

JUNE 2010

NATIONAL SECURITY STRATEGY IN AN ERA OF GROWING CHALLENGES AND RESOURCE CONSTRAINTS

Andrew F. Krepinevich, Jr.

Originally presented at “The Geopolitical Constraints of the Financial Crises” Symposium at Princeton University’s Center for International Security Studies, 13-14 May 2010. Panel on “Domestic Constraints on US Grand Strategy.”

Introduction

The United States is struggling to emerge from the greatest peacetime economic downturn since the Great Depression. Known as the Great Recession, the country’s current fiscal difficulties seem unlikely to abate any time soon. If there is a consensus regarding the country’s recovery, it is that it will be both gradual and protracted.¹ Some economists, eyeing the government’s rapidly growing debt and expanding obligations, have expressed concerns over the country’s ability to sustain healthy growth levels over the longer term.² The implications for US security are potentially profound. Washington has long relied on its ability to bring to bear far greater resources than any other country against any threat to the nation’s security. If current trends play out, this advantage is almost certain to diminish, perhaps dramatically, in the coming years. Long accustomed to pursuing a “rich man’s” approach to strategy, the United States will find itself increasingly challenged to take a “smart man’s” approach—one for which it seems ill-prepared.

The author is indebted to Todd Harrison and Barry Watts for their most helpful comments on earlier versions of this paper. However, any shortcomings in the paper are the author’s sole responsibility.

- 1 International Monetary Fund, World Economic Outlook: Rebalancing Growth (Washington DC: IMF, April 2010) pp.44-45. Accessed at <http://www.imf.org/external/pubs/ft/weo/2010/01/pdf/text.pdf>, on June 2, 2010. The IMF concludes that “the recovery ahead is expected to be gradual, particularly when the effects of the stimulus subside.” It also cautions that “given the size of US fiscal imbalances, a credible plan for fiscal sustainability will need to accompany any such measures to limit the risk of rising long-term interest rates, which would dampen growth.”
- 2 See testimony of Douglas W. Elmendorf, Director of the Congressional Budget Office, before the US Senate Committee on the Budget July 16, 2009. Accessed at http://www.cbo.gov/ftpdocs/104xx/doc10455/07-16-Long-TermOutlook_Testimony.pdf.

The Logistical and Social Dimensions of Strategy

The military historian Michael Howard has observed that modern warfare is conducted in four dimensions. There is the *operational* dimension, which pertains to how effectively a commander employs the forces at his disposal. The *technological* dimension of strategy refers to the quality of the equipment employed by a belligerent's armed forces. Howard noted that success in war also depends on the *logistical* dimension of strategy, or "the capacity to bring the largest and best-equipped forces into the operational theater and to maintain them there" until victory is achieved.³ Finally (or perhaps ultimately), Howard went on to describe the *social* dimension of strategy as "the attitude of the people upon whose commitment and readiness for self-denial this logistical power ultimately depended."⁴ In a democracy like the United States, the social dimension of strategy involves the willingness of its citizens to devote resources to provide for national security. Thus domestic factors exert an important and potentially decisive effect on a country's ability both to generate military capability and to employ it effectively.

In a democracy like the United States, the social dimension of strategy involves the willingness of its citizens to devote resources to provide for national security.

This paper focuses on the logistical and social, or domestic, dimensions that act as constraints on US military capability and, indirectly, strategy. Specifically, it examines the degree to which the United States' economy is able to provide resources for national defense and, just as important, the American people's willingness to subordinate other priorities toward this end.

