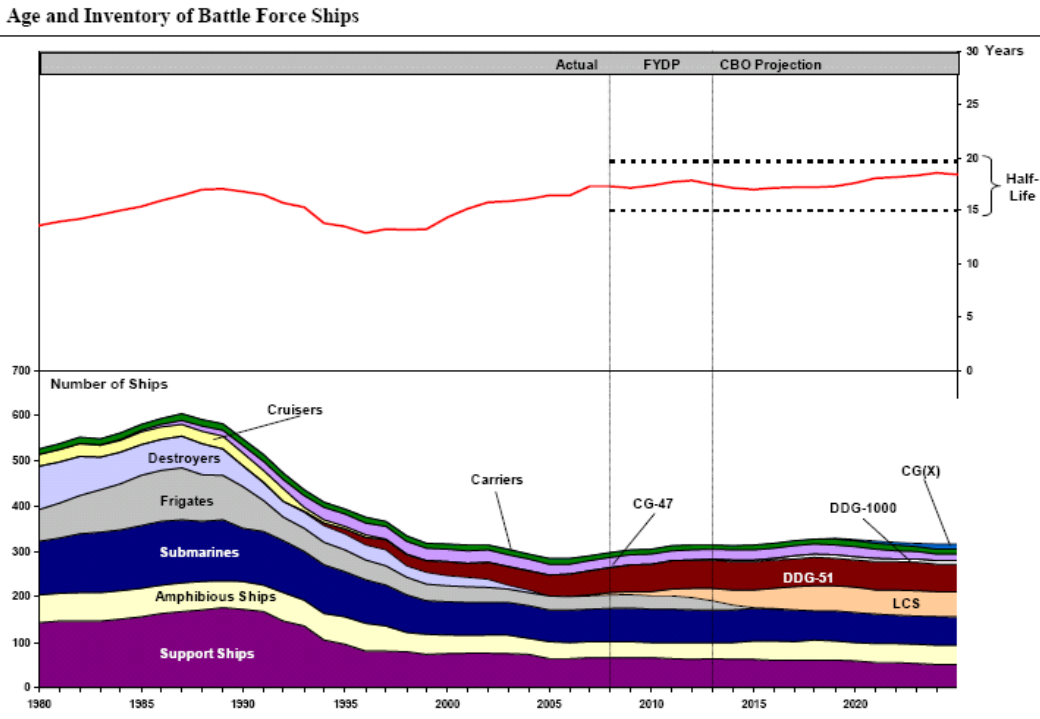
Source: Office of the Undersecretary of Defense (Comptroller). *National Defense Budget Estimate for the FY 2009 Budget (Greenbook)*. Updated, September 2008, p. 213.

Figure 4: Army Ground Combat Vehicles (FY1990-2025)



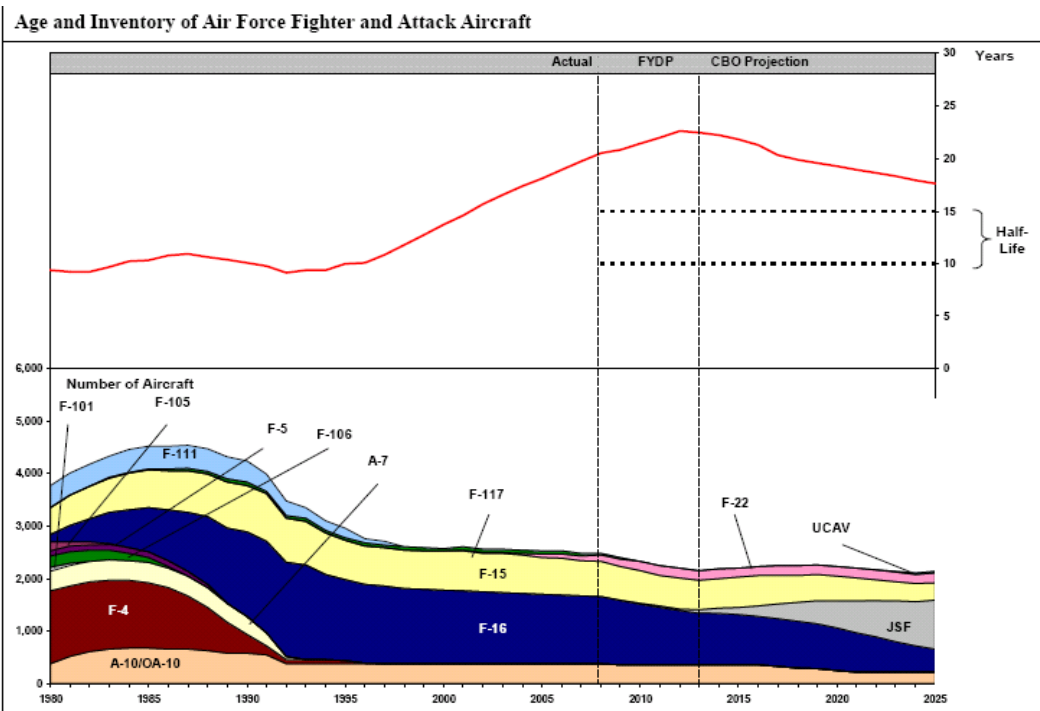
Source: CBO, *Long Term Implications of Defense Spending*, March 2008, Figure 3-5.

Figure 5: Battle Force Ships (FY1990-2025)



Source: CBO, Long Term Implications of Defense Spending, March 23 2008, Figure 3-11.

Figure 6: Air Force Fighter and Attack Aircraft (FY1990-2025)



Source: CBO, Long Term Implications of Defense Spending, March 23 2008, Figure 3-21.

The First QDR and the “Revolution in Military Affairs”

This kind of problem in the US defense strategy and program helped lead the Congress to put legislation in the Defense Authorization Act for Fiscal Year 1997 that directed the Secretary of Defense to conduct a Quadrennial Defense Review. It called for this review to include: “a comprehensive examination of the defense strategy, force structure, force modernization plans, infrastructure, budget plan, and other elements of the defense program and policies with a view toward determining and expressing the defense strategy of the United States and establishing a revised defense program.”⁵ It expressed the need for clear link between force structure, modernization and budgets, tracing a path that led from threat, to strategy, to implementation, and finally to resource issues.⁶

The report shall include the following:

- The threats examined for purposes of the review and the scenarios developed in the examination of such threats.
- The effect on the force structure of preparations for and participation in peace operations and military operations other than war.
- The manpower and sustainment policies required under the defense strategy to support engagement in conflicts lasting more than 120 days.
- The forward presence, pre-positioning, and other anticipatory deployments necessary under the defense strategy for conflict deterrence and adequate military response to anticipated conflicts.
- The extent to which resources must be shifted among two or more theatres under the defense strategy in the event of conflict in such theatres.⁷

The resulting 1997 QDR claimed to meet these goals. It stated that,

We started with a fresh, unblinking look at the world both today and over the temporal horizon to identify the *threats, risks, and opportunities* for U.S. national security...From that analysis of the global environment, we developed an overarching *defense strategy* to deal with the world today and tomorrow, identify required military capabilities, and define the programs and policies needed to support them. Building on the President's National Security Strategy, we determined that U.S. defense strategy for the near and long term must continue to shape the strategic environment to advance U.S. interests, maintain the capability to respond to the full spectrum of threats, and prepare now for the threats and dangers of tomorrow and beyond. Underlying this strategy is the inescapable reality that as a global power with global interests to protect, the United States must continue to remain engaged with the world, diplomatically, economically, and militarily.

After developing the strategy, we anchored its implementation in the fundamentals of military power today and in the future: *quality people, ready forces, and superior organization, doctrine, and technology*. We need quality people to operate more complex technology and undertake more

⁵ Department of Defense. Defense Authorization Act, Section 923 (1997).

⁶ Department of Defense. Defense Authorization Act, Section 923 (1997).

⁷ Department of Defense. Defense Authorization Act, Section 923 (1997).

complex joint operations. We need ready forces in a world of sudden events that often will demand that our forces come "as you are" on a moment's notice...

Finally, the Department's plans are *fiscally responsible*. They are built on the premise that, barring a major crisis, national defense spending is likely to remain relatively constant in the future. There is a bipartisan consensus in America to balance the federal budget by the year 2002 in order to ensure the nation's economic health, which in turn is central to our fundamental national strength and security. The direct implication of this fiscal reality is that Congress and the American people expect the Department to implement our defense program within a constrained resource environment. The fiscal reality did not drive the defense strategy we adopted, but it did affect our choices for its implementation and focused our attention on the need to reform our organization and methods of conducting business.⁸

The key tool it sought to use to bring US strategy into balance with US forces and resources, however, proved to be a failure. The 1997 QDR introduced the idea of a "Revolution in Military Affairs." It sought to solve the problems in US force planning, and end the "strategy-reality gap," through ambitious research, development, and procurement efforts in areas as information technology, stealth, and long-range precision strike capabilities.

It sought to offer an alternative to traditional force structures through a high technology focus on conventional warfighting at time when the Department had already become engaged smaller, irregular engagements in place like Haiti and Somalia, and was soon to face complicated exercises in counterinsurgency and armed nation building in Afghanistan and Iraq. It also stressed major advances in technology that exacerbated all of the problems in managing the defense procurement system and in ways that made procurement an alternative to maintaining force structure, manpower, and more traditional forms of readiness.

The QDR kept the force-sizing standard of capability to simultaneously fight two major regional conflicts, but offered little analysis of how to actually meet this metric other than changing its title: "major regional contingencies" became "major theatre wars." US military end strength stood at 1.5 million troops in 1997 and even though this was far below what was needed to fight two simultaneous wars, troop levels continued to decline. As **Figure 3** has shown, military manpower slipped to 1.4 million by the next QDR in 2001, precisely at the moment reality began to intervene and thrust the US into manpower intensive conflicts.

The most serious discrepancy between the QDR's rhetoric and operational reality lay in its treatment of the budget. Despite calls for a "clear link between force structure, modernization and budgets," the QDR did not call for a substantial increase in funding or resolve the imbalance in strategy, requirements, and forces, judging that "the nation is unlikely to support significantly greater resources dedicated to national defense."⁹ The defense budget finally reversed its thirteen-year decline in 1998, but without a clear

⁸ The Secretary's Message. Quadrennial Defense Review (1997).
<http://www.fas.org/man/docs/qdr/msg.html>

⁹ Quadrennial Defense Review (1997), p. 57. <http://www.fas.org/man/docs/qdr/msg.html>

vision of what the military's requirements were or how its forces should be structured increases in funding could not solve DOD's problems.

The Stopgap QDR: FY2001 and the Impact of "9/11"

The next Quadrennial Defense Review was issued on 30 September 2001. President Clinton's second-term Defense Secretary, William Cohen had prepared a peacetime review in 2000, which was hastily rewritten by the new Defense Secretary, Donald Rumsfeld, in the aftermath of the 9/11 attacks. Even though the strategic environment in which the United States was operating had completely shifted, the review still largely represented the pre-9/11 world. There were some amendments – such as making Homeland Defense a primary mission of the armed services – but the changes were cosmetic rather than fundamental.

The Department of Defense also sought to shift from "threat-based" to "capabilities-based" planning. It said it would no longer focus, as previous strategies did, on exactly who the adversary might be or where a war might happen. Instead, it would "refocus planners on the growing range of capabilities that adversaries might possess or could develop." and point to capabilities the United States itself might need. However, without any grounding in force plans, modernization programs, or budgets, this "new" approach was no different from the old. Moreover, "capabilities-based" planning proved to be so unfocused and unrelated to specific scenarios and capabilities that it could – and did – prove to mean almost anything to anyone.

