CSBA

Backgrounder

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THE 2010 QUADRENNIAL DEFENSE REVIEW:

An Initial Assessment

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Executive Summary

On February 1, 2010, Secretary of Defense Robert Gates submitted the fourth Quadrennial Defense Review (QDR) Report. This CSBA Backgrounder provides an initial assessment of the QDR's strategy and force planning dimensions. It finds that in general the QDR correctly identifies the major security challenges likely to confront the United States in the foreseeable future. While its six key mission areas are appropriate guides for the types of capabilities and forces DoD will need in the coming years, the QDR's lack of operational concepts explaining how various strategic objectives can be achieved hinders the identification and prioritization of needed capabilities. In weighting its strategy and investments heavily toward addressing the wars in Afghanistan and Iraq, and transnational terrorism, the QDR appears to discount the urgency of investments needed to address emerging challenges, such as growing anti-access/area-denial (A2/AD) threats, nuclear-armed regional powers, and sustaining access to, and use of, space and cyberspace. Thus the most significant programmatic changes in the QDR call for expanding the fleet of manned and unmanned, fixed and rotary-wing aircraft that are in highest demand in the current wars. The QDR also expands critical enablers such as logisticians and intelligence analysts for Special Operations Forces. Despite the adoption of a new force sizing construct, however, the QDR does not propose major force structure readjustments, nor does it significantly alter the allocation of resources away from legacy programs toward the QDR's priority mission areas unrelated to current wars. Consequently, the preexisting strategy-program mismatch will persist beyond the QDR. Finally, the QDR does not adequately address the rapidly eroding US fiscal posture, the worsening financial standing of America's key allies in Europe and Asia, or the likely consequences of the economic downturn for the United States' long-term defense posture.

Introduction

Every four years, Congress requires the Secretary of Defense to conduct a comprehensive examination of the Defense Department's strategy, force structure, modernization plans, infrastructure, and budget and to submit a report known as the Quadrennial Defense Review Report. The reviews are supposed to look out over a twenty-year planning horizon. Since the 1997 QDR, these reviews have become integral components of the Defense Department's overall strategic planning process. In theory, they provide opportunities to look afresh at security challenges facing the United States and to explore new approaches for addressing them. In practice, QDRs have also come to serve as opportunities for issues that are too vexing to solve through normal planning processes, require additional study, or were previously deferred to be addressed in the context of a broader strategic review. With such a broad mandate, expectations run high that QDRs will produce sweeping changes to the DoD's plans, programs, force structure, and business practices. Historically, though, QDRs have tended to defer difficult decisions with respect to force structure and programs. This has produced a chronic mismatch between the strategic aspirations of the Defense Department's leadership and the defense posture.

On February 1, 2010, Secretary of Defense Robert Gates submitted the latest QDR Report. The assessment follows a bold set of preemptive programmatic decisions he made in April 2009 terminating a number of programs and reallocating resources toward current war-fighting needs. This QDR comes as the United States is drawing down its military forces in Iraq, and months after President Barack Obama's decision to increase US military forces in Afghanistan. The QDR is also being completed as the nuclear proliferation challenges posed by Iran and North Korea intensify, and as America's ability to project power globally is under increasing strain. Finally, this QDR follows the sharpest economic downturn since the Great Depression, which has resulted in substantial increases in projected federal deficits and a proposed freeze on non-military discretionary spending. Together, these factors provide the context for evaluating this QDR.

In assessing the QDR, it is useful to consider four inter-related questions:

- Does the Review get the "diagnosis" right? That is to say, does it identify the most critical challenges and trends confronting the nation over the twenty-year planning horizon?

- Does it offer a viable strategic approach to address the challenges DoD faces by prioritizing objectives and providing "connective tissue" in the form of operational concepts that inform choices about *how* to link those objectives with limited means?

- What guidance does it provide for shaping and sizing US military forces, and how is this reflected in corresponding changes to the force structure and defense program?

- Finally, does the QDR align DoD's forces and programs with its strategy, and is the program that it offers sustainable over time?

These questions focus on the QDR's development of strategy and its efforts to rebalance the force. While the QDR addresses a number of other important issues as varied as the Wounded Warrior Program, interagency partnership, the industrial base, and climate change, these broader issues are beyond the scope of this initial assessment.