Background to the Current Situation

As its battered economy struggles to emerge from the Great Recession, the United States confronts a daunting fiscal landscape. In fiscal year (FY) 2009, the budget deficit hit a record high of \$1.4 trillion, and may reach \$1.6 trillion in FY 2010. These record deficits are due primarily to spending on fiscal stimulus programs and a sharp reduction in tax revenues due to the recession. But even after the stimulus spending ends and the effects of the recession subside, an underlying structural deficit remains that both pre-dates the current economic crisis and, given current policies, will extend beyond it. It is this structural deficit that poses the far greater threat to long-term US economic health.⁵ Currently the United States' debt is growing much faster than its economy, and this situation is not projected to change in the foreseeable future. Given current projections, by the middle of the next decade the country's public debt will approach its Gross Domestic Product (GDP),

³ Michael Howard, "The Forgotten Dimensions of Strategy," *Foreign Affairs*, Summer 1979, p. 977.

⁴ *Idem.*

⁵ One can get a sense of the difference the effects of short-term stimulus spending and an underlying structural deficit in the United States' experience during World War II. During the war, government spending (and debt) soared to what would have previously been thought unimaginable heights. After roughly four years, the war ended and US defense spending declined to exceedingly modest levels by comparison. In effect, the "war stimulus" spending ended. Yet the United States went on to enjoy strong economic growth, in no small part because its long-term spending obligations were essentially covered for the most part by its anticipated revenues. This latter, crucial factor does not hold for the United States today.

the point at which significant economic growth becomes difficult.⁶ Making matters worse, a growing portion of this debt is held by foreigners. At present China and Japan hold over 40 percent of the United States' foreign-held debt.⁷ According to Office of Management and Budget (OMB) projections, by FY 2018 for the first time in modern history the United States will be spending more to cover the interest on its debt—roughly \$800 billion—than for national defense.⁸ This should be a matter of grave concern, given the challenges to US security that are likely to emerge over the next decade.⁹

Entitlement Overstretch

The American public increasingly views addressing the country's economic woes as a top priority. To date, however, the government's rhetoric has far exceeded its actions. In the recently released fiscal year 2011 budget request, the Obama Administration proposed a freeze on non-security-related discretionary spending. The proposed freeze applies to less than one sixth of the total budget and reduces the FY 2011 budget by just \$15 billion from the projected baseline.

While the base defense budget was one of the few discretionary accounts to receive a real increase, the rate of growth in defense spending has been reduced to half the average rate of growth seen over the last decade. Security-related spending is set to increase by \$45 billion in FY 2011. However, even if defense spending were frozen at its current level, the entire amount realized from a freeze in discretionary spending would be \$60 billion, a trivial sum when matched against an estimated deficit of \$1,600 billion.

This suggests that significant cuts in discretionary spending cannot, by themselves, put the United States back on a sound economic footing. Given the administration's pledge to restrict tax increases to only the wealthiest Americans, this narrows the range of options down to entitlements.

Today, entitlement spending comprises over 56 percent of all federal government outlays.¹⁰ Viewed in terms of the country's overall GDP, defense spending represents 4.8 percent of US GDP, a level sustained (and often exceeded) during the country's forty-year Cold War with the Soviet Union. During the 1950s, national defense spending averaged

6 According to a recent extensive study of historical data, when gross external debt reaches 60 percent of a country's GDP, its annual growth rate declines by about two percent. When external debt exceeds 90 percent of GDP, a country's growth rate is roughly halved. Carmen M. Reinhart and Kenneth S. Rogoff, "Growth in a Time of Debt," January 18, 2010 (Draft), p. 3. Accessed at <http://terpconnect.umd.edu/~creinhar/Papers/RR%20Debt%20and%20Growth-01-18%20NBER.pdf>, on May 8, 2010. Currently total US debt is about \$13 trillion. Roughly \$4.5 trillion of this debt is held within the government (e.g. borrowing from revenue surpluses in the Social Security Trust Fund). The remaining debt—the debt held by the public—is owed to individuals, governments, and institutions.

7 See <http://www.treas.gov/tic/mfh.txt>, accessed on June 2, 2010.

8 OMB, *Budget of the United States Government*, Fiscal Year 2011, Summary Tables (Washington DC: GPO, February 1, 2010). Accessed at <http://www.whitehouse.gov/omb/budget/fy2011/assets/tables.pdf>.