In terms of force structure, the 2001 QDR established a new standard that would become known as "1-4-2-1." US forces would be sized to do the following:¹⁰

- Defend the homeland (the first "1" in the formulation);
- Deter aggression in four critical theatres (Europe, Northeast Asia, the East Asian littoral, Middle East/Southwest Asia);
- Swiftly defeat aggression in any two theatre conflicts at the same time;
- Preserve the option for decisive victory in one of those theatre conflicts, including the capability to occupy an aggressor's capital or replace his regime.¹¹

The review did not propose any strategies or practical path to reach the force levels necessary to perform these different missions. This was a major omission considering the fact that in 2000 troop levels reached their lowest point since the end of the Cold War. It also largely neglected budgetary matters. The only reference to budgeting that had any substance was a call to streamline and simplify the planning, programming and budgeting system (PPBS) and the acquisition process.¹² Other than that, the budget was ignored, even though the United States was about to embark on an unanticipated war in

¹⁰ Quadrennial Defense Review (September 2001). <http://www.comw.org/qdr/qdr2001.pdf>

¹¹ Quadrennial Defense Review (September 2001). <http://www.comw.org/qdr/qdr2001.pdf>

¹² Quadrennial Defense Review (September 2001), p. 52. <http://www.comw.org/qdr/qdr2001.pdf>

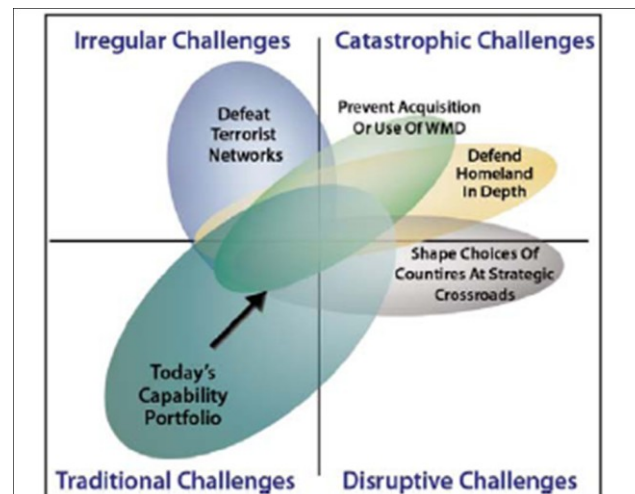
Afghanistan that the Department of Defense failed to properly characterize and never budgeted for.

Decoupling Entirely from the PPB Process and Reality: The 2005 QDR

Like its two predecessors, the 2005 QDR was decoupled from a real world force plan, failed to take hard decisions about manpower or procurement, and made no budgetary linkages. This was in many ways unsurprising, given that Secretary Rumsfeld had claimed that “the QDR is not a programmatic or budget document” but rather a reflection of “the thinking of the senior civilian and military leaders of the Department of Defense.”¹³

Describing itself as “a snapshot in time of the department’s strategy for defense of the Nation and the capabilities needed to effectively execute that defense,” the review focused on the vague chart shown in **Figure 7**. This described security challenges to the nation more in terms of colored blobs than real world planning needs.¹⁴ It talked about a broad spectrum of “capabilities” that included traditional, conventional conflicts; irregular warfare, such as terrorism and insurgencies; catastrophic challenges from unconventional weapons used by terrorists or rogue states; and disruptive threats, in which new technologies could counter American advantages. However, it made no effort to define a realignment of forces, acquisitions or budgets to accompany this shift in focus.

Figure 7: The 2005 Quadrant Chart



¹³ Fred Kaplan, “Rumsfeld Surrenders,” 3 February 2006. www.slate.com

¹⁴ Quadrennial Defense Review (February 2006), p. ix.

<http://www.defenselink.mil/qdr/report/Report20060203.pdf>

Source: Quadrennial Defense Review (February 2006)

To the surprise of those who thought the two-conflict standard was obsolete,¹⁵ the 2005 QDR still reverted the yardstick of fighting two major theatre wars (now called “conventional campaigns”), with some adjustments.¹⁶ US forces were now to be structured for a surge capability to win two nearly simultaneous conventional campaigns and be prepared in one of those campaigns to remove a hostile regime and destroy its military capacity.

The 2005 QDR, however, made no real effort to describe what this meant or set any broad goals that defined a future set of real world operational capabilities. Previous QDRs had put forward fairly detailed force structure plans—fighter wings, strategic forces, bombers, land divisions and brigades, warships, and submarines – but in 2005 it provided only a few details about the organizational size of the Air Force, Army, Navy, and Marine Corps. The 2005 QDR provided some information about personnel strength, but the review made no sweeping changes in the size of the armed forces. The anticipated personnel increases for the ground forces did not materialize. Instead, it continued to call for cuts.

The 2005 QDR dodged every hard decision relating to force modernization and procurement. The high-technology programs that once were seen as the key to the “revolution in military affairs” had already reached a clear crisis point in time, cost, and performance and it was clear that they were out of control and so costly that they could never be implemented in the planned form. However, even the most problematic programs like the F-22 survived, albeit with some reductions. The 2005 QDR also largely failed to address any tangible changes in force posture and structure, leaving the American military in the outdated conventional war posture it had been in since the end of the Cold War.

The decision to keep the process “resource neutral” prevented any chance of closing the gap between strategy, forces, and procurement. This decision bordered on the ludicrous, considering that the Department of Defense had been asking for increasingly larger supplemental to fund the wars in Iraq and Afghanistan for the previous five years. Even then, analysts like Andrew Krepinevich warned that, “Independent estimates conclude that over the long term, the defense program may be short some \$50 billion a year.”¹⁷ Yet, Rumsfeld and his team persisted in conducting the QDR as if would be possible to maintain defense spending at contemporary levels.

A Failed and Self-Destructive Process to Date

¹⁵ John T. Correll. “In the Wake of the QDR,” *Air Force Magazine* (September 2008), p. 74.

¹⁶ Quadrennial Defense Review (February 2006).

<http://www.defenselink.mil/qdr/report/Report20060203.pdf>

¹⁷ Andrew Krepinevich, “Old Remedies for New Evils,” 14 February 2006. *Wall Street Journal*.

The Quadrennial Defense Review process, from 1993 until the present, has failed to do what it was intended – provide a link among strategy, force-planning and defense budgeting. Indeed, with every QDR, the situation has gotten worse. Whether the 2010 document departs from this tradition remains to be seen.

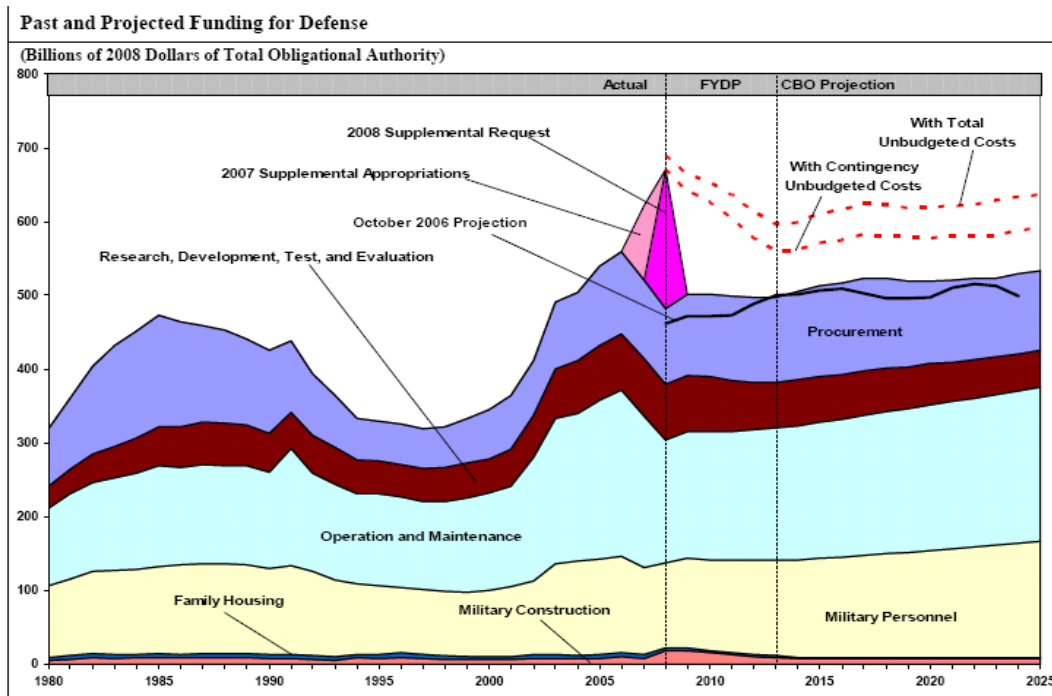
III. THE COMING QDR AND THE FY2010 BUDGET REQUEST

The ineffectiveness of DOD's efforts in linking strategy to resources and reality, and in force planning, has been compounded by a crisis in programming and budgeting. There are a wide range of critical areas in the defense budget and FDYP where impossible goals in performance and scheduling, and cost escalation, pose a serious problem. Regardless of the efforts to formulate strategy at the conceptual level, the operational reality is a Department of Defense where far too few hard choices have been made, where key programs are not fully defined or cannot be implemented, and where trade-offs will have to be made between major increases in the budget and current force plans.

A Poisoned Chalice

For at least a decade, future year defense program budgets have been increasingly based on unrealistic cost and program estimates designed to minimize apparent cost. The 2008 Future Years Defense Plan (FYDP) is typical in overpromising and undercosting. It anticipated that defense resources would rise from \$482 billion for 2008 to \$497 billion for 2013. However, CBO estimated that if the program in the 2008 FYDP was carried out as envisioned, the demand for defense resources excluding funding for contingencies, would average \$521 billion a year between 2014 and 2025 – 8 percent more than the 2008 request excluding emergency supplemental funding. CBO also projected potential unbudgeted costs (the dashed red lines in **Figure 8**), estimating that resource demands will average about \$100 billion annually between 2014 and 2025, some 20 percent higher than the amount excluding those unbudgeted costs.

Figure 8: DOD Projected Budget versus CBO Estimates



Source: CBO. *The Long-Term Implications of Current Defense Plans: Detailed Update for Fiscal Year 2008*. March 2009, p. 2.

Similarly, DOD’s current baseline budget projections for operations and maintenance costs have made far too little allowance for ongoing wars, and are little more than absurd. There is no clear plan, program, and budget for dealing with the growing “reset” problem of coping with wartime losses and wear, deciding what to transfer or leave behind, and how to make trade-offs between existing equipment, modifications and improvements, and new systems.

Rising military manpower costs are a critical part of the problem in rising operating costs, but the problems go far deeper. Many of what are supposed to be wartime costs are almost certain to become de facto military entitlement costs that will continue indefinitely into the future. The United States has also made cutbacks in force size and military manpower in the past that put US force levels far below the level need to implement is declared strategy, and that current efforts to increase Army and Marine Corp end-strength only begin to address.

The strains of over-deployment on a relatively small total volunteer force already threaten the ability to recruit and retain the proper mix of force quality and quantity. It is clear that, at a minimum, the United States will have to “rebalance” the size and relative role of its active and reserve forces, and that it should comprehensively reexamine the real-world trade-offs between military personnel, career civilians, and a growing dependence on contract personnel. Yet, no service has a credible program for shaping and maintaining its present forces and or/force goals.