Does the 2010 QDR Get the Diagnosis Right?

The QDR provides a reasonable summary of the current challenges confronting the United States, as well as key emerging challenges, to include:

- The persistent terrorist threat posed by al Qaeda and its associated movements;

- Growing anti-access challenges and threats to the "global commons" – the seas, air, space, and cyberspace – that are reducing the effectiveness of the US military's traditional means of power projection;

- Continuing proliferation of weapons of mass destruction, and in particular the specter of a WMD-armed state collapsing and potentially losing control of its nuclear weapons;

- Increasing attractiveness and availability of asymmetric capabilities and tactics that can be used to circumvent traditional US military strengths, as well as the blending of various combat styles and weapons to wage "hybrid" warfare;

- Growing influence of non-state actors with access to advanced technological capabilities formerly available only to states; and

- Use of proxies and surrogates to impose costs on the United States.

The QDR also describes various trends that will shape the security environment, including ongoing urbanization in littoral areas, the risks posed by poorly governed states, and the prospect of a pandemic. These trends conform to other recent assessments of the future security environment, such as the National Intelligence Council's *Global Trends 2025*, and Joint Forces Command's *Joint Operating Environment*.

There is, however, relatively less discussion in the QDR of some of the seminal developments that have transpired since the last QDR, as well as some of the most important long-term trends that are likely to affect DoD's future plans, programs, and operations:

- *After-Effects of the Global Financial Crisis*. The financial crisis that began in 2008 has resulted in a greatly weakened fiscal situation not only for the United States, but for its closest allies in Europe and Asia as well. Federal debt servicing is expected to surpass national defense spending for the first time in modern history by 2015 and the national debt is thereafter expected to outpace GDP growth, reducing the possibility of being able to "grow out of debt." The implications of this new fiscal era for the Department of Defense will likely be profound. Over time, mounting fiscal pressures may crowd out needed, but deferred investments in the mid- to long-term.

- *Iran and the Bomb.* Iran has made steady progress toward acquiring a nuclear weapons capability since the last QDR and has ignored repeated diplomatic overtures by the international community to curtail its nuclear program. In the absence of a more determined effort by the international community, Iran may acquire nuclear weapons before the next QDR is written. Practically speaking, Israel or the United States will have to choose between using military force to prevent Iran from achieving its nuclear ambitions, or preparing for a radically altered regional security equation in the Middle East that would ensue in the wake of a nuclear-armed Iran.

- *The Rise of China.* While the QDR Report touches briefly on the rise of China, it underplays the implications of its rise for the ongoing shift in military balance, and the changing near-term perceptions of other regional states in light of that shift. The 2006 QDR called for a strategy that stressed both the importance of continued engagement and cooperation with China, as well as prudent hedges against the possibility that cooperative approaches might fail. No mention is made in this QDR of the need for a hedging or balancing strategy, although China provides the greatest manifestation of the growing A2/AD threat, and is suspected of having conducted, or being able to conduct, sophisticated non-kinetic attacks against US space and cyber networks.

- *Technological "Game-Changers."* Identifying potential technology "game changers" is important, both to avoid technological surprise and to identify possible opportunities that can be exploited. Machine autonomous systems, nanotechnology, bio-technology, directed energy, next generation navigation and timing, stealth/counter-stealth, and new methods of cryptography, as well as the proliferation of extended-range precision-guided weapons, all have the potential to substantially alter the character of warfare over the QDR's twenty-year planning horizon. Accordingly, they should inform the Defense Department's acquisition strategy.

- *Coming Demographic Storm*. If there is one area of security environment forecasting that permits a relatively high degree of certainty, it is demography. Two brewing demographic crises will affect not only the long-term competition among the great powers, but also the prevalence of conflict in the developing world: the rapid aging of Europe, Russia, China, and Japan on the one hand, and the youth bulge that will characterize many parts of the developing world on the other. Again, these trends should inform the development of DoD's strategy, plans, and programs.