9 Andrew F. Krepinevich, "The Pentagon's Wasting Assets," *Foreign Affairs*, July-August 2009, pp. 18-33; and Andrew Krepinevich, *Why AirSea Battle?* (Washington, DC: Center for Strategic and Budgetary Assessments, 2010), pp. 13-25.

10 Office of Management and Budget, *A New Era of Responsibility: Renewing America's Promise*, p. 119. Accessed at http://www.whitehouse.gov/omb/assets/fy2010_new_era/A_New_Era_ofResponsibility2.pdf. Funding for defense constitutes roughly 19 percent of federal outlays.

10.4 percent of GDP (with a Korean War peak of 14.2 percent of GDP), and at the height of the Vietnam War in FY 1968 national defense spending consumed 9.4 percent of GDP.¹¹ Entitlement spending, on the other hand, consumes 14.6 percent of GDP—over triple the share of defense—and its share is guaranteed to increase given the onset of the “Baby Boomer” generation’s retirement. Rather than moving to reduce the growth in entitlements, both the recent Bush Administration and the Obama Administration have expanded entitlements, in the form of Medicare prescription drug benefits and expanded health care coverage, respectively. Projections by both administrations regarding the costs of their programs appear highly optimistic. Moreover, the recently enacted health care reform legislation does little to control health care costs, and may add substantially to the deficit if, for example, its projected (and politically difficult) cuts in Medicare funding fail to materialize.

Simply stated, the United States’ eroding economic foundation appears to be more a product of “entitlement overstretch” than a result of excessive investments in its security.

There is some irony in all this. Toward the end of the Cold War, during the defense buildup under the Reagan Administration, concerns were expressed that the United States’ spending on its military would undermine the nation’s economic foundation. These concerns were most famously raised by Paul Kennedy in his book, *The Rise and Fall of the Great Powers*. In it Kennedy argued that great powers had hastened their decline through “imperial overstretch” caused by excessive defense spending and the costs of empire. But twenty-three years after Kennedy’s 1987 book, the US defense budget consumed a substantially *lower* percentage of the country’s GDP than it did in the same period prior to the book’s publication. Still, the United States may be on the path to economic decline during a period of substantially lower spending on defense, but progressively higher spending on entitlements. Simply stated, the United States’ eroding economic foundation appears to be more a product of “entitlement overstretch” than a result of excessive investments in its security.¹²

Moreover, while net interest payments on the federal debt consume 1.3 percent of GDP, this is certain to increase substantially, more than quadrupling as current deficit projections foresee more than \$8 trillion in additional borrowing by the decade’s end.¹³

Given the popularity of entitlement programs—social security, for example, is often described as the “third rail” of American politics—and the severity of the United States economic difficulties, even modest efforts to reduce the deficit will necessitate putting every program on the table in a spirit of shared sacrifice, including investments in national defense. As Defense Secretary Robert Gates recently declared

The attacks of September 11th, 2001, opened a gusher of defense spending that nearly doubled the base budget over the last decade, not counting supplemental appropriations for the wars in Iraq and Afghanistan. Which brings us to the

11 Office of the Under Secretary of Defense (Comptroller), *National Defense Budget Estimates for FY 2011*, March 2010, p. 222.

12 Paul Kennedy, *The Rise and Fall of the Great Powers* (New York: Random House, 1987), pp. xxii-xxiv, 529-35.

13 OMB, *Budget of the United States Government*, Fiscal Year 2011 Summary Tables (Washington DC: GPO, February 1, 2010).

situation we face and the choices we have today—as a defense department and as a country. Given America’s difficult economic circumstances and parlous fiscal condition, military spending on things large and small can and should expect closer, harsher scrutiny. The gusher has been turned off, and will stay off for a good period of time.¹⁴

The United States’ growing economic woes come at a particularly difficult time for the nation’s armed forces, which are engaged in wars in Afghanistan and Iraq, as well as global operations against radical Islamist groups. Typically, substantial reductions in defense spending occur at the end of periods of major conflict, most recently the Vietnam War and the Cold War, when the country substantially reduced the size of the military. This is clearly not an option at present.