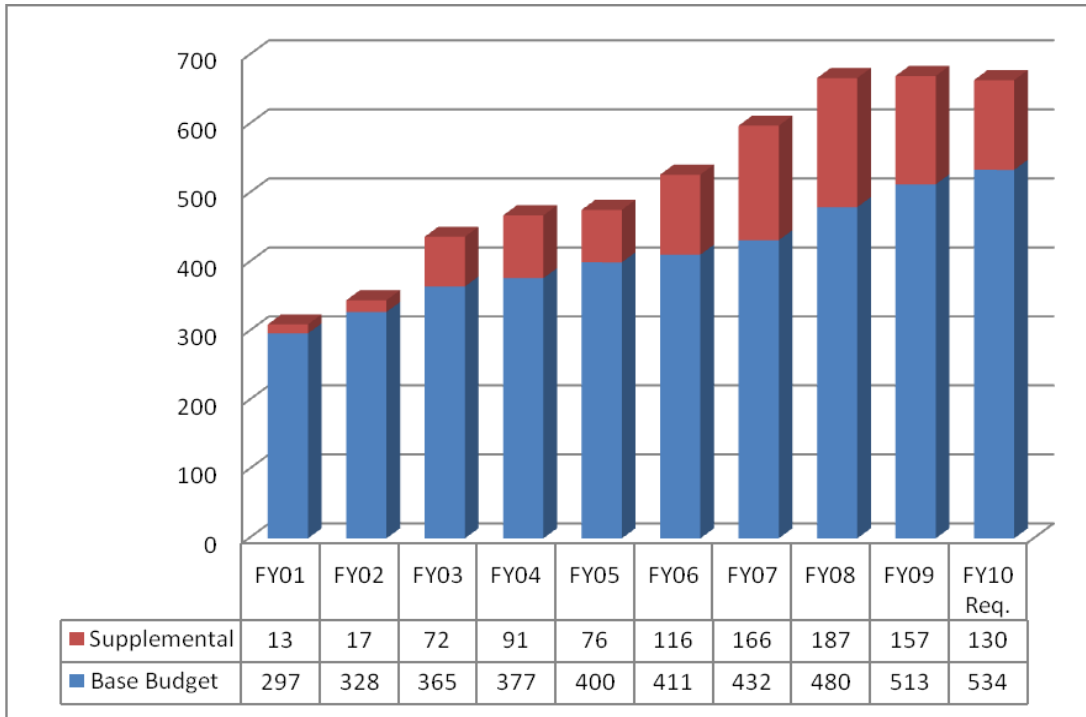
At the same time, the Department faces a crisis in procurement that Secretary Gates only began to address in his program cuts in CY2009. Every service has to some extent mortgaged its future by failing to contain equipment costs, and by trading existing equipment and force elements to develop new systems that it may never be able to procure in the numbers planned. These failures in cost containment have been compounded by the failure to make realistic assessments of technology and production capabilities, and the failure to set reasonable performance specifications and then stop the growth of technological risk and even more demanding performance specifications over time.

Anyone who has studied the history of the Department of Defense, and its past planning, programming, and budgeting problems, knows that these problems are an all too familiar problem that first received large-scale recognition during the Eisenhower Administration. The crisis did, however, sharply accelerate during eight years of the Bush Administration.

In addition to its failure to develop a meaningful long-term strategy or plan for the Iraq and Afghan Wars, the Bush Administration failed to properly resource its wars and produce sound budgets. Since the start of the wars, the Department of Defense requested emergency supplemental or “bridge” funding outside of the regular defense budget to pay for them.

The scale of this dual-track budget process is shown in **Figure 9**, and it created numerous problems in terms of ensuring both effective planning and resource of the wars and in ensuring suitable Congressional and media review. Emergency funding is exempt from ceilings applying to discretionary spending in Congress’s annual budget resolutions. Given the urgent timing for supplementals -- and the reality that they receive less scrutiny and easily become laden with Congressional add-ons or “pork,” defense budget deliberations are short-circuited and oversight is reduced.

Figure 9: Historical DOD Funding, FY2001-FY2010



Source: Undersecretary of Defense (Comptroller), *Fiscal Year 2010 Budget Request: Summary Justification*. May 2009, p. 4-1.

CBO estimates indicate that it may be possible to make major reductions in the cost of the Iraq War, especially now that all US combat units are scheduled to withdraw from Iraq in the summer of 2010, and the remainder by the end of 2011. The problem, however, is that the Afghan War has long been underfunded, and continues to escalate. The rising cost of the Afghan conflict might offset any savings from US force cuts and a shift in the US mission in Iraq to strategic overwatch.

The combined cost of war, steadily rising military manpower costs, the underfunding of operations and maintenance, and a procurement crisis in every service will force the Obama Administration to reshape almost every aspect of current defense plans, programs, and budgets in the 2010 Quadrennial Defense Review, if the situation is to be improved in any way. The QDR will need to:

- Bring the overall pattern of operations and support into a well-managed and affordable path.
- Deal with a crisis in defense manpower.
- Manage the problem of escalating military medical costs.
- Properly fund O&M and reset costs.
- Deal with a major crisis in defense procurement and the failure to manage military modernization.

Winds of Change or Just Wind?

Secretary of Defense Robert Gates laid the foundation for some of these changes in April 2009, when he proposed a large shift in budget priorities in the FY2010 Defense budget. The proposed budget cut many programs geared toward conventional warfare, such as new orders of the F-22 Raptor and further development of Future Combat Systems manned vehicles, but increased funding for programs like the Special Forces.¹⁸ With the 2010 Quadrennial Defense Review coming on the heels of these radical changes, the prospects for the QDR need to be examined in the context of the budget.

For FY2010, the Department of Defense requested a total of \$663.8 billion. This request breaks down into \$533.8 billion in discretionary budget authority to fund the base defense programs of operations and maintenance (O&M), modernization, housing, and healthcare, and \$130 billion to support overseas contingency operations (OCO), primarily in Iraq and Afghanistan.¹⁹ By including the OCO request in the baseline, the FY2010 budget proposal ends the use of supplemental requests to fund the Afghan and Iraq wars, a move that will alleviate the oversight and budgeting problems associated with supplemental requests.

However, even more significant than what was included in the baseline budget, was what was cut. Secretary Gates terminated the F-22 fighter jet, the VH-71 Presidential helicopter, and the Transformational Satellite (TSAT) program.²⁰ He also outlined cuts in the Army's Future Combat Systems, Navy shipbuilding operations, and missile defense programs.²¹ These cuts were designed to begin adjusting the military services' modernization plans to shift their focus away from a high technology focus on conventional warfighting, and the "Revolution in Military Affairs," toward a more balanced approach to fighting both conventional and irregular wars.

However, Secretary Gates' cuts faced serious opposition in Congress – at least in part because the Department had systematically lied to Congress for years about the cost and success of the programs involved, and has systematically structured procurements to affect as many districts and states as possible in an effort to make key programs difficult to cut. It should be noted that the Department has been even more systematic in lying by omission about the fact it does lobby in such a form, allows military officers to informally lobby for such programs, encourages defense contractors to disperse subcontracts and production efforts, underbudgets areas it knows the Congress will then fully fund, and fails to report meaningful parametric and regressive cost estimates that

¹⁸ Robert M. Gates, Opening Statement to the House Armed Services Committee, Washington DC (13 May 2009). Available at: <http://www.defenselink.mil/speeches/speech.aspx?speechid=1350>

¹⁹ Undersecretary of Defense (Comptroller), *Fiscal Year 2010 Budget Request: Summary Justification*. May 2009.

²⁰ Office of Management and Budget. *Terminations, Reductions and Savings*. Budget of the US Government Fiscal Year 2010. Washington DC, 2009. Available at: <http://www.whitehouse.gov/omb/budget/fy2010/assets/trs.pdf>

²¹ Office of Management and Budget. *Terminations, Reductions and Savings*. Budget of the US Government Fiscal Year 2010. Washington DC, 2009. Available at: <http://www.whitehouse.gov/omb/budget/fy2010/assets/trs.pdf>

might discourage Congressional support. Ironically, it then blames the Congress for the “pork” it does so much to institutionalize in every aspect of DOD operations.

The most heated battle was fought over the F-22 Raptor, when the House Appropriations Committee added \$369 million to the budget as a down payment for twelve fighters, contrary to Gates’ wishes to cap the order at 187.²² Although the Secretary argued that the fighter was a Cold War relic that has never been deployed in combat, supporters of the plan contended that it was necessary to deter peer threats.

In the end, the funding was stripped from the bill – but only after a threatened Presidential veto and efforts by Senate Armed Services Committee Chairman Carl Levin and the committee’s ranking Republican Senator John McCain. The Secretary did not win every battle. Congress added \$485 million to the military’s FY2010 budget to buy the first versions of the VH-71 helicopters and \$560 million to buy a second engine for the F-35 Joint Strike Fighter.²³

In addition to the congressional opposition to his preliminary cuts, Secretary Gates’ decisions only began to address the fact that the military services have shown virtually no capability to create a stable, affordable path towards modernization. Despite the cancellations, the United States still lacks a clear path towards modernizing its force posture and its ability to implement a coherent force modernization strategy to actually bring conventional and irregular warfare capabilities into balance, or deal with combinations of state and non-state threats.

Will the 2010 QDR Mark the Department’s First Effort towards Integrity and Honesty?

The 2010 QDR has the *potential* to be the next step in the reform process and to institutionalize the reforms Gates initiated with his budget cuts. Defense officials working on the Obama administration’s first QDR have identified capability gaps for the missions they anticipate, such as counterinsurgency and confrontations with regional adversaries.²⁴

According to Michèle Flournoy, the Under-Secretary of Defense Policy and the head of Gates’ QDR team, these capability gaps will be filled through a new round of decisions about what ships, aircraft, and ground vehicle programs can be purged from the modernization portfolio in order to increase spending on irregular warfare capabilities and efforts to deal with high-end asymmetric threats.²⁵

²² Ann Gerhart and Perry Bacon Jr. Aggressive Coordinated Effort Led to F-22’s Demise. *The Washington Post* (26 July 2009). Available at: <http://www.washingtonpost.com/wp-dyn/content/article/2009/07/25/AR2009072502370.html>

²³ Tony Capaccio. House Panel Rejects Bid to End Lockheed Helicopter. *Bloomberg* (16 July 2009). Available at: <http://www.bloomberg.com/apps/news?pid=20601103&sid=at1ZXDWjtDiI>

²⁴ John T. Bennett. “Shaping the Future,” *Defense News* (3 August 2009). Available at: <http://www.defensenews.com/story.php?i=4218185>

²⁵ “Flournoy: Gates, Lynn ‘Very Engaged’ in QDR, Will Ensure Budget Decisions ‘Stick.’” *Inside Defense*. (20 May 2009).

However, more cancellations will not fill the procurement strategy vacuum that currently exists. The Department of Defense has not made any mention of a modernization strategy, a procurement plan, or a credible and affordable path forward, rendering the current proposals a series of one time fixes that leave virtually every aspect of future weapons systems modernization unresolved.

Linking the QDR to the FY2011 Budget?

As the previous analysis has shown, past QDRs have involved a critical “strategy-reality gap” between concepts and resources, and a near total disconnect between what the QDR says and what the budget actually requests. This Secretary Gates has stated his intention of rectifying his problem in the 2010 QDR. Defense officials have explicitly stated that the QDR is intended to shape the FY2011 defense budget.

At present, the Defense Department is drawing up the first round of insights from the QDR that are being translated by the Office of the Secretary of Defense into new guidance for the military services to adjust their weapon-system investments in FY2011. These early insights from the QDR analysis will both frame questions for senior leaders to consider as the congressionally mandated assessment continues as well as yield clear directives for the military services to revise their FY2011 to FY2015 investment blueprints.²⁶

Although it is a positive sign that Secretary Gates is attempting to correct the failings of past reviews, there are problems in the way he seems to intend to link the QDR to the FY2011 budget. Officials involved in the QDR say that the military reform effort is producing new costs of up to \$60 billion for equipment and other items deemed essential for American military missions.

Yet, according to David Ochmanek, deputy assistant secretary of defense for force transformation, the QDR’s baseline assumption for defense spending is zero percent real growth in the budget from FY2011 to FY2015, which means that the budget in nominal dollars would grow only with the rate of inflation.²⁷ Ochmanek later reversed his position and stated that if the Secretary will ask for real growth if he believes it appropriate.

What is increasingly clear, however, is that because the 2010 QDR is being conducted with the assumption of flat US defense budgets from FY2011 to FY2015, the services are being directed to adjust FY2011 spending plans to fill the capability gaps the review has revealed.²⁸ Work on the services’ lists will wrap up in late August, but the Pentagon has already have ordered the services to begin nominating programs for funding cuts.

²⁶ Jason Sherman. First Round of QDR Insights, FY-11 Budget Decisions Being Drafted. Inside the Air Force (3 July 2009).