The QDR would have benefitted from more comprehensive treatment of these issues and their implications, as they are likely to be important factors shaping the future security environment long after US forces are withdrawn from Iraq and Afghanistan. How DoD ultimately addresses these trends will be at least as consequential as how it plans to prevail, as it must, in current wars.

Does the QDR Offer a Viable Strategic Approach?

Strategy is fundamentally about linking ends and means, prioritizing among competing objectives, and determining *how* objectives are to be achieved via realistic operational concepts. Strategy also involves determining where to accept risk and undertake divestments in order to free up resources for higher priorities. Seen in this light, how did the QDR strategy do?

The Defense Strategy articulated in the QDR Report calls for balancing risk across four objectives:

- Prevailing in today's wars;
- Preventing and deterring conflict;
- Preparing to defeat adversaries and succeed in a wide range of contingencies; and
- Preserving and enhancing the all-volunteer force.

The QDR clearly defines and prioritizes these objectives. In doing so, it places emphasis on minimizing near-term risks. Secretary Gates in his transmittal letter notes that the QDR "places the current conflicts at the top of [DoD's] budgeting, policy, and program priorities."

However, the QDR appears to assume that the United States has time before it will be required to make investments to deal with other challenges it identifies, such as growing A2/AD threats, confronting nuclear-armed regional powers, or dealing with collapsing nuclear

states. While delaying efforts to counter these threats may have been possible a decade ago, doing so is far more problematic today when Iran is close to acquiring a nuclear weapon; China already possesses missiles capable of attacking US air bases and aircraft carriers in the western Pacific; guided rockets, artillery, mortars, and missiles are rapidly proliferating to smaller states and non-state actors like Hezbollah; and DoD space and cyber networks are already under routine attack. Simply stated, these are not futuristic, science fiction threats; on the contrary, they represent contemporary asymmetric responses to traditional US military strengths. Efforts to sustain US military advantages, such as power projection in the face of growing anti-access threats, require investments in long-lead items, such as new capabilities for addressing A2/AD threats in the form of penetrating long-range surveillance and strike; the hardening and diversification of overseas bases; and advanced air and missile defenses. While the QDR acknowledges the importance of such initiatives, and puts money against important programs such as the Naval Unmanned Combat Air System (N-UCAS) it generally defers decisions to start new programs and fully resource them pending the results of further study.

It is reasonable to ask if, in seeking to rebalance the defense posture toward reducing near-term risks and deferring needed investments to address other looming dangers until the end of the Future Year Defense Program (FYDP), the QDR is in essence adopting what amounts to a "Five-Year Rule," similar to Great Britain's "Ten-Year Rule" during the inter-war period. After World War I, with its treasury vastly diminished, Great Britain assumed it would not be engaged in a major war for at least ten years. When the ten-year rule was first adopted in 1919 it made a certain amount of sense. The danger came later, as the guideline was repeatedly rolled over despite warnings that new dangers were emerging. The continuation of the ten-year rule compounded Britain's underinvestment problems in preparing for new forms of warfare, badly weakened its national defense industrial base, and ultimately constrained Britain's strategic options as circumstances changed. The result found Britain unprepared to either deter or effectively wage war against Hitler's Germany or Imperial Japan. Is the QDR making a similar, albeit implicit, assumption by weighting its strategy so heavily toward the present?

The QDR appropriately highlights the importance of preserving the all-volunteer force, but by making this one of the four overarching defense strategy objectives, it conflates ends and means. Unlike the other objectives, which deal with external threats, preserving the all-volunteer force has to do with how DoD marshals its most important resource – its people – to achieve its objectives while maintaining its social contract with those who volunteer to serve. Since the lopsided victories in Operations Just Cause and Desert Storm, it has become commonplace to note the superiority of professional militaries over conscript forces. While this is undoubtedly true, less attention has been paid to the long-term affordability of professional armed forces, as well as the equity of asking such a small portion of American society to provide the lion's share of its military service.