Those looking for large, painless cuts in the defense budget are bound to be disappointed.

Moreover, there are other major emerging challenges to US security. In addition to China’s military buildup, Washington faces the increasing likelihood of a nuclear-armed Iran with its potentially destabilizing effect on the Persian Gulf, and growing instability in the wider Middle East, Latin America, and on the Korean peninsula.

One might think that the major increases in defense spending have left the US military well-equipped to address these challenges. Sadly, this is not the case. The defense buildup has not resulted in a significant modernization of the military. Indeed, from a procurement standpoint, the US military can be said to have experienced a “hollow buildup.” The result is an aging inventory of equipment whose service life is being shortened further by the high tempo of ongoing military operations. Those looking for large, painless cuts in the defense budget are bound to be disappointed.

The outlook is no better when it comes to foreign assistance funding, which has become an increasingly important element in the international affairs budget with the rise in US stability operations in countries such as Afghanistan, Colombia, Iraq and the Philippines. In stability operations, the indigenous populations, not the enemy forces, are the center of gravity. Consequently, these operations rely upon various forms of economic assistance to win the support of indigenous populations threatened by insurgencies, terrorism and subversion. After bottoming out in the mid-1990s, foreign assistance levels began to rise and are now higher than in any period since the early 1950s, in real terms, due primarily to Iraq and Afghanistan reconstruction aid and HIV/AIDS funding. Funding for international development and humanitarian assistance in particular has tripled over the past ten years, rising from \$10 billion in FY 2001 to \$32 billion in the FY 2011 budget request (in FY 2011 dollars).¹⁵

Although modest when compared to the overall defense budget (at about 0.2 percent of US GDP), the foreign aid budget has been a favorite target for deficit hawks in the past and typically musters little support among the American people when it comes to setting budget priorities. Foreign assistance funding may experience significant cuts, but even if it were eliminated entirely it would not reduce the deficit significantly.

¹⁴ Secretary of Defense Robert Gates, speech at the Eisenhower Library, Abilene, KS, May 8, 2010. Accessed at <http://www.defense.gov/speeches/speech.aspx?speechid=1467>, on May 10, 2010.

¹⁵ OMB, *Budget of the United States Government*, Fiscal Year 2011, Historical Tables, Table 5.1 (Washington DC: GPO, February 1, 2010).

Given the bleak US fiscal outlook, and the need for major fiscal belt tightening, how likely is it that the American people will sustain a level of spending on national defense sufficient to maintain the military at its current size and enable it to modernize sufficiently to be able to address threats beyond our two current wars? The simple answer is: not likely at all.

Public opinion among Americans shows little stomach for fencing defense expenditures during these difficult economic times. Recent polls indicate that a growing number of Americans feel the United States should “mind its own business internationally” when it comes to foreign affairs. A December 2009 Pew Research Center poll, which asked two thousand US citizens about the United States’ role in the world, is titled: “Isolationist Sentiment Surges to Four-Decade High.” The survey found that almost half of Americans (49 percent) think the United States should stay out of foreign affairs and let other countries get along as best they can on their own. That number is the highest in forty years—since the height of the US public’s disillusionment with the Vietnam War—and represents a one-third increase in the percentage of Americans who felt that way shortly before the Second Gulf War.¹⁶

A major reason for the substantial shift in the popular mood is the poor economy. With many Americans losing their jobs, and some their homes, people feel the government should make it an overriding priority to address pressing domestic issues rather than pursue expensive foreign initiatives.¹⁷ The protracted and still inconclusive outcomes of the United States’ involvement in the Afghan War and Second Gulf War have also undoubtedly soured the public’s perception of what the nation has achieved at the expense of over 5,400 American lives¹⁸ and over \$1 trillion.¹⁹

Implications for the US Defense Posture

Given the public mood regarding budget priorities, what are some likely effects on the size and shape of the US military?