²⁷ John T. Bennett. “Shaping the Future,” *Defense News* (3 August 2009). Available at: <http://www.defensenews.com/story.php?i=4218185>

²⁸ John T. Bennett. “Shaping the Future,” *Defense News* (3 August 2009). Available at: <http://www.defensenews.com/story.php?i=4218185>

IV. CONCEPTUAL FOUNDATIONS WITHOUT A BUILDING?

The Pentagon has announced the 2010 Quadrennial Defense Review will examine the national security implications of trends that complicate the exercise of American statecraft, including the global economic crisis, climate change, cultural and demographic shifts and the increasing scarcity of resources like water and energy.²⁹

Ultimately, however, the review seeks to answer the question of whether the US should posture its forces and focus its acquisitions on dealing with conventional threats from rising peer competitors or more asymmetric threats emanating from weak and failing states. Secretary Gates' terms of reference – considerably shorter than his predecessor's 60-page guidance in 2006 – emphasized “balance” between these two competing priorities, stressing the need to “[institutionalize] capabilities such as counterinsurgency and foreign military assistance and [maintain] the United States' existing conventional and strategic technological edge against other military forces.”³⁰

Hybrid Warfare

The concept of hybrid warfare, a type of warfare that requires the broadest possible range of force capabilities and flexibilities across the spectrum of operations, is expected to be influential in this year's QDR.³¹ The concept of hybrid warfare garnered attention after the 2006 Lebanon War, a case study that will play a central role in QDR analysis. According to Under-Secretary Flournoy, it is the primary challenge facing the United States: “America's conventional dominance gives our adversaries, both state and non-state actors alike, incentives to explore asymmetric strategies – strategies that they can use to undermine our strengths and exploit our weaknesses.”³²

The rise of hybrid threats — diverse, dynamic combinations of conventional, irregular, terrorist and criminal capabilities³³ — will make pursuit of singular approaches difficult, necessitating innovative, hybrid solutions involving new combinations of all elements of national power. On the one hand, the United States has to be ready for irregular forms of warfare in which non-state actors use tactics such as IEDs and camouflage themselves among the non-combatant population. On the other hand, high-end asymmetric threats have become a concern. Rising regional powers and rogue states may use highly

²⁹ Michèle Flournoy. “Rebalancing the Force: Major Issues for QDR 2010,” Center for Strategic and International Studies (29 April 2009). Available at: http://www.csis.org/media/isis/events/090501_flournoy.pdf

³⁰ Robert M. Gates, “A Balanced Strategy: Reprogramming the Pentagon for a New Age,” *Foreign Affairs* (January/February 2009). Available at: <http://www.foreignaffairs.com/articles/63717/robert-m-gates/a-balanced-strategy>

³¹ John J. Kruzal. US must prepare for hybrid warfare. USJFCOM. (13 February 2009). Available at: <http://www.jfcom.mil/newslink/storyarchive/2009/no021309.html>

³² Michèle Flournoy. “Rebalancing the Force: Major Issues for QDR 2010,” Center for Strategic and International Studies (29 April 2009). Available at: http://www.csis.org/media/isis/events/090501_flournoy.pdf

³³ George W. Casey Jr. <http://www.ausa.org/publications/armymagazine/armyarchive/October2008/Documents/Casey.pdf>

sophisticated technologies to deny the United States the ability to use its technological advantages. Thus, Under Secretary Flournoy has indicated that one of the principal intellectual challenges of the QDR will be examining hybrid warfare and understanding its implications for how the United States shapes its forces now and in the future.³⁴

Senior defense officials have also made it clear that the shift in focus to hybrid warfare is intended to insure that the military is prepared to deal with a spectrum of possible threats, including computer network attacks, attempts to blind satellite positioning systems, strikes by precision missiles and roadside bombs, and propaganda campaigns waged on television and the Internet. Accordingly, the new strategy has broad implications for training, troop deployment, weapons procurement and other aspects of military planning. While some think that it signals the end of the two-theater metric for force-sizing, the old measure is not necessarily dead - during early QDR sessions, Secretary Gates made clear that the US military must still be able to project power into two regions at once.³⁵

At the same time, however, hybrid warfare can easily become yet another concept underpinning US defense posture that has very little operational meaning and which is defined so broadly that it effectively asks the Department to prepare for every possible kind of war and civil-military operation without setting clear priorities, creating clearly defined force and procurement plans, and make well-defined and transparent trade-offs based on suitable scenario, net assessment, and program-cost analysis.

Hybrid warfare may be an intellectual improvement over the emphasis on conventional warfighting in past reviews, but so far the concept is so loosely defined, that it does not provide clear criteria for decision-making. Service efforts to define it have so far been little more than shopping lists for every possible contingency mixed with “buzzwords” that appear to have meaning only as long as they are not examined in any detail. In practice, any concept that effectively justifies anything ends in justifying absolutely nothing.

It already is running into serious resource problems. It will be difficult to use hybrid warfare to define and cost end strength goals or to develop a new force plan, given the mixed messages coming from DOD about force-sizing. More generally, however, the concept provides no basis for shaping programs, nor does it rationalize cutting them. While Secretary Gates cut several high-technology weapons systems in the FY2010 budget and argued that the money should instead be spent on programs like warplanes that carry out a broader array of missions, from countering enemy air forces to bombing insurgent militias in hiding, these cuts amount to a series of one-time fixes rather than a long-term procurement programs.

³⁴ Michèle Flournoy. “Rebalancing the Force: Major Issues for QDR 2010,” Center for Strategic and International Studies (29 April 2009). Available at: http://www.csis.org/media/isis/events/090501_flournoy.pdf

³⁵ John T. Bennett. “Shaping the Future,” *Defense News* (3 August 2009). Available at: <http://www.defensenews.com/story.php?i=4218185>

The Secretary did not announce a modernization strategy, a force plan, a procurement plan, or a credible and affordable path forward, and the concept of hybrid warfare will not help him do this without tying it to the FYDP. Unless radical efforts are made to clarify the definition of hybrid warfare, it will be not a pillar of US strategy, but a buzzword for vague goals decoupled from specific force, modernization, or readiness plans.

High End vs. Low End Threats

Going from a quasi-two war – or two regional contingency – strategy to an every possible war strategy can only make all of the Department’s problems worse. US strategists are unquestionably correct in warning that religious and ideological structures, and the inability of states to meet the basic needs of their populations, may also be an increasing driver of conflicts that require a US military response. In weak and failing states, there is the danger that large “ungoverned spaces” will emerge and become safe havens for terrorists and criminal organizations.³⁶ The 2010 QDR must take this end of the spectrum into account.

At the same time, the Pentagon cannot focus on today’s wars and relatively low-end threats; it must also seek to maintain the ability to counter high end conventional foes. While the United States continues to be the economically and militarily dominant power, Russia has achieved regional hegemony and states such as China and India are emerging as major players. The 2008 National Defense Strategy concluded that although US predominance in conventional warfare is not unchallenged, it is sustainable only for the medium term given current trends. Thus, the 2010 QDR deliberations will attempt to determine what programs are necessary to deter aggression, project power when necessary, and protect US interests and allies around the globe.

Responding to this range of high end and low end threats requires the ability to both adapt to irregular warfare by major powers while the maintaining both conventional and nuclear military capabilities. Thus, even as the United States begins to shift resources towards a strategy that seeks to support its ongoing wars and meet the threat other potential irregular campaigns, it must still find ways to main forces, procurement programs, and levels of readiness to contend with the security challenges posed by the military forces of other major powers, particularly those at the strategic crossroads involving large-scale conventional warfighting or the use of weapons of mass destruction.³⁷

The end result is an inevitable debate over how to go from broad, vague, and/or buzzword concepts to shaping actual force plans and resource choices. In some corners, it has been argued that the Pentagon is neglecting the high end of the threat spectrum. Throughout the budget discussions in Congress, Secretary Gates was accused of

³⁶ Michèle Flournoy. “Rebalancing the Force: Major Issues for QDR 2010,” Center for Strategic and International Studies (29 April 2009). Available at: http://www.csis.org/media/isis/events/090501_flournoy.pdf

³⁷ Michèle Flournoy. “Rebalancing the Force: Major Issues for QDR 2010,” Center for Strategic and International Studies (29 April 2009). Available at: http://www.csis.org/media/isis/events/090501_flournoy.pdf

allocating too little funding to US conventional weapons systems and sacrificing US conventional dominance to bolster irregular capabilities. In response, he told legislators:

Some will say I am too focused on the wars we are in and not enough on future threats. The allocation of dollars in this budget definitely belies that claim. But, it is important to remember that every defense dollar spent to over-insure against a remote or diminishing risk – or, in effect, to “run up the score” in a capability where the United States is already dominant – is a dollar not available to take care of our people, reset the force, win the wars we are in, and improve capabilities in areas where we are underinvested and potentially vulnerable. That is a risk I will not take.³⁸

The fact is that the US cannot afford every form of hybrid warfare and must make hard, well-defined, and affordable choices that involve serious risks. For example, some of the equipment decisions that Secretary Gates made in his FY2010 budget request have a major impact on conventional warfighting capabilities in the future, but he provided no details or no clear force plans to explain what choices have actually been made about the strategic goals for US warfighting capabilities and how these translate into shifts in force plans, future equipment strength, and budgets.

The end result is that DOD is adopting a strategy that creates far more uncertainties regarding key decisions about forces, programs, and procurement. If the United States is supposed to be able to defeat peer competitors in conventional war yet also deal with hybrid threats from non-state actors, how should forces be sized? What high-technology weapons systems will be necessary to defeat peer competitors? Is there a stable, cost effective procurement path to achieve them? It is unclear the extent to which the 2010 QDR will answer these questions. One thing is certain, however – it is not enough to say that the United States should have all capabilities yet provide no clear plan to achieve them. Every time the 2010 QDR dodges around defining force structure, procurement, and readiness choices, it will be intellectually dishonest and operationally dysfunctional: Another “F+” instead of the “A-” effort the US so badly needs.

Rebalancing in an Effort to Close the Strategy Reality Gap?

It is far too early, however, to judge what the Department will do. Defense officials have announced that the QDR will examine how the military might “rebalance” its capabilities to deal with the increasingly complex set of national security challenges in faces.³⁹ DOD is looking to create a force that is flexible and versatile enough to conduct a wide range of operations in order to strike a “balance” between these competing requirements.

The shift is foreshadowed in the FY2010 budget request, which set aside billions of dollars for procurement to support overseas contingency operations – from remote-controlled aircraft to new helicopters – but cut high-technology weapons systems. One of Gates’ priorities in the budget was to rebalance the Defense Department’s programs in order to institutionalize and enhance capabilities to fight the wars the United States is in

³⁸ Jim Garamone, Gates Lays Out Budget Recommendations, DefenseLink (6 April 2009). Available at: <http://www.defenselink.mil/news/newsarticle.aspx?id=53812>

³⁹ Michèle Flournoy. “Rebalancing the Force: Major Issues for QDR 2010,” Center for Strategic and International Studies (29 April 2009). Available at: http://www.csis.org/media/isis/events/090501_flournoy.pdf

today and the scenarios it is most likely to face in the years ahead, while at the same time providing a hedge against other risks and contingencies.⁴⁰

Secretary Gates has argued the Pentagon must focus on the current fights in Iraq and Afghanistan instead of preparing for hypothetical threats, such as the one posed by China. The “most likely” threats – that is, the wars in Iraq and Afghanistan – will purportedly garner the majority of the military’s planning focus, while the decades-old approach of prioritizing the “most deadly” scenarios planners can foresee will be abandoned.

If Secretary Gates and his team are to produce a QDR that corrects the past disconnect between its concepts and the budget, however, they must tightly link their central concepts to meaningful budget figures, realistic force plans, honest procurement decisions, and metrics to measure its success. If there is any clear message to be drawn from both the failures of the past, and the vague rhetoric of the present, it is that concepts such as “hybrid warfare” and “high-end asymmetric threats” are little more than empty buzzwords when they are decoupled from force plans and budget figures.

