



# Hard Choices: Shaping America's Next National Defense Strategy

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The United States' position on the world stage today may be in its most tenuous state since the height of the Cold War. Threats to security are multi-fold and multiplying, spanning the persistent threat of global terrorism, rogue states seeking or possessing nuclear weapons, deteriorating climate stability, and great-power competition from a rising China and revanchist Russia. Amidst these threats, America finds itself beset by internal conflict and damaged credibility with its allies and adversaries.

The latest National Defense Strategy (NDS), released in 2018, represented one of the most significant Department of Defense (DoD) strategy updates in the post-Cold War era.<sup>1</sup> The document, critical to aligning U.S. defense activities toward a shared vision, marked a shift from the recent counterinsurgency focus to one of preparation for great-power competition. It set ambitious goals to reinforce American military superiority and deter threats across all domains. But finding the budget to resource those goals has proven difficult. As a result, there is a fundamental “threat and budget mismatch” that will dramatically challenge America's ability to rise to the occasion and deter truly catastrophic future conflict.

To avoid such an outcome, and to counter the growing narrative surrounding “America's decline,” the next NDS must embody a number of hard choices to be successful.

## **Risk and Resourcing**

Despite fostering a profoundly different worldview than its predecessor, the Biden administration's interim National Security Strategic Guidance report preserves key tenants of the 2018 NDS. Principally, it contains an enduring focus on strategic competition, which is prudent. However, as security concerns of decades past continue to persist, DoD will be challenged to meet the growing demands of strategic competition. As such, the forthcoming NDS must clearly articulate not only threat priority, but proximity, to include areas where the United States is willing to accept additional risk.

The U.S. military instrument is increasingly stretched at the seams. For proof, one need only look to the rash of catastrophic mishaps suffered by U.S. Navy vessels since 2017.<sup>2</sup> To address these growing readiness concerns, the NDS should establish a framework that more effectively guides budgeting and force employment decisions using risk-based analysis to allocate limited resources. More specifically, the strategy should be optimized to enhance deterrence in the next five to fifteen years.

Testimony from Admiral Philip Davidson, former commander of U.S. Indo-Pacific Command, in March 2021 suggested that the threat posed by the People's Republic of China toward Taiwan could manifest within the decade.<sup>3</sup> Therefore, focused efforts like the Pacific Deterrence Initiative (PDI) should be prioritized and fully funded to specification.

On its surface, the Fiscal Year 2022 defense budget request's record-setting investment in Research, Development, Testing, and Evaluation (RDT&E) is promising. However, if one looks at investments in the PDI—a critical element of “integrated deterrence” directed at the United States' pacing challenger—the picture is concerning. Instead of resourcing the capabilities originally called for, it is crammed with planned procurement items detached from the stated intent.<sup>4</sup> It is true that the United States should make long-term investments in “leap-ahead” technologies like artificial intelligence (AI) but doing so to the detriment of existing capabilities invites unnecessary danger.

## Prioritizing Capabilities

To align limited means with the ambitious ends of U.S. national security objectives, the next NDS must identify and prioritize the military capabilities that matter most at the expense of those less critical. While there is a tendency to talk about prioritizing certain services and breaking the roughly even distribution of resources amongst them, service budget shares must be an output, not an input, of the strategy process.<sup>5</sup> It is important to remember that the NDS document itself can only “inform” the sprawling bureaucratic process by which Pentagon budget requests are built. Funding, of course, is authorized and appropriated by Congress.

What the NDS can and should do is explicitly identify which capabilities contribute most to the strategy’s primary objectives, or are most sorely lacking, and declare them to be the priorities. This is one area where the 2018 NDS fell short. Having identified great-power competition as the “central challenge,” the document failed to identify what capabilities and capacities were most relevant and important. Like “transformation” in the 2000s, great-power competition could be—and was—used to justify almost anything the services wanted to include or retain in their budgets.

An official identification of what capabilities are most important to the NDS will help clarify the alignment of resources with strategy. Those priority capabilities will depend on other choices made by the NDS. If the NDS is focused, as we recommend, on deterring aggression by China and Russia in the near- to mid-term, some capabilities that seem particularly important are those that we have taken to calling the “six S’s.”

- Secure second-strike capabilities to maintain a stable nuclear deterrent.
- Surveillance systems to maintain situational awareness and provide targeting.
- Strike systems to hold enemy targets at risk conventionally from long range.
- Submarines to deny adversaries control of the seas.
- Special operations forces to conduct small-footprint ground operations.
- Space capabilities to protect U.S. interests in an increasingly contested domain.