For one, the size of the military is very likely to be reduced, even though the country is still at war in Iraq and the Obama Administration has committed to a major surge in force levels for Afghanistan. While cuts in the US military’s force structure may be necessary, they hardly fit the description of “low-hanging fruit.” Secretary Gates recently addressed this issue and declared that

The fact that we are a nation at war and facing an uncertain world, I believe, calls for sustaining the current military force structure – Army brigades, Marine regiments, Air Force wings, Navy ships. This typically requires regular real growth in the defense budget ranging from two and three percent above inflation. In this year’s budget request, the Defense Department asked for, and I hope will receive, just under two

16 Pew Research Center, *America’s Place in the World 2009* (December 3, 2009). Accessed at <http://people-press.org/reports/pdf/569.pdf>

17 *Idem*.

18 Based on DoD figures, current as of May 12, 2010 (accessed at <http://www.defense.gov/news/casualty.pdf>)

19 Total amount appropriated for the wars in Iraq and Afghanistan through FY 2010.

percent – roughly that level of growth. But, realistically, it is highly unlikely that we will achieve the real growth rates necessary to sustain the current force structure.²⁰

The cuts will not fall solely on the Army and Marine Corps, the two Services that have experienced major increases in their force levels in recent years. The Navy and Air Force confront force structure cuts as well. The Navy's stated objective is a fleet comprising 313 ships. Yet the Service's shipbuilding budget would need to nearly double in the coming years to achieve this.²¹ Thus the Navy will likely be substantially smaller than its planned size, and modernization will proceed more slowly than envisioned. The same can be said of the Air Force, which is beset with cost overruns, including its new generation of fighter aircraft—by far the most expensive part of its force structure—while also confronting increasing costs with its aging fighter inventory.²² A reduction in the Service's force structure and a less ambitious modernization program seem an inevitable outcome.

Moreover, it is far from obvious that current acquisition plans aim at buying the right systems. Secretary Gates himself has stressed that in the face of emerging anti-access/area-denial capabilities, the US military needs to begin shifting from short-range strike systems to longer-range ones. Currently, however, the largest single acquisition program is, by far, the short-range F-35 Joint Strike Fighter (JSF). The program of record envisions a procurement of 1,763 JSFs through 2035. As for a follow-on long-range bomber, Gates himself decided in April 2009 not to pursue a development program until the need, requirement and technology are better understood, despite the fact that all three had been repeatedly studied during the preceding decade.

A major cost growth area over the past decade involves neither new equipment nor management practices; military personnel costs have risen by 69 percent in real terms over the past decade.

These effects may be mitigated if the Defense Department can better control its costs; however, this is easier said than done. Eliminating “fraud, waste and abuse” is a perennial slogan of those seeking to realize major savings in the Pentagon budget. While it is difficult to argue against calls for greater DoD efficiency, based on the history of many blue-ribbon panels and commissions established to study the problem and provide solutions, it would be foolish to count on major savings.²³ Simply stated, only a small fraction of the savings anticipated by these groups is ever realized. Oftentimes they create more inefficiencies than they eliminate, as the Pentagon “banks” the anticipated savings in advance of their being achieved. This enables Defense Department officials to avoid making difficult choices in

20 Secretary of Defense Robert Gates, speech at the Eisenhower Library, Abilene, KS, May 8, 2010. Accessed at <http://www.defense.gov/speeches/speech.aspx?speechid=1467>, on May 10, 2010.

21 Secretary of Defense Robert Gates, speech at the Navy League Sea-Air-Space Exposition, National Harbor, Maryland, May 3, 2010. Accessed at <http://www.defense.gov/speeches/speech.aspx?speechid=1460>, on May 9, 2010.