⁴⁰ Robert M. Gates, Speech, Army War College, Carlisle, PA (16 April 2009). Available at: <http://www.defenselink.mil/speeches/speech.aspx?speechid=1345>

V. SEEKING MEANINGFUL ANSWERS

There are indications that the conceptual foundations of the 2010 QDR will have an effect on the budget. The Department has announced that Under Secretary Flournoy's staff has drafted a range of new investment options -- from \$25 billion to \$75 billion over the next five years -- to improve US military capabilities against high-end asymmetric threats, hybrid warfare and weak and failing states.⁴¹ These investments will be financed largely through cuts made to programs in the services' fiscal year FY2011 to FY2015 spending plans. However, in the grand scheme of the defense budget, this amount is relatively small, and more extensive links with the budget will have to be established if the results of the review are to have any significant meaning.

The Scenarios

Under Secretary Flournoy and her team are structuring the QDR around a series of scenarios in an attempt to ground some of the concepts of "hybrid warfare" and "high end asymmetric threats" in real-world events and decisions. Five issues teams will examine 11 scenarios that represent a broad cross-section of the threats that the United States faces and is likely to face in the near future:

- Issue Team 1 is examining how to ensure irregular warfare capabilities are expanded and adopted across the defense enterprise. It will analyze four scenarios revolving around US-led stability and reconstruction operations: operations in Iraq (post-2003), operations in Afghanistan, regime collapse in North Korea and a loss of control over nuclear weapons in Pakistan.
- Issue Team 2 will analyze three scenarios that involve major conflicts against state adversaries: China and Taiwan, Russia and its "coercion of Baltic states," and an Iran armed with nuclear weapons
- Issue Team 3 is focusing on how to strengthen Defense Department support to civilian agencies in both domestic and overseas operations. This team will examine homeland defense, civil support, disaster consequence management, and cyberattacks.
- Issue Team 4 is focusing on recalibrating U.S. military presence around the world. It will examine steady state strategic planning (SSSP). In this scenario, the Pentagon aims to capture daily activities by the combatant commanders that have not traditionally been accounted for in terms of planning and programming (e.g. short-term missions on a routine basis that require a persistent level of effort).
- Issue Team 5 is working on managing the Defense Department's "internal business processes to improve their efficiency and effectiveness." This team will examine business processes and cost drivers behind defense programs.⁴²

The practical question is whether a study of potential regional contingencies arise structured around relatively abstract scenarios will provide a coherent basis for making

⁴¹ Jason Sherman. Flournoy: QDR Must Prepare for End of U.S. Lead in Global Commons. Inside the Pentagon (9 July 2009).

⁴² Jason Sherman. Secretary of Defense Taps "Red Team" to Critique Process, Scenarios. Inside the Army. Vol. 21, No. 19 (18 May 2009).

hard decisions about end strength, procurement, and key FYDP and PPB issues. Only the fifth issue team is costing defense programs. With the teams working concurrently, it is unclear that the others will be able to take their findings into consideration.

Moreover, Pentagon officials have repeatedly stressed that the QDR will focus on the “most likely” threats to the United States. However, both the concept of hybrid warfare and the scenarios outlined above encompass a vast range of threats that the United States could face and does clearly provide a basis for prioritizing them in ways that can shape the PPB process. If “most likely” functionally becomes “everything,” then the approach will merely be an unaffordable, capabilities-driven expansion of the old “most deadly” threat analysis.

As has been discussed in analyzing the broad concept of hybrid warfare, examining all possible threats provides no criteria upon which the services can structure their forces. Secretary Gates recognizes that to fight irregular wars and take on peer competitors such as China, the military will need to be flexible; however, without prioritizing the scenarios and using that ranking as a platform for clear force, procurement, and budget plans, the QDR’s analysis will remain abstract and can never be made operational in a systematic and effective form.

The Red Team and Alternate Scenarios

Secretary Gates has also established a QDR Red Team to provide an alternative to the assessment that Under-secretary Flournoy and her office are leading. Andrew Marshall, director of the Office of Net Assessment, and General James Mattis, commander of US Joint Forces Command, are leading the Red Team, which involves the participation of experts outside the government. Marshall led the QDR Red Team for the 2006 QDR, while Mattis has led Marines in Afghanistan and during two tours in Iraq.⁴³

Marshall and Mattis have devised a classified set of alternative defense planning scenarios for the QDR to consider. Pentagon officials who have read the QDR Red Team alternative scenario set said it tracks closely with some of the notional plots described in the book *7 Deadly Scenarios* by defense analyst Andrew Krepinevich, which inspired Secretary Gates to create his Red Team.⁴⁴ Scenarios in the book include:

- A radical Islamist group acquires Soviet-era atomic weapons and conducts a protracted series of nuclear strikes against the U.S. homeland;
- Coordinated attacks on offshore energy production facilities, container ships and underwater communication lines that collectively are designed to upend the domestic and global economies;
- A US retreat from Iraq;
- A Chinese invasion of Taiwan that triggers global war;

⁴³ John T. Bennett, Marshall, Mattis to Lead Red Team, *Defense News* (May 15 2009). Available at: <http://www.defensenews.com/story.php?i=4092356>

⁴⁴ Christopher J. Castelli. QDR Shakes Up Planning Process for Future Military Missions. *Inside the Army* Vol. 21, No. 21. (June 1 2009)

- A Pakistani civil war that raises questions about the safety of the South Asian nation's nuclear arsenal;
- Confrontation with North Korea that involves a nuclear strike; and
- A global pandemic.

Which scenarios are used in the will form the basis of fundamental questions about what sort of organizational design and what types of capabilities the future military requires, even if they are not tied to real-world force and procurement plans. The models selected and simulations run during a review have a profound impact on its output. With the introduction of an alternative set of scenarios, whichever batch is given greater weight during the deliberations will largely determine the findings of the review.

According to Under-Secretary Flournoy, these scenarios “don't determine outcomes, they don't dictate decisions, but they will help frame some of the issues that we want to look at more closely with further analysis.”⁴⁵ However, although scenarios – whether blue or red team – can be useful tools in revealing weaknesses in military readiness, too often the analysis stops there and merely highlights issues for future consideration and defers tangible action. Thus, while it is useful to analyze non-linear cases, translating two competing sets of abstract scenarios into probabilities and then into programmatic, force, and budget decisions is an immensely complex undertaking that could distract from the most pressing issue at hand – grounding the QDR in meaningful force plans and budgetary decisions.

The National Defense Panel

There also will be outside advice and pressure to close the strategy reality gap. On June 18, the House Armed Services Committee's FY2010 defense authorization bill established a congressional commission for critiquing the Quadrennial Defense Review. The National Defense Panel's task will be to conduct an independent review of the QDR's effectiveness and issue recommendations on how to improve the decision making process for determining national priorities.⁴⁶ Although it is still unclear exactly what authority it will have, the National Defense Panel will likely be used as a platform for interested parties to attempt to review the termination of the F-22 and other major procurements or to advocate for a greater commitment to irregular warfare.

⁴⁵ Jason Sherman. Secretary of Defense Taps “Red Team” to Critique Process, Scenarios. Inside the Army. Vol. 21, No. 19 (18 May 2009).

⁴⁶ Inside the Pentagon. House Bill Boosts Special Ops Funding, Creates QDR Commission. Inside the Pentagon (18 June 2009).

VI. KEY ISSUES AFFECTING THE CONTENT OF THE QDR

It is also clear that the 2010 QDR can only be meaningful if it provides a clear basis for addressing the most critical issues in US force planning, procurement planning, readiness, programming and budgeting. Regardless of scenarios, these issues have to be addressed if only because strategy and planning have created so many near and mid-term problems in the existing US defense effort.

Force Sizing

The QDR's emphasis on hybrid warfare will have significant implications for how the Pentagon goes about determining the kinds and quantities of tools and troops it will need, and for what kinds of conflicts. Since the Cold War, the Pentagon has used a force-sizing construct that focused on a need to fight two conventional wars at once. Despite the rise of irregular threats, the two major wars metric has persisted through all past Quadrennial Defense Reviews.

Secretary Gates has declared his intention to change this construct: "If there is one major aspect of the QDR that I have insisted that we try and get away from, it is this construct that we've had, for such a long time, that we size our forces to be able to fight two major combat operations."⁴⁷

The question is whether the Pentagon can make hybrid warfare a practical basis for reorienting its decades-old force sizing and basing constructs.⁴⁸ It must be careful to shape its long-term security strategies and force structure to create an affordable set of trade-offs, rather than overcompensate for its past neglect of the strategic realities of the Afghan and Iraq Wars by structuring its forces to deal primarily with counterinsurgency. This is especially important because altering the force-sizing construct will affect nearly every aspect of US military operations, from which weapons the services buy to how the US military is positioned around the world.

No decision has yet been made about finding the proper balance, roles and missions, and readiness and equipment levels for any element of the active forces, reserves, and National Guard – issues with critical outyear resource, force planning, and mission capability requirements that are inevitably affected by the past over-deployment of force elements involved in combat in Iraq and Afghanistan.

Reform depends on successful actions, not intentions. Despite Gates' public exhortations that the force-sizing construct must be changed, it is useful to remember that there was similar talk of change in this area in the lead-up to the 2005 QDR. Moreover, David

⁴⁷ Robert M. Gates. "Press Conference with Secretary Gates and Adm. Mullen" Department of Defense (18 June 2009). Available at: <http://www.defenselink.mil/transcripts/transcript.aspx?transcriptid=4435>

⁴⁸ General James E. Cartwright. "Military Strategy Forum: Whither the Forward-Basing of US Forces?" Center for Strategic and International Studies (9 June 2009). Available at: http://www.csis.org/media/isis/events/090605_cartwright_transcript.pdf

Ochmanek, deputy assistant defense secretary for force transformation, told *Defense News* that the two war construct was not dead yet and that during early QDR sessions, Gates made clear the US military must still be able to project power into two regions at once, as in the older approach.⁴⁹ That being said, the operations undertaken would not necessarily be high-end, conventional fights.⁵⁰ The QDR team feels that US forces must be prepared, trained and equipped to conduct multiple major operations, and must be flexible enough to undertake missions that vary in scope and complexity.

Military Manpower and End Strength

Past QDRs consistently advocated scaling down the numbers of service personnel, even though it as painfully obvious that the US lacked the forces to come close to the “two major regional contingency” strategy it claimed to have. It is impossible to have a two major regional contingency strategy with a one major regional contingency manpower base; yet, the reviews persisted in this recommendation even as deployment levels strained active and reserve forces to the limit, if not beyond.

Planned changes in force structure and deployability will partially address some of these issues, but it is unclear are enough to deal with current and future long wars. Gates and his team are likely to emphasize the need to put more “boots on the ground.”⁵¹ The FY 2010 budget has requested funding to increase Army and Marine troops levels, while halting reductions in the Air Force and the Navy – a policy reversal from over fifteen years of force downsizing efforts. Although the FY2010 budget has not yet passed, Secretary Gates already approved a three-year, 22,000-soldier boost designed to provide relief to a service stressed from fighting two wars.

While more forces are certainly needed, the high military manpower costs of the ongoing engagements have created the competing concern of personnel affordability. Gates indicated that he will finance the \$1.1 billion down payment by cutting existing programs from the FY 2009 and FY 2010 budgets, but offered no cost estimates for FY 2011 or FY 2012.⁵² Higher costs will likely be reflected in subsequent budget requests to Congress, which makes it problematic that the QDR’s baseline assumption for defense spending is zero percent real growth in the DOD budget.