Finally, the crafting of strategy involves developing "connective tissue" in the form of guiding concepts and principles that explain how the military will employ the forces and

capabilities provided by the defense program to achieve its strategic objectives. Simply put, the "connective tissue" links strategic "ends" and defense program "means." Here, the QDR's assessment is mixed at best. The QDR appears to embrace the centrality of building partnership capacity to prevail in current wars. It places emphasis on enabling regional security partners and adopting "population-centered approaches" to defeat common threats. The QDR is less clear, however, on how it plans to achieve its *other* strategic objectives and execute its key missions. The QDR report acknowledges that in some cases, "meeting emerging challenges will call for the development of wholly new concepts of operation." It usefully calls for the Air Force and Navy to develop an air-sea battle concept to address A2/AD challenges and ensure US power projection. The QDR also calls for developing a concept to deal with "nuclear-armed regional adversaries" and a "comprehensive approach to DoD operations in cyberspace." However, the lack of specificity provided makes it difficult to determine how well designed the defense program and military posture are to enable the successful execution of key missions.

What Guidance Does the QDR Provide for Shaping and Sizing US Forces?

Closely linked to the Defense Strategy objectives is the QDR's "Force Sizing Construct," which is intended to serve as a "demand signal" for capabilities and capacities required to execute the strategy. The QDR asserts that the new construct "breaks from the past… in its insistence that the US Armed Forces must be capable of conducting a wide range of operations, from homeland defense and defense support to civil authorities, to deterrence and preparedness missions, to the conflicts we are in and the wars we may someday face." Elsewhere, the QDR states "it is no longer appropriate to speak of 'major regional conflicts' as the sole or even the primary template for sizing, shaping, and evaluating US forces."

The 2010 QDR is neither the first to consider a wider range of contingencies nor the first to jettison the term "major regional conflicts."

That being said, the 2010 QDR is neither the first to consider a wider range of contingencies – the 1997, 2001, and 2006 QDRs all called for developing forces to handle other contingencies besides large-scale war – nor the first to jettison the term "major regional conflicts." No QDR has used the term in more than a decade. Indeed, the 2006 QDR even asserted that "irregular warfare has emerged as the dominant form of warfare," and also called for developing forces and capabilities for homeland defense and civil support; conducting irregular operations such as "counterinsurgency, security, stability, transition and reconstruction operations;" while also preserving – just as the 2010 QDR appears to call for – the capability to wage multiple, nearly simultaneous conventional campaigns.

Far from jettisoning the "2 War Construct," this QDR's force sizing construct acknowledges the enduring importance of being "capable of conducting a broad range of several overlapping operations to prevent and deter conflict and, if necessary, to defend the United States, its allies and partners, selected critical infrastructure, and other national interests." To reinforce this point, it goes on to note that "This includes the potential requirement

to conduct multiple concurrent operations, including large-scale combat operations, in disparate theaters." As much as the QDR looks to "break from the past," it nevertheless wisely recognizes the imperative of deterring opportunistic aggression while the nation is engaged in a war.

If the QDR force sizing construct actually maintains the ability to "conduct multiple concurrent operations, including large-scale combat operations, in disparate theaters," what, in fact, is new? The "secret sauce" appears to be a wider menu of plausible and more realistic scenarios it calls for DoD to use in order to identify shortages and overages of forces and capabilities. Secretary Gates' direction to continue efforts, that began with the last QDR, to expand DoD's library of classified scenarios to better reflect the wider range of contingencies US forces may have to undertake represents a further improvement to DoD's force planning efforts. Similarly, earlier drafts of the 2010 QDR report reported in the press indicated that the DoD was planning to adopt a bifurcated force sizing construct, with one part of the construct emphasizing near-term scenarios, while another emphasized mid- to longer-term scenarios. Since this language was dropped from the final QDR report it is unclear whether or not DoD intends to pursue such a bifurcated approach to force planning. If in fact it does, it would be useful to clarify which construct and scenarios will inform research and development decisions for long-lead items to address risks beyond current warfighting needs.

It does not appear that DoD plans to pursue significant force structure changes beyond those already underway since the last QDR focused on improving performance in current wars.

Ultimately, what changes in DoD's force structure and programs result from the new force sizing construct? At first blush, it does not appear that DoD plans to pursue significant force structure changes beyond those already underway since the last QDR focused on improving performance in current wars. Overall, this QDR appears to have validated more or less the force structure adopted in the immediate aftermath of the Cold War and optimized to deal with "two major regional contingencies" – the very construct that this QDR criticizes. Is this seventeen year-old force structure really the one that best aligns with the new force sizing construct?