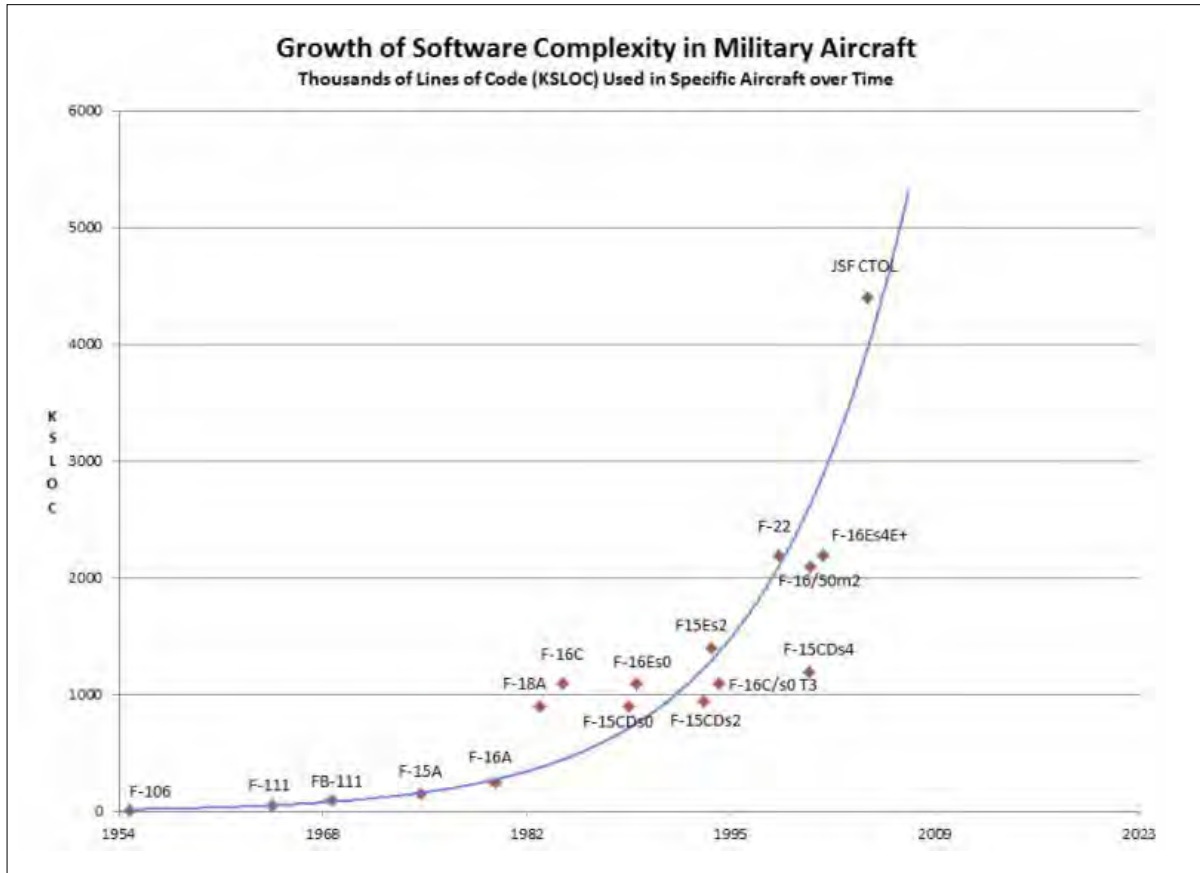
Of course, NDS pronouncements will not magically reshape the Pentagon budget overnight. The devil will remain in the implementation details. But a clear list of priority capabilities will help the Office of the Secretary of Defense and the White House bend subsequent iterations of the sprawling Pentagon budget process to their will. Some details may be reserved for the internal, often classified, force planning guidance documents that typically accompany the Pentagon’s strategy reviews, but it is important that the priorities be communicated to Congress and the American people so that they can better understand what needs to be done.

In all likelihood, any deviation from “fair” budget shares and current priorities will be opposed by the services and communities most adversely impacted, along with their allies in Congress. Rather than fighting the prioritization, those that stand to lose should adapt to provide what is most critically needed. The Marine Corps offers a good example of what should be done. The service is explicitly trading in its tanks, artillery, and military police units in favor of capabilities like anti-ship missiles that are of greater utility in deterring China. Leaders can incentivize such behavior by rewarding it in the resource allocation process. While “jointness” has provided many benefits, renewed competition among the services to provide the best and most cost-effective “ways” of achieving strategic objectives will ensure the best use of limited resources.

## Partnering with Industry

Increased focus on strategic resourcing between the services must also be matched with better strategic utilization of industry. Since the end of the Second World War, the United States has partnered with private industry to deter conflict by creating military advantage through extremely sophisticated warfighting systems that offset numerically superior adversaries. However, technical advancements from peer rivals, such as China and Russia, and an increasingly constrained budget environment make staying ahead continuously more difficult. To meet this challenge, the DoD will need to make hard choices in how it chooses to engage and support industry.