Funding current requests for military end strength is important, but it does not address what the end strength should be, whether it will be affordable in terms of equipment and sustainability, and how it should be linked to US strategy or a detailed force plan for each service and out-year budget – all questions of pressing importance that past QDRs have ignored. If it is to make a substantive contribution on this front, the QDR will have to address these issues. Personnel costs are reaching such high levels that the All-Volunteer Force is becoming unaffordable. Whatever force-sizing construct the QDR puts forth

⁴⁹ John T. Bennett. “Shaping the Future,” *Defense News* (3 August 2009). Available at: <http://www.defensenews.com/story.php?i=4218185>

⁵⁰ John T. Bennett. “Shaping the Future,” *Defense News* (3 August 2009). Available at: <http://www.defensenews.com/story.php?i=4218185>

⁵¹ Senator Roger Wicker, “Congressional Dialogue on National Security,” Center for Strategic and International Studies (20 July 2009).

⁵² Inside Defense (July 20 2009).

will not be sustainable if policymakers refuse to confront the rapidly rising costs of military personnel.⁵³

Rotational Basing

The Quadrennial Defense Review must also draw conclusions regarding the benefits and drawbacks of how American forces are and should be based.⁵⁴ This should be one of the central operational sets of decisions that the review considers. Base closures have left the Army left with so little room to grow that it cannot really accept a major force structure increase without the creation of new bases. How American bases, troops and combat equipment are positioned around the world will thus be one of the main issues the review considers.

Current reports indicate that QDR will examine the implication of three different basing scenarios: permanent, prepositioned and rotational. In May 2009, Army Chief of Staff General George Casey announced that the Army's top priority in the QDR is to establish a rotational model that allows the active force three years at home for every one year in theater.⁵⁵ Under the plan General Casey laid out, the Army would be divided into four groups, one of which would always be available – fully manned, equipped and trained. A second group would be close to ready and considered an operational reserve. The remaining two groups would serve as a strategic reserve. In the short-term – by the end of 2011 – the Army's goal is to provide two years at home for every one year in theater.

The National Guard and Reserve will be critical elements of the rotational plan. The leadership of the reserve components has said that their work is only sustainable as long as every year of service is matched by four to five years at home, a far greater ratio than the Army's goal of one year of service to two years at home. Thus, although General Casey has stated that the Army is preparing to include the reserve component in the rotational cycle, the sustainability of the Guard and Reserve's work as an operational force is a significant concern, especially given the stressed condition of the United States' present forces and the plans to increase them.

Cyberwarfare

Cyber-warfare is increasingly seen as an integral component of both state and non-state conflicts, and a pressing concern for the United States. Pentagon computers are probed thousands of times a day and scanned millions of times a day, and the frequency and sophistication of these attacks are increasing exponentially, yet the United States remains unprepared for serious cyber attacks. With China's reported cyber capabilities, the Russian use of offensive cyber capabilities in Estonia and Georgia, and al Qai'da and

⁵³ Loren Thompson. Quadrennial Defense Review Skirts Big Issues. Lexington Institute. Available at: <http://lexingtoninstitute.org/1416.shtml>

⁵⁴ General James E. Cartwright. "Military Strategy Forum: Whither the Forward-Basing of US Forces?" Center for Strategic and International Studies (9 June 2009). Available at: http://www.csis.org/media/csis/events/090605_cartwright_transcript.pdf

⁵⁵ General George Casey. "The Army in an Era of Persistent Conflict," Center for Strategic and International Studies (28 May 2009).

Hezbollah's use of cyberspace as a planning and propaganda tool, it is imperative that the United States develop its cyber capabilities and strategy.

In May 2009, the Obama administration released a 60-day review of federal cyber security efforts. The review examined what the federal government already is doing to protect vital US computer networks and underscored mounting concerns about the risks of cyber attacks. It recommended the establishment of a Presidential cyber-security policy official, as well as the development of a comprehensive framework to facilitate coordinated responses by government, the private sector, and allies to significant cyber attacks.⁵⁶ However, other than providing some suggestions of enhancements to information sharing mechanisms to improve incident response capabilities, the report did not elucidate the structure.

Part of the structure was revealed in June 2009, when Secretary Gates established a subordinate unified command under STRATCOM to act as the nation's central hub for cyber capabilities and to assume responsibility for the safety of military networks (.mil).⁵⁷ He also instructed the Pentagon to develop a policy framework for cyberspace operations. Although not yet complete, it will undoubtedly have a major influence on the quadrennial review.

Because the country as a whole is unprepared for cyber challenges, network defense will play a central role in the QDR. According to Deputy Secretary of Defense William Lynn, the United States needs doctrine to govern "how we protect cyberspace as a domain, how our forces are designed and trained to protect our networks."⁵⁸ There will be a cyber component to the scenarios analyzed by Under Secretary Flournoy's QDR team, as well as an even larger emphasis on cyber capabilities in the Red Team's alternate scenarios. Finally, cyber specialists within the Department are developing several stand-alone scenarios, creating yet another layer of abstract scenarios which make it difficult to generate criteria upon which to base structural and budgetary decisions. It is certain, however, that this QDR will feature more spending on cyber capabilities than any previous review.

It should be noted, however, that cyber warfare is only part of the broader question of how to shape US forces to conduct strategic information operations and what kind of interagency approach is needed for such operations. The past eight years have been largely a record of faltering or failed attempts under wartime conditions, and this is an unacceptable approach to the broader issue of information warfare.

⁵⁶ Cyberspace Policy Review: Assuring a Trusted and Resilient Information and Communications Infrastructure, *The White House* (May 2009). Available at:

http://www.whitehouse.gov/assets/documents/Cyberspace_Policy_Review_final.pdf

⁵⁷ William J. Lynn, "Protecting the Domain: Cybersecurity as a Defense Priority," Center for Strategic and International Studies, (15 June 2009). Available at:

http://www.csis.org/media/csis/events/090615_sf_lynn.pdf

⁵⁸ William J. Lynn, "Protecting the Domain: Cybersecurity as a Defense Priority," Center for Strategic and International Studies, (15 June 2009). Available at:

http://www.csis.org/media/csis/events/090615_sf_lynn.pdf

It also is all too easy to focus on the vulnerability of US, allied, and potential threat C4I/battle management systems without considering the even more important question of what their overall architecture should be, the rule of the human dimension in such systems, and the need to develop integrated civil-military operations. The gaps between Defense, Homeland Defense, State, other agencies, and the intelligence community remain critical.

Intelligence, Surveillance, and Reconnaissance

These problems are also directly linked to the need for an affordable solution to creating an effective mix of intelligence, surveillance, and reconnaissance (IS&R) capabilities that range from human intelligence (HUMINT) to space. The United States needs a much clearer strategy to deal with the potential vulnerability of IS&R systems to cyberwarfare and space warfare.

There are important changes growing out of operations in Iraq and Afghanistan, but they cannot be addressed without a much clearer picture of the overall architecture for the IS&R effort, such as such as the data communications network and bandwidth issues. There is also a need to make major reforms in the overall IS&R structure to deal with massive cost escalation and delays in the US satellite program, and calls for more funding of human intelligence.

The Pentagon is conducting a “QDR Intelligence, Surveillance and Reconnaissance Study,” which will examine trade-offs among IS&R capabilities and force structure, address these concerns, and develop solutions. This will include a review of aviation safety technologies; a study looking at laser satellite communications to assess the future of second-generation laser communications technology; and a Global Positioning System synchronization assessment to develop and analyze alternatives for military GPS user equipment for the air, ground, hand-held and maritime domains.⁵⁹

The review will purportedly shape the FY2011 IS&R budget request. In the FY2010 Request, Gates asked for substantial spending increases for aerial drones, helicopters, special operations transport, and other critical “enablers” that are in high demand and low supply. It is likely that similar request will be seen in FY2011. It remains to be seen, however, whether the QDR study will give the necessary picture of the overall IS&R architecture.

Army and Ground Forces

Preliminary work on the QDR has identified gaps in services’ capabilities. The Army is being asked to address the counterterrorism and counterinsurgency gaps. Secretary Gates has said that he intends to re-launch the Army’s vehicle modernization effort and that the new designs must meet the needs of the full spectrum of conflict. In the FY2010 budget, Secretary Gates cancelled the Army’s Future Combat Systems (FCS) program vehicles, which were intended at some point in the future to replace legacy systems such as the M-113, M-109 Paladin Howitzer, Bradley Fighting Vehicle, and M-1 Abrams tank. The

⁵⁹ Greg Grant, “DOD Identifies Key QDR Themes,” DOD Buzz, 10 April 2009.

QDR will provide a new blueprint for ground vehicle procurement, purportedly more oriented towards hybrid warfare.

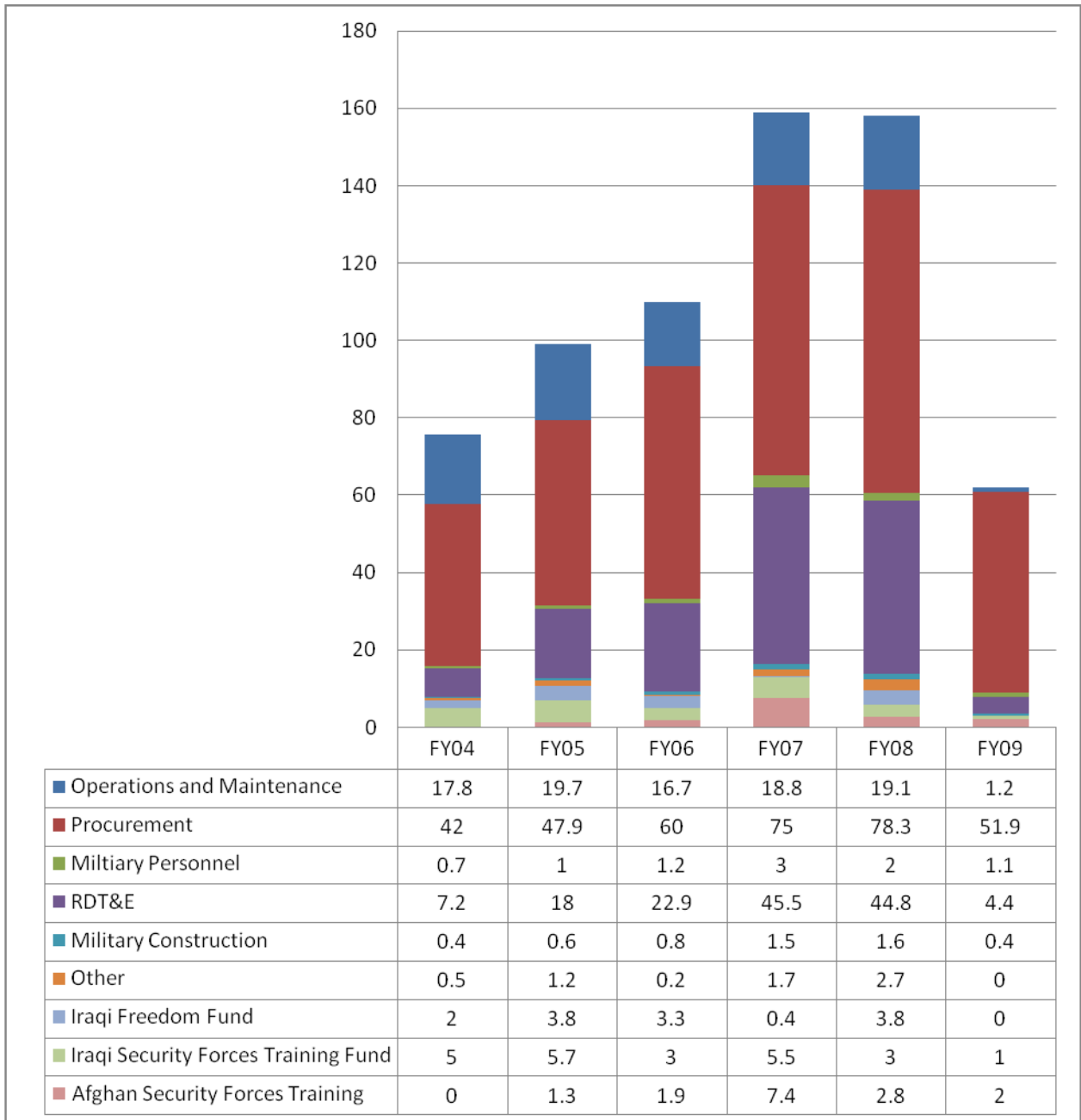
There are other areas that also require reform, but that have been neglected until now. While the Secretary's budget decisions affecting land forces may have dealt with the need for cost containment, no mention was made of the need for the Army and Marine Corps to make difficult near-term decisions to deal with the amount of funds needed to "reset" or restore the services' equipment to pre-war levels. The largest single reason for the increase displayed in **Figure 10** is war costs from FY2004 - FY2007 is the amount DOD received for reset. Although repair and replacement costs might be expected to grow as operations wear down equipment, it appears that the growth reflects the broadening of the definition of what is required.⁶⁰

Over the past several years, DOD requested a total of some \$109 billion in reset funding. The FY2008 request was \$46 billion, far in excess of the estimated \$13 billion that is needed to cover reset costs.⁶¹ This front loading of requirements may reflect an attempt by the services to avoid being in the position of having to request reset funds after US troops start to withdraw. However, in recent years, emergency funding has been sought for the acquisition of equipment that has long lead times, unrelated to the urgent demands of the war, such as aircraft, helicopters, and ground vehicles, which are manageable through the normal budget process. With the end of the supplemental system of budgeting, the Army will no longer be able to use the OCO budget to fund its "reset" needs and it will have to start taking difficult decisions about its modernization plans. It will require at least two years of detailed planning before the Army can begin to create a stable path towards modernization.