22 For further discussion of the costs associated with the aging fighter inventory, see: Jean R. Gebman, *Challenges and Issues with the Further Aging of US Air Force Aircraft* (Santa Monica, CA: RAND, 2009).

23 Ronald Kadish, et. al., *The Defense Acquisition Performance Assessment Report* (January 2006) noted that more than 128 studies have been performed to address perceived issues with fraud, waste, and abuse in defense acquisitions.

the near term, leaving even more difficult problems for their successors when the hoped-for savings fail to materialize.

Moreover, a major cost growth area over the past decade involves neither new equipment nor management practices; military personnel costs have risen by 69 percent in real terms over the past decade, reflecting among other things the substantial expansion of the Army and Marine Corps, the relative difficulty of attracting and retaining volunteers facing repeated deployments to combat zones, and (until recently) a healthy economy enjoying high employment. While unemployment is now roughly 10 percent and unlikely to decline substantially any time soon, it is difficult for Congress or the Defense Department to cut the pay and benefits of young men and women fighting for their country. Some savings might be realized through reduced enlistment and re-enlistment bonuses, but these are likely to be exceedingly modest when compared to the overall cost of sustaining the current force structure.²⁴

Secretary Gates has also made it a priority to bring the cost of new equipment under control. But even if he succeeds, it will take considerable time for his efforts to bear fruit. In short, as with personnel costs, there are no quick fixes with respect to the cost of modernizing the force, as recent cost growth in the JSF program illustrates.

Strategy Anyone?

Fortunately, there are more than two ways (increasing funding and creating efficiencies) to resolve a mismatch between the defense program and the resources available to sustain it. They involve strategy, which can be simply defined as how a state's resources are best employed to achieve the ends it seeks. The better the strategy, the more that can be accomplished with a given set of resources.

Strategy necessarily involves setting priorities and taking risks. This is because no state, however powerful relative to other states, has ever had sufficient resources to eliminate all risks to its security and well-being. Thus two ways of dealing with the problem of having to work with a relative decline in resources are to reduce the objectives to be achieved; or to accept greater risk that they may not be accomplished.

As a historical example, a century ago the world's global power, Great Britain, facing growing challenges around the world and a relative decline in its economic might, made a series of difficult choices designed to sustain its maritime superiority as best it could under increasingly difficult circumstances.²⁵ Thus British leaders decided that the country would no longer seek to maintain a navy equal to the combined strength of the second and third largest navies (the "two-power standard") in the world. It also accepted what amounted to US naval dominance in the Western Hemisphere and Japanese naval dominance in the Far

²⁴ According to CBO, bonuses have a smaller impact on DoD's budget because they do not compound from year to year, as does regular pay. Nor do bonuses affect retirement pay or other forms of compensation. See Carla Tighe Murray, Congressional Testimony on Evaluating Military Compensation (April 28, 2009). Accessed at <http://www.cbo.gov/ftpdocs/114xx/doc11463/04-28-MilitaryPay.pdf>, on June 3, 2010.

²⁵ As an island nation with a global empire and high reliance on overseas trade, Britain's survival and economic well-being were closely linked to its ability to have secure access to the world's oceans. This could be assured if the Royal Navy remained the dominant maritime power.

East.²⁶ In so doing, Great Britain accepted limitations on its navy's ability to provide for its security. It also accepted greater risk in its ability to meet its reduced commitments by falling below the two-power standard when confronted with Germany's naval buildup.

To cover some of the growing gaps between the country's diminished resources relative to its rivals', Great Britain also cultivated alliances, both in name and in fact, effectively "outsourcing" to other states some of its security. The alliance with Japan helped to mitigate the Royal Navy's diminished presence in the Far East, and the *entente* with France enabled the British Admiralty to shift a substantial portion of its Mediterranean Fleet to home waters to address the growing German threat, leaving the French Navy to make up the shortfall.