Success in future conflict depends on systems featuring engineering and technology that are dramatically more complex than in the past. For example, the number of parts in a World War II-era aircraft would typically be fewer than 10,000. Today, they can number in the many millions. Further, the lines of software code required to run these systems have grown exponentially.<sup>6</sup>



Due to the growing cost and time required to field capabilities of such complexity, and the constrained budget and timeframe available to develop them in, the DoD must take a more considered approach with how it engages industry.

This starts with improving its ability to internally prioritize and externally articulate needed capabilities and requirements. For example, recent efforts to create grand new joint warfighting concepts built on a foundation of embedded-AI, autonomous assets, and highly integrated Joint All-Domain Command and Control (JADC2) are promising, but have all too often failed to descend from the realm of buzzwords and philosophy. Disagreement between the services, within DoD, and with Congress have resulted in development requirements drifting wildly, with uncertainty surrounding whether actual government funding will ever materialize. This has created great difficulty for private industry to invest in and actually engineer such capabilities.

As the DoD continues to invest in force modernization, it should bring greater focus to “real” capabilities that can both generate deterrence in the near-term and present strong candidates for future evolution. The new administration has shown some eagerness to shift investment from procurement to “leap-ahead” Science & Technology (S&T) projects. While such investments may help ensure deterrence in future decades, the administration should renew consideration of how it might make best use of recently matured programs and capabilities which are only now becoming battlefield ready after decades of development. To ensure investments in capabilities like JADC2 result in *real* capability, we should ensure they are rooted to our core platforms and warfighting systems either already in or entering inventory.

In addition, uncertainty for private industry extends beyond program requirements to include the actual future regulatory and business environment within which industry must operate. The defense industry, like other industries, is in the midst of modernizing with integrated supply chains and next generation “Industry 4.0” digital development tools. These initiatives—such as developing easy to upgrade modular systems within digital environments—can bring a step-change in cost reduction and speed-of-delivery. These efforts require heavy investment and risk-taking from industry, but could bring the DoD closer to its long-held goal of development programs that run more akin to those in Silicon Valley.

To securely make these investments, industry must have confidence that they will be allowed to benefit accordingly. If industry is expected to deliver outcomes at the level of speed and sophistication of the tech sector, it must also be allowed to act something like the tech sector. That may require the DoD to accept a more accommodating stance towards regulation, intellectual property rights, and vertical integration as industry supports the development of capabilities critical to the next NDS.

## Closing Recommendations

The next NDS will need to demonstrate discipline in direction. It must guide the modernization of a joint force that leverages recently matured technologies, developed with decades of investment, to field real capabilities. In particular, the focus of these capabilities should lie in the “six S’s,” areas critical to providing flexibility in our deterrence against peer adversaries. Finally, the department should approach industry with both clearer requirements and an open mind to industry-led creative approaches to improving speed, cost-efficiency, and innovation.

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<sup>1</sup> Office of the Secretary of Defense. “National Defense Strategy.” U.S. Department of Defense, 2018. <https://www.defense.gov/Explore/Spotlight/National-Defense-Strategy/>.

<sup>2</sup> Sam LaGrone, “Lawmakers Survey: 94% of Sailors Say ‘Damaging Operational Failures’ Related to Navy Culture, Leadership Problems,” *USNI News*, July 12, 2021, <https://news.usni.org/2021/07/12/lawmakers-survey-94-of-sailors-say-damaging-operational-failures-related-to-navy-culture-leadership-problems>.

<sup>3</sup> Mallory Shelbourne, “Davidson: China Could Try to Take Control of Taiwan In ‘Next Six Years’,” *USNI News*, March 9, 2021, <https://news.usni.org/2021/03/09/davidson-china-could-try-to-take-control-of-taiwan-in-next-six-years>.

<sup>4</sup> Bryan Clark and Dan Patt, “Fix the Pacific Deterrence Fund—and the Deeper Problem It Reveals,” *Defense One*, June 23, 2021, <https://www.defenseone.com/ideas/2021/06/fix-pacific-deterrence-fund-and-deeper-problem-it-reveals/174898/>.

<sup>5</sup> See, for example, Blake Herzinger, “Give the U.S. Navy the Army’s Money,” *Foreign Policy*, April 28, 2021, <https://foreignpolicy.com/2021/04/28/navy-army-defense-budget-china/>.

<sup>6</sup> System Architecture Virtual Integration, Texas A&M. “Exponential Growth of System Complexity.” SAVI, 2021. <https://savi.avsi.aero/about-savi/savi-motivation/exponential-system-complexity/>.