⁶⁰ Congressional Research Service, Statement of Amy Belasco before the House Budget Committee, "The Growing Cost of the Iraq War," October 24, 2007
http://budget.house.gov/hearings/2007/10.24Belasco_testimony.pdf.

⁶¹ Amy Belasco, *The Cost of Afghanistan, Iraq and Other Global War on Terror Operations Since 9/11*. Congressional Research Services (RL33110). Updated, 15 May 2009.

Figure 10: Appropriations for Afghan and Iraq Wars by Category FY04-FY09 Bridge



Source: Adapted by the author from data provided in Amy Belasco, *The Cost of Afghanistan, Iraq and Other Global War on Terror Operations Since 9/11*. Congressional Research Services (RL33110). Updated, 15 May 2009.

Aircraft Procurement and Force Size

It is not enough to cancel failed aircraft procurement programs years after they became so troubled that a coming crisis was inevitable. Secretary Gates' decisions have only begun to address the fact that the US Air Force showed virtually no capability to create a stable, affordable path towards the modernization of the US air fleet, bring programs in on time with the promised effectiveness, and tie procurement to either an affordable approach to deploying new technology or cope with the rapid aging of a fleet engaged in almost continuous combat. Among the many cuts were the F-22 fighter, a next-generation long-range bomber and the Air Force's new combat search and rescue helicopter.⁶² After a long battle in Congress, the cut was finally accepted. The F-22 will be replaced by an order of F-35 Joint Striker Fighters; yet, Gates did not address the risk of relying so heavily on the F-35 and delays in the modernization of most other areas of US air capability.

Secretary Gates has not yet announced a modernization strategy, a force plan, a procurement plan, or a credible and affordable path forward. He proposed a series of one time fixes that do not define future force plans, programs, or procurement goals, and leaves virtually every aspect of future aircraft modernization unresolved. These decisions also do not address the growing problems in creating a stable, competitive industrial base for the US defense industry, and bring future procurements into balance with both probable resources and the desire to maintain a high technology edge.

As is the case with similar problems in all of the other services, the 2010 QDR should provide the basis for making such decisions and an outline of the plan the US should pursue. In terms of filling capabilities gaps, the Air Force has been directed to address "higher-end gaps," such as taking on a major peer military. As higher-end technology is more expensive, this could mean the Navy and Air Force could be subjected to lower overall funding cuts in the FY2011 budget process, and across the FYDP, as they address QDR directions.

Air Force Chief of Staff General Norton Schwartz has stated that his number one priority is directing more money into modernizing existing fighters, but that his second priority is accelerating F-35 Joint Strike Fighter production to maximum levels. This may or may not move the Air Forces towards some degree of realism in its force planning and procurement programs.

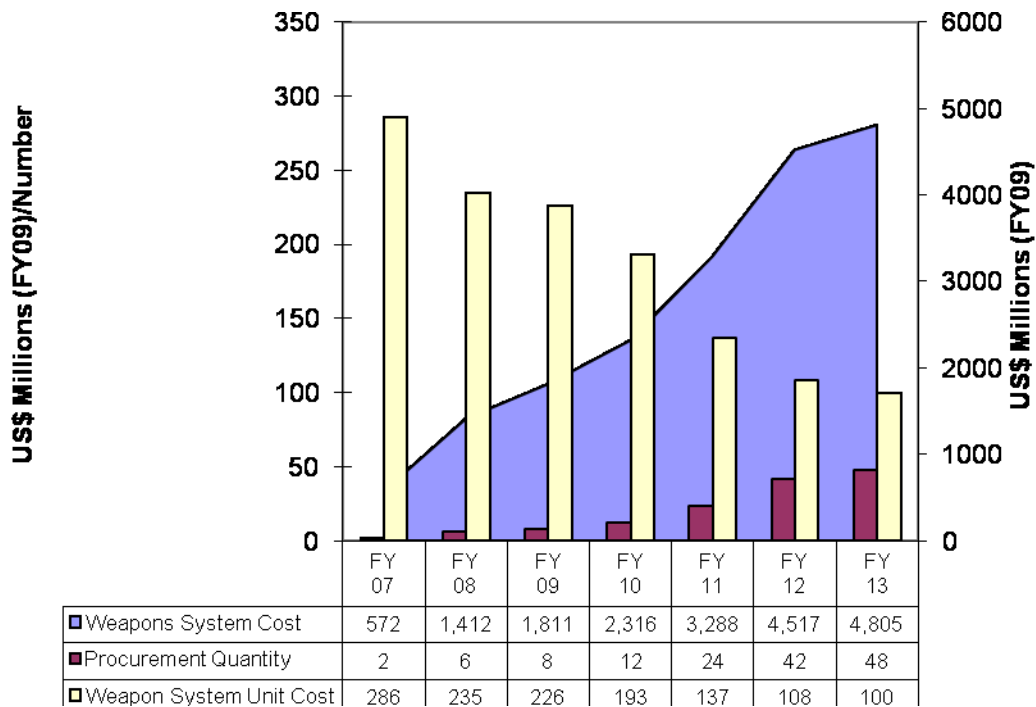
A recent GAO report stated that more money and time is needed to complete the development of the F-35 but despite the fact that the test plan is in its infancy, DOD wants to accelerate production.⁶³ This may well be impossible, as continued manufacturing inefficiencies will make it difficult for the program to meet its production schedule. Moreover, as **Figures 11 and 12** show, DOD is procuring a substantial number

⁶² Office of Management and the Budget. Terminations, Reductions and Savings: Budget of the US Government Fiscal Year 2010. Washington DC (2009). Available at: <http://www.whitehouse.gov/omb/budget/fy2010/assets/trs.pdf>

⁶³ Michael Sullivan. Joint Strike Fighter: Strong Risk Management Essential as Program Enters Most Challenging Phase. Government Accountability Office. (20 May 2009).

of JSF aircraft using cost reimbursement contracts, which place most of the program’s financial risk on the buyer who is liable to pay more than budgeted should labor, material, or other incurred costs be more than expected when the contract was signed.⁶⁴ This may only compound the risk of the venture.

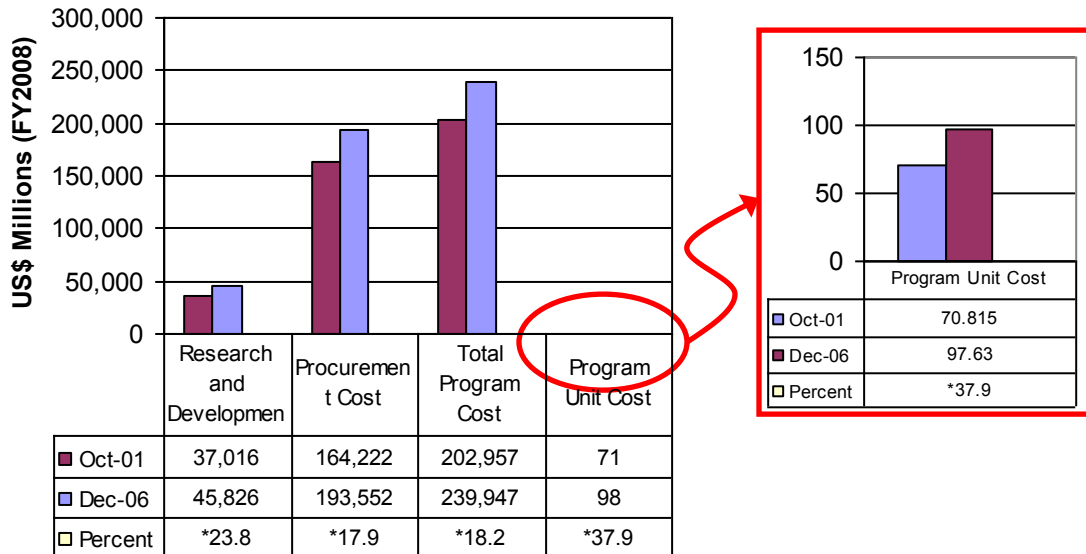
Figure 11: Air Force F-35 JSF Procurement Plan



Source: United States Air Force, Committee Staff Procurement Backup Book – FY2009 Budget Estimates, Aircraft Procurement, Air Force, Volume I, February 2008, Exhibit P-40, p. 1-1.

⁶⁴ Michael Sullivan. Joint Strike Fighter: Strong Risk Management Essential as Program Enters Most Challenging Phase. Government Accountability Office. (20 May 2009).

Figure 12: Joint Strike Fighter Program Cost Growth



Source: GAO, *Defense Acquisitions*, GAO-08-467SP, March 2008, p. 105.

General Schwartz’s other priority is ensuring funding for a next-generation, long-range strike capability. Secretary Gates removed the requested funds to develop a new bomber that was to be operational by 2018 from the Air Force’s FY2010 budget, but promised to revisit the issue in the 2010 QDR. The QDR will consider whether a new bomber is needed, as well as what range and bomb load that aircraft should have, whether it should be manned or unmanned, be stealthy and be able to carry nuclear weapons. Gates has told lawmakers he is considering making the next-generation long-range bomber a pilotless aircraft, saying that advances in unmanned technologies since the Air Force launched an effort to develop a bomber in 2006 were among the reasons he stopped the program. Schwartz, on the other hand, has stated that a new bomber needs to be VLO [very low observable], have moderate range and payload and be nuclear capable, and that means “it probably should be manned.”

What Secretary Gates has advanced is only a one-year fix to crucial problems in both shaping America’s future force posture and developing affordable forces. The QDR has the potential to extend the reform, but the confused approach that the service is taking to F-35 procurement and the next-generation bomber may jeopardize this potential.

Fleet Modernization and Ship Building

As is the case with the Army, Air Force, and Marine Corps, the changes in the FY2010 budget only made a beginning in addressing the fact that the US Navy failed to create a stable, affordable path towards the modernization of its fleet, bring programs in on time with the promised effectiveness, and tie procurement to either an affordable approach to deploying new technologies or cope with the rapid aging of a fleet engaged in almost continuous combat.

Like the other services, the Navy showed a critical lack of top level leadership. It did not include a 30-year Shipbuilding plan, which outlines its long-term plans, in its FY 2010 budget request, stating that it would wait until after the QDR is complete. Without defined future force plans or procurement goals, it is clear that there are several issues that need to be addressed in the upcoming review, including the future of amphibious landing capabilities, the role of naval unmanned combat aerial vehicles, and the overall mix between ships designed for littoral environments and blue-water surface combatants.