The Royal Navy also looked to employ the resources at its disposal *more effectively*, by leveraging its ability to exploit time and technology to its advantage. The two were employed with an eye toward creating relatively frequent shifts in the Royal Navy's modernization efforts to impose costs on Britain's rivals, and to take advantage of major advances in military technology (e.g., submarines, long-range torpedoes, capital ship design, propulsion systems, etc.) to build a far more capable navy within relatively constrained resources.²⁷ While such periods of military revolution are relatively rare, they are occurring with increasing frequency, and a strong case can be made that we are in such a period at present.²⁸

The administration's "strategy" can be best seen as a list of strategic objectives, or desired outcomes, rather than as a strategy.

Unlike the British example, the Obama Administration's new national security strategy fails to explore any of these options in any significant detail. As Samuel "Sandy" Berger, former national security advisor to President Bill Clinton, sees it, the administration's strategy is not a strategy at all: "It's not a blueprint for action but a means to convey the president's principles and priorities."²⁹ Indeed, the administration's "strategy" can be best seen as a list of strategic objectives, or desired outcomes, rather than as a strategy. For example, the strategy notes, among other things, the importance of a strong economic foundation, gaining the support of allies, and reducing the danger of nuclear proliferation, but offers no concrete suggestions on how the administration hopes to achieve these desirable objectives, or how inconsistencies between these objectives might be resolved by establishing strategic priorities. Alas, this aversion to strategy is not unique to the Obama

26 For two excellent accounts of British strategy in general, and maritime strategy in particular, see Aaron L. Friedberg, *The Weary Titan* (Princeton, NJ: Princeton University Press, 1988), pp. 21-208; and Nicholas A. Lambert, *Sir John Fisher's Naval Revolution* (Columbia, SC: University of South Carolina Press, 1998).

27 Nicholas A. Lambert, *Sir John Fisher's Naval Revolution* (Columbia, SC: University of South Carolina Press, 1998), pp. 86-126.

28 Andrew F. Krepinevich, *The Military-Technical Revolution: A Preliminary Assessment* (Washington, DC: Center for Strategic and Budgetary Assessments, 2002). (This is a reprint of the document, first distributed in July 1992); Andrew F. Krepinevich, "Cavalry to Computer: The Patterns of Military Revolutions," *The National Interest*, Fall 1994; and Michal G. Vickers and Robert C. Martinage, *The Revolution in War* (Washington, DC: Center for Strategic and Budgetary Assessments, 2004).

29 Samuel R. Berger, "Obama's National Security Strategy: A Little George Bush, Lots of Bill Clinton," *Washington Post*, May 30, 2010, accessed at <http://www.washingtonpost.com/wp-dyn/content/article/2010/05/28/AR2010052804466.html>, on May 30, 2010.

Administration, but appears to be merely the last example of a general decline in the US Government's competence in crafting strategy.³⁰

There is an opportunity here, if the Obama Administration is willing to seize it. It involves exploring all available options for diverting the country from its path toward a declining military posture, and doing so within the context of an overall integrated strategy. Similar to the approach pursued by Great Britain a century ago, this would involve providing clear guidance as to *how* the United States might expand its circle of willing and capable allies, *how* it might identify, create and leverage sources of advantage and *how* they would be employed to address the most pressing challenges to the nation's security. Such a strategy would set clear priorities and make hard choices. It would identify areas where the United States would have to scale back or divest itself of commitments, and where it would accept an increase in risk in protecting vital national interests. Importantly, the details of such a strategy document would, as was true of the key Cold War strategy documents, not be made public. Major business firms and sports teams do not share with the public (and hence their rivals) how they plan to achieve success, lest the competition use that information to its advantage. This applies all the more to governments, which are charged with preserving the survival and well-being of their citizens. Yet the Obama Administration has no such integrated, classified national security strategy document.