Does the QDR Align DoD's Forces and Programs with the Strategy?

The QDR does not outline in any detail operational concepts that explain *how* the military intends to address the contingencies identified therein to achieve its strategic objectives. However, it does present six key mission areas that merit greater attention in DoD force planning and resource allocation. These six mission areas are:

1. Defending the United States and support civil authorities at home;

2. Succeeding in counterinsurgency, stability, and counterterrorism operations;

3. Building the security capacity of partner states;

4. Deterring and defeating aggression in anti-access environments;

5. Preventing proliferation and counter weapons of mass destruction; and

6. Operating effectively in cyberspace.

By design, these mission areas are not all-encompassing; rather, they appear to suggest a prioritization of effort. Thus together they focus the Services on the right set of security challenges. They also signal Secretary Gates' intent to build on and refine the four operational areas defined in the last QDR, which were to: defeat terrorist networks; defend the US homeland; shape the choices of countries at strategic crossroads; and prevent the acquisition or use of WMD. (The 2010 QDR mission areas usefully call out defeating aggression in anti-access environments and operating in cyberspace, areas that were subsumed under the operational area "shaping choices of countries at strategic crossroads" in the last QDR.) While analysts will quibble over whether a key mission area is missing, these key mission areas are well-matched against the major security challenges facing the Department of Defense.

Unfortunately, the QDR offers few major program adjustments to better align the defense program with these priority mission areas. The biggest winners of the QDR are much needed capabilities that focus on meeting immediate needs for the second and third mission areas above. These include plans to expand the aircraft programs most relevant to today's wars namely by:

- Increasing the availability of rotary-wing assets by, among other steps, adding a company of upgraded cargo helicopters (MH-47G) to the Army's Special Operations Aviation Regiment;

- Recapitalize and expand the AC-130 gunship fleet from twenty-five to thirty-three aircraft;

- Expanding the build-up of MQ-1 Predator and MQ-9 Reaper unmanned aerial systems from fifty to sixty-five orbits by the end of 2015;

- Purchasing light, fixed-wing aircraft to enable the Air Force's 6th Special Operations Squadron to train partner aviation forces.

They also include enhancements for Special Operations Forces and ground forces such as:

- Increasing the number of organic combat support and combat service support assets -- including logisticians, communications assets, information support, and intelligence analysts -- for Special Operations Forces;

- Increasing Civil Affairs capacity residing in the Active Component; and

- Converting a heavy brigade combat team to the Stryker configuration.

Additionally, the QDR also calls for a number of organizational changes needed across the key mission areas, including: creating new homeland consequence management forces; a special headquarters unit to prepare for the nascent "WMD elimination" mission; and establishing a new sub-unified Cyber Command to address cyber-warfare. Standing up these new organizations will also require additional resources.

With respect to the mission area, "Deter and Defeat Aggression in Anti-Access Environments," the QDR calls for funding field experiments using prototype versions of the N-UCAS and increasing funding for development of a multi-mission unmanned underwater vehicle. It also adds funding for stand-off airborne electronic attack capabilities. However, the potentially largest investments related to this mission area are deferred pending post-QDR studies on long-range strike and the resiliency of forward bases. While the 2006 QDR called for developing a new "land-based, penetrating long-range strike capability to be fielded by 2018," Secretary Gates terminated the development program in April 2009 and reallocated funding across the FYDP to other programs. The FY11-15 defense program includes a small funding wedge for a future long-range ISR/strike system; however, a program to develop a penetrating or standoff aircraft and a new fielding date are contingent on the follow-on study to be completed late this year. Other potential investments to reduce space vulnerabilities are deferred pending results of the Space Posture Review.

These program decisions are modest compared to Secretary Gates' preemptive decisions last year, as well as the overall size of the defense budget.