Michèle Flournoy and Shawn Brimley write in the July issue of the US Naval Institute's *Proceedings* magazine that one of the high-stakes issues being examined how the Navy can better prepare for "high-end, asymmetric threats."⁶⁵ While the authors argued that US dominance in space and the preeminence of the Navy on the high seas was not eroding at a precipitous pace, they pointed to trends from China and Russia's developing naval capabilities to Hezbollah's use of an advanced anti-ship missile during the 2006 Lebanon War that are "harbingers of a future strategic environment in which America's role as an arbiter or guarantor of stability within the global commons will become increasingly complicated and contested."⁶⁶

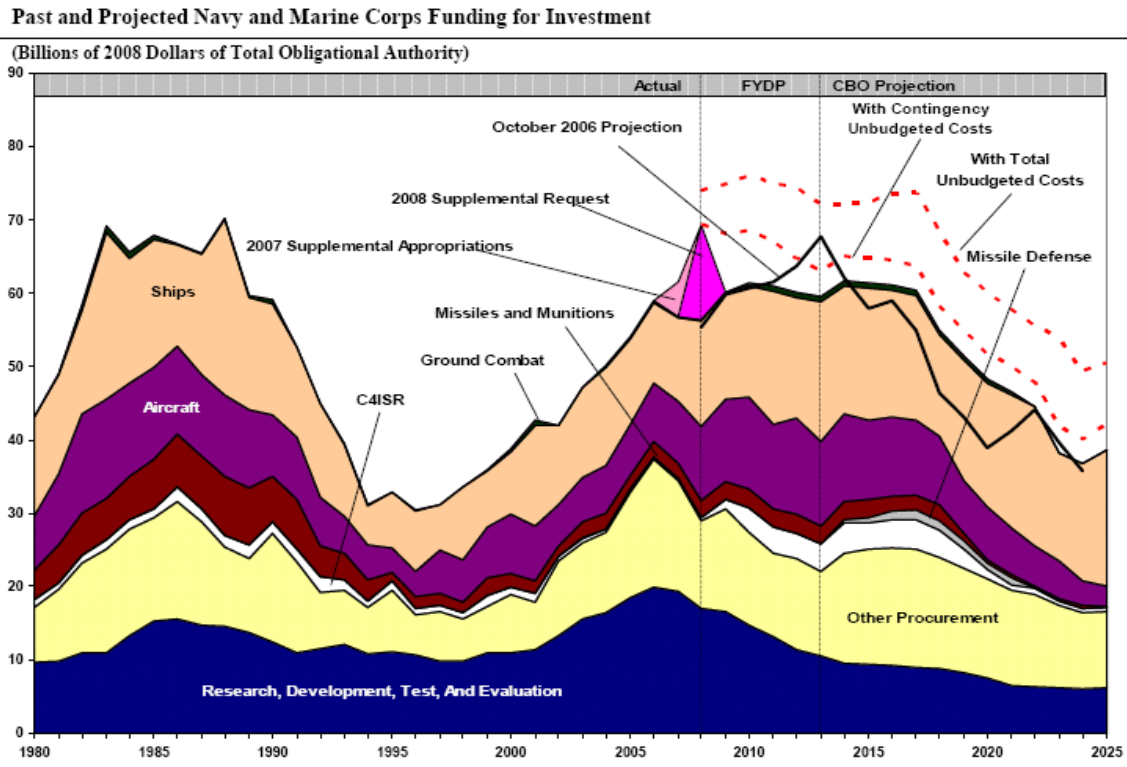
The QDR will examine the need for new amphibious warfare ships for these reasons. However, the most pressing issue that requires attention is the disgraceful state of the Navy's procurement program, illustrated in **Figure 13**. Unrealistic force plans, overoptimistic cost estimates, unrealistic projections of technical feasibility, and inadequate program management have created an unaffordable ship building program, led the Navy to phase out capable ships for new ships it cannot fund, and threaten the US Navy's ability to implement an effective maritime strategy. Because Gates delayed the next generation cruiser program (CG-X) in the FY2010 budget and outlined only a "tentative" plan for destroyers, the QDR must rationalize future requirements and create a sustainable long-term building program.

Once again, the QDR is not poised to address the key past problem of trade-offs between procurement expenditures and active force structure, particularly as measured in total fleet size and unit equipment numbers. The proposed areas of study do not address the growing problems in bringing future procurements into balance with both probable resources and maintaining a high technology edge in an affordable form. The end result is at best a short-term fix to a crucial problems in both shaping the maritime side of America's future force posture and in developing affordable forces.

⁶⁵ Michèle Flournoy and Shawn Brimley. "The Contested Commons," *Proceedings* (July 2009). Available at: http://www.usni.org/magazines/proceedings/story.asp?STORY_ID=1950

⁶⁶ Michèle Flournoy and Shawn Brimley. "The Contested Commons," *Proceedings* (July 2009). Available at: http://www.usni.org/magazines/proceedings/story.asp?STORY_ID=1950

Figure 13: The Navy-Marine Corps Investment Crisis



Source: CBO, *Long Term Implications of Defense Spending*, March 2008, Figure 3-9.

Cost Containment and Procurement and RDT&E Reform

Secretary Gates has repeatedly called for acquisition reform to get control over costs and the need to make “tough choices” on weapons and spending. While this is encouraging to hear, meaningful reform depends on successful actions, not good intentions. Gates and his deputies ostensibly plan to use the QDR to further reshape the US military investment portfolio in line with the defense secretary’s goal of improving the military’s ability to deal with low- and high-end threats, getting weapons to the battlefield faster and reducing the need to fund acquisitions through supplemental requests, but it remains to be seen whether or not this will actually happen.

The review of the Pentagon's investment plans will be heavily influenced by a series of studies on nearly every large weapons program and are supposed to guide decisions on everything from long-term shipbuilding plans to the type and number of ground vehicles the Army and Marine Corps buy as well as the future size and shape of the tactical air fleet, according to Pentagon sources and documents.⁶⁷ These studies, called for in classified budget directives, including a document known as “resource management

⁶⁷ “Scenarios Selected for Quadrennial Defense Review; Team Leaders Named,” *Inside Defense* (14 April 2009). Available at: <http://www.ita.org/upload/es/docs/QDR%20Article.pdf>

decision 802,” are being led by the office of program analysis and evaluation in the Office of the Secretary of Defense and aim to develop options for the Pentagon’s policy office to consider in drafting the QDR.

The problem with these studies is that they are being conducted by a fifth, separate issue team and are therefore not an organic part of the work the services are doing. Should policy-led deliberations stall due to disagreement over how to answer the central questions of the 2010 QDR – namely how to bolster Army and Marine Corps irregular warfare capabilities and the Navy’s and Air Force’s ability to deal with high-end asymmetric threats – it could give the PA&E-led studies greater significance.⁶⁸ Otherwise, however, whatever acquisition reform is suggested in the PA&E studies may remain detached from the main analysis in the QDR.

Nuclear Posture Review

The Nuclear Posture Review (NPR) was legislatively-mandated under the National Defense Authorization Act of Fiscal Year 2008. The NPR, the first comprehensive review of the US nuclear posture since 2002, will be submitted to Congress concurrently with the Quadrennial Defense Review. Since no decisions were taken in the budget, the NPR will establish US nuclear deterrence policy, strategy, and force posture for the Obama administration and provide a basis for the negotiation of a follow-on agreement to the Strategic Arms Reduction Treaty.⁶⁹

The 2010 NPR will reflect the Obama administration’s pledge to confront global nuclear weapons proliferation. In the President’s Prague speech, he referred to the elimination of nuclear weapons – Global Zero – as his administration’s ultimate goal. He also said that until that time, as long as adversaries possess nuclear weapons, the United States will maintain a robust and credible nuclear deterrent. The NPR is being taken in the context that he laid out in that speech – a desire to strengthen non-proliferation progress and explore the possibility of further reductions in our own arsenal, while also ensuring that the US takes the steps necessary to ensure that we have a safe and secure and reliable deterrent.⁷⁰

Although the NPR has yet to be completed, on July 6, 2009, President Obama and his Russian counterpart Dmitri Medvedev reached basic agreement that there must be a follow-up treaty to the Strategic Arms Reduction Treaty (START), due to expire at the end of the year. The two leaders signed a joint understanding which aims to reduce the number of nuclear warheads held by each to between 1,500 and 1,675, compared with the current START maximum of 2,200. They would also aim to reduce the number of rockets capable of delivering the warheads from the current maximum of 1,600 allowed for each side to between 500 and 1,100. This agreement should inform the ongoing review, but the

⁶⁸ “Scenarios Selected for Quadrennial Defense Review; Team Leaders Named,” *Inside Defense* (14 April 2009). Available at: <http://www.ita.org/upload/es/docs/QDR%20Article.pdf>

⁶⁹ Department of Defense. 2009 NPR Terms of Reference Fact Sheet. (2 June 2009). Available at: <http://www.defenselink.mil/news/d20090602NPR.pdf>

⁷⁰ Department of Defense. News Transcript. (23 April 2009). Available at: <http://www.defenselink.mil/Transcripts/Transcript.aspx?TranscriptID=4408>

US has been seeking a clear path towards nuclear modernization for more than a decade, and the key question is whether either the NPR or new arms control problems will be integrated into both the QDR and the coming FYDP.

What Is Left Out?

What is perhaps more significant than what is in the QDR is what is left out. The so-called procurement reform in the budget constituted only the cancellation of specific programs without the reform of the process. The inability of the Department of Defense (DOD) to match its transformational plans with affordable programs or to plan or manage its key programs with efficiency comprises perhaps the most serious form of “overstretch” within the department’s control. Its plans and goals have been well intentioned, but the reality has often been an awkward mix of delays, massive cost escalation, failing to foresee real-world future requirements, and unfulfilled promises of effectiveness. The question is whether the 2010 QDR will propose more substantial reform on the issue.

VII. CONCLUSION

The process of turning a military that is largely organized, designed, trained, and equipped to fight conventional wars into one that is more capable of fighting the irregular conflicts is a long one. There is potential for the 2010 Quadrennial Defense Review to make a substantial contribution to this process, rather than just wasting resources and only to produce bland strategic statements of little practical relevance as its predecessors did. Reviews that are all concepts and no plans or execution provide no value at all.

Still, this survey shows that the Department of Defense's QDRs to date have been largely a list of beginnings, concepts and intentions. It is also a fundamental reality of every aspect of national security policy that good intentions are ultimately irrelevant unless they are followed by successful actions. Once again, it must be stressed that a nation's national security strategy – and indeed its security – is not defined by what it declares, but rather by what it does. Similarly, the fact that there are no good intentions, only successful actions is an iron law of public policy that Department has so far violated with grim and consistent determination.

The Pentagon has been conducting Quadrennial Defense Reviews since early in the Clinton administration. Each one has been cited as the essential precursor of big decisions to come. Each one has come and gone and done nothing to change whatever trajectory the Pentagon's leadership has pre-decided; it functions as little more than a review by the department bureaucracy of itself. It is an attempt to replace basic management tasks with a four-year review. After four attempts (if the 1993 BUR is included), the process is stagnant and barely useful.

It is far from clear as yet that this year's Quadrennial Defense Review will be any better tied to a clear force plan, procurement plan, and future year defense program and budget (FYDP) than its largely meaningless predecessors. In the budget, the Secretary outlined what may be necessary "one time" fixes for cost and individual program reasons, but failed to provide a clear sense of future direction, architecture, procurement, or deployment for either strategic or theater missile defenses. These are all practical areas that need to be addressed in any workable strategy, force plan, and program budget.

Thus, the changes that Secretary Gates called for in the budget are at best the beginning of a series of massive adjustments to the US defense posture that will play out over at least a decade. The QDR may institutionalize them, but it may also fall into the same trap as its predecessors – presenting a collection of concepts with no grounding in the real world. No one can define a successful strategy or force posture by addressing most of the issues involved at a conceptual level and focusing on a few select program decisions that will have to be followed by major changes in US spending in the out years, changes in US force and procurement plans, and a massive long term restructuring of the US defense program budget.