Conclusion

When strapped for funds, the famous physicist Ernest Rutherford is reputed to have once observed to his colleagues, "We've got no money, so we've got to think." With its once rock-solid economic foundation experiencing serious erosion and no signs of any major reconstructive efforts on the horizon, the American people seem increasingly disinclined to continue providing the resources necessary to sustain the defense program in its current form. This is clearly the message imparted recently by Defense Secretary Gates. If anything, the secretary's sober assessment appears optimistic. That being the case, the US Government in general, and the Pentagon in particular, would do well to heed Rutherford's advice. It is past time for a fundamental review of US national security strategy. Neither the president's new National Security Strategy nor the latest Quadrennial Defense Review indicate that the administration is taking strategy seriously.

³⁰ See Andrew F. Krepinevich and Barry D. Watts, *Regaining Strategic Competence* (Washington, DC: Center for Strategic and Budgetary Assessments, 2009); Andrew F. Krepinevich and Barry D. Watts, "Lost at the NSC," *The National Interest*, January 2009; and Walter A. McDougall, "Can the United States Do Grand Strategy?" *Foreign Policy Research Institute*, April 2010, accessed at <http://www.fpri.org/telegram/201004.mcdougall.usgrandstrategy.html>, on May 30, 2010.

About the Center for Strategic and Budgetary Assessments

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

CSBA provides timely, impartial and insightful analyses to senior decision makers in the executive and legislative branches, as well as to the media and the broader national security community. CSBA encourages thoughtful participation in the development of national security strategy and policy, and in the allocation of scarce human and capital resources. CSBA's analysis and outreach focus on key questions related to existing and emerging threats to US national security. Meeting these challenges will require transforming the national security establishment, and we are devoted to helping achieve this end.

An effective U.S. grand strategy requires a coherent theory of national security, one that defines the purpose of American power and balances the means and ends required to achieve it. Yet for all the upheavals and changes of the past seven decades, there has been little change in establishment visions of the United States' proper role in the world: the notes vary, but the song remains the same. The NSS not only notes that Russia threatens U.S. interests in Europe; it also highlights Russia's use of "information tools in an attempt to undermine the legitimacy of democracies," a less-than-subtle allusion to Moscow's interference in the 2016 election. broader global challenges with national security implications. • Resource security and scarcity • Climate change • Changing demographics • Increasing urbanisation • Increasing online engagement • Resurgence of violent political groups • Corruption. FIVE YEAR PRIORITIES. The Strategy will help inform prioritisation of our resources in a time of fiscal constraint. Importantly, the Strategy also serves to inform the Australian public, industry and our international partners of our approach to national security. The Strategy will be implemented through enhanced annual planning and budgeting arrangements across national security agencies. There will be a greater focus on partnerships that will see the strengthening of ties with states, territories and business. America's growing economic strength is the foundation of our national security and a critical source of our influence abroad. Since the Great Recession, we have created nearly 11 million new jobs during the longest private sector job growth in our history. Unemployment has fallen to its lowest level in 6 years. We are now the world leader in oil and gas production. Especially in a changing global environment, these national interests will continue to guide all we do in the world. To advance these interests most effectively, we must pursue a comprehensive national security agenda, allocate resources accordingly, and work with the Congress to end sequestration. Even so, our resources will never be limitless. Policy tradeoffs and hard choices will need to be made. The second study, on national defense, by David Ochmanek and Andrew Hoehn, demonstrates that the United States suffers a "security deficit" between its stated military strategy and the resources allocated to its defense posture. It outlines what Americans can expect for their defense dollars at four different levels of spending, all of them lower than historic norms. nizing and improving decisionmaking in an era of rising challenges and shrinking policymaker bandwidth. America's Security Deficit: Addressing the Imbalance Between Strategy and Resources in a Turbulent World. David Ochmanek, Andrew R. Hoehn, James T. Quinlivan, Seth G. Jones, and Edward L. Warner RR-1223-RC, 2015. Friends, Foes, and Future Directions: U.S. Partnerships in a Turbulent World.