On the other side of the ledger, the QDR recalls the programmatic cancellations made as part of the DoD's FY10 budget submission prior to the start of the defense review. These included ending production of the F-22 fighter; cancelling the Transformational Communications Satellite program and the second prototype Airborne Laser; restructuring programs for procuring the DDG-1000; cancelling the Future Combat System ground combat vehicles program; deferring production of new maritime prepositioning ships; stretching procurement of a new aircraft carrier class; and reducing the Air Force's fleet of legacy fighter aircraft. The QDR supplements these programmatic decisions as it calls for ending production of the C-17 transport aircraft; delaying the command ship replacement (LCC) while extending the life of existing ships; cancelling the CG(X) cruiser; and terminating the Net Enabled Command and Control program. While significant, these program decisions are modest compared to Secretary Gates' preemptive decisions last year, as well as the overall size of the defense budget.

The 2010 QDR Report is virtually silent when it comes to the large class of programs and activities that are both less relevant in our current wars and have yet to demonstrate high

value in addressing the six key mission areas. For example, the FY11 budget fully funds the F-35, DoD's most expensive acquisition program. However, the QDR notes: "Land-based and carrier-based aircraft will need greater average range, flexibility and multimission versatility in order to deter and defeat adversaries that are fielding more potent anti-access capabilities." Given the relatively short range of all three variants of the F-35, it is curious that the program was not addressed during the QDR in light of the review's acknowledgement of the growing need for long-range strike capabilities, for which it is a less than ideal fit. Similarly, the QDR does not explain how the Expeditionary Fighting Vehicle would improve performance in current wars or address any of the six priority mission areas. Nor does it explain why it makes sense to continue pursuing large unprotected satellite programs in light of growing space vulnerabilities. The absence of a detailed concept of operations for US power-projection only adds to the confusion. It is difficult to reconcile the amount of resources DoD continues to invest in these programs, in light of the more pressing needs reflected both by the QDR's primary objective of prevailing in current wars, as well as by the QDR's six priority mission areas.

The QDR does not reconcile the growing gap between the Navy's shipbuilding plan and its spending plan.

Looking more broadly, the QDR does not reconcile the growing gap between the Navy's shipbuilding plan and its spending plan. While shipbuilding and conversion funding grew to nearly $14 billion in the FY 2010 budget, it is far less than the estimated $21 billion in annual funding necessary to achieve the 313-ship fleet in the Navy's long-term shipbuilding plan. The QDR defers addressing such fundamental disconnects between the strategy and the program, and between the program and the budget. Yet given the United States' rapidly declining fiscal situation, it is difficult to see why program-funding mismatches like this were deferred. Again, the QDR report holds out the prospect that DoD will "in the future examine future operational needs in ISR, fighters and long-range strike aircraft, joint forcible entry, and information networks and communications," suggesting that it may pursue additional divestments in one or more of these areas. For the reasons noted above, deferring investments in badly needed capabilities will likely find them all the more difficult to pursue as the nation's fiscal posture declines.

Looking Ahead

With an increase of roughly $100 billion across the FY11-15 defense program, the Defense Department has—for the time being—dodged a budgetary bullet. The result is that the preexisting strategy-to-program mismatch will persist, as well as a program-funding mismatch, preventing a badly needed reallocation of resources to higher priority mission areas identified in the QDR.

It is highly unlikely that the Defense Department can "grow" its way out of these problems. There are a number of reasons to suspect that a slowdown in defense spending will occur before the next QDR report is written. The imperative of fiscal deficit reduction is likely to lead before long to significant reductions in defense spending. In the meantime, the failure

to arrest cost growth in personnel costs, particularly the 6.3 percent annual growth rate for military healthcare, points toward a modernization program emerging from the QDR that is unlikely to be sustainable.

In his memorandum transmitting the 2010 QDR, Secretary Gates notes that the FY10 budget submission represented a "down payment on rebalancing the department's priorities." Similarly, the introduction to the QDR Report characterizes investments in the FY11 budget proposal as a "down payment on capabilities that may not come to fruition for several years." It is time to move beyond "down payments." Both the security challenges we face and the deteriorating budgetary situation necessitate more radical adjustments. This will require controversial decisions – decisions that will only get harder the longer they are deferred – about where to accept risk and divest programs that do not align with the Defense Department's strategy and key mission areas so that resources can be made available to reduce the most pressing risks our nation faces.

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