



Center for Strategic and Budgetary Assessments

## TESTIMONY

### **STATEMENT BEFORE THE HOUSE ARMED SERVICES COMMITTEE: THE IMPACT OF NATIONAL DEFENSE ON THE ECONOMY, DIPLOMACY, AND INTERNATIONAL ORDER**

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Chairman Thornberry, Ranking Member Smith, and distinguished members of the Committee: thank you for inviting me to appear here today to discuss the impact of national defense on the economy, diplomacy, and international order.

This is a vitally important subject, one I address in my work at Johns Hopkins-SAIS and the Center for Strategic and Budgetary Assessments. I should make clear, though, that my testimony here reflects only my personal views, and not the institutional position of Johns Hopkins University, CSBA, or any other organization.

Let me briefly offer six analytical points about the subject at hand, and then three broad recommendations for Congress.

*First, the comparatively peaceful, prosperous, and democratic international order we enjoy today rests on a foundation of American leadership.* The fact that there has not been a great-power war since 1945, the fact that global and American prosperity have increased several-fold over this period, the fact that the number of democracies in the world grew tenfold between World War II and the early 21<sup>st</sup> century—none of these things happened naturally. They happened because the world's most powerful country—the United States—used every arrow in its quiver to bring them about. The United States anchored military alliances that provided stability and deterred aggression in key regions from Western Europe to East Asia; it led an open global trading order; it encouraged the survival and spread of democracy and prevented authoritarian powers from imposing their own values on the world; it catalyzed collective action in addressing the world's key diplomatic,

economic, and security challenges. Had the United States not played this outsized role, there would be no liberal international order to speak of.

*Second, if international order rests on American leadership, American leadership rests on a foundation of unmatched military power.* Since World War II, America has had a military second-to-none; after the Cold War, America had military power greater than that of all its rivals combined. The reason for this is that although all forms of national power are crucially important, the world is a nasty place and so a country that cannot defend its interests and values by force if necessary will eventually see those interests and values imperiled. Alliance guarantees alone do not keep the peace in Europe or East Asia, for instance; the United States must have usable military power to make those guarantees credible to friends and foes. And at numerous points in the postwar era, the United States has had to use force to defeat aggression that might have severely destabilized international politics. Two give just two examples, U.S. intervention in Korea in 1950 was crucial to demonstrating that interstate aggression by Communist regimes would not be tolerated; U.S. intervention in the Persian Gulf in 1990-91 helped ensure that chaos and coercion would not run rampant after the Cold War.

*Third, robust U.S. military power produces positive spillovers in other areas of statecraft.* Let me focus for a moment on economic statecraft. A primary reason U.S. economic statecraft has been so successful in forging an open, prosperous global economy is that U.S. military power has provided the geopolitical stability and freedom of the global commons on which that economy depends. The reason the U.S. Navy conducts freedom of navigation operations, for instance, is to demonstrate that America can and will prevent any actor from denying freedom of the seas and crippling global commerce. In the same vein, America gets better trade deals because of the geopolitical leverage its military power provides. When the United States and the European Union negotiated free trade agreements with South Korea, the United States received better terms because South Korea valued the military protection America provides.

Looking beyond economic statecraft, U.S. military power assists critical diplomatic goals such as nuclear non-proliferation, because it provides the reassurance that allows American allies such as Japan, Germany, and South Korea to forego nuclear weapons. More broadly, the fact that the United States uses its military power to protect allies and partners in Europe, the Middle East, the Asia-Pacific, and beyond gives the United States a voice in addressing the key economic, diplomatic, and geopolitical issues that arise in those regions. Put simply, if the United States did not command such impressive military power, it would be far less effective in achieving its economic and diplomatic goals.

*Fourth, the United States needs a vast military superiority, not a marginal military superiority, to preserve its interests and sustain the international order.* In part, this is because the best way to deter wars is to convince rivals that they have no chance of winning them. In part, it is because the United States is a global power with global responsibilities. Russia can concentrate a large portion of its forces for a Baltic contingency;

China can do likewise in a conflict involving Taiwan. America does not have that luxury, because it faces at least five major challengers around the globe, and because it must preserve the peace in all three major regions of Eurasia and potentially beyond. Because the U.S. military mostly plays “away games,” moreover, the tyranny of distance imposes additional demands on American military power. This is why the Department of Defense has, until relatively recently, maintained a two-war standard—the ability to fight and win two major regional conflicts almost simultaneously. And this means it is not enough for America to have the world’s most powerful military; it must have the most powerful military by far.

*Fifth, U.S. military superiority is being eroded by developments at home and abroad.* The most serious challenge comes from authoritarian major-power rivals—China and Russia—that have undertaken sustained military buildups meant to offset U.S. advantages, prevent U.S. forces from being able to defend U.S. allies in the Western Pacific and Eastern Europe, and give these revisionist states the ability to project power globally. As a result, regional balances have shifted dramatically, to the point that Chinese or Russian leaders might conclude that they could win a short, sharp war against the United States in the Baltic or the Taiwan Strait. Both countries also possess and are further developing kinetic and non-kinetic means of targeting the U.S. homeland, and both countries—China especially—are investing heavily in advanced capabilities such as hypersonic delivery vehicles. At the same time, the United States faces intensifying military threats from Iran and North Korea, and operations against terrorist groups will continue to place significant demands on the U.S. military. And as the number and severity of military challenges have increased, the United States has disinvested in defense.

Notwithstanding the Bipartisan Budget Act of 2018, real-dollar defense spending has declined since 2010. The combination of that decline and the budgetary instability produced by continuing resolutions, government shutdowns, and the sequester mechanism had severe impacts on force structure, readiness, and modernization. All told, American military superiority has eroded significantly in key warfighting areas and against key adversaries, and the United States has less military capability relative to the threats it faces than at any time in decades.

*Sixth, as U.S. military advantages erode, the international order will also erode.* If Russian or Chinese leaders think they can hold their own in a military conflict with America and its allies, they will be more likely to behave aggressively and use coercion to reshape the international environment. We are seeing this already: It is no coincidence China is pushing to dominate the South China Sea at the same time it is closing the military gap with the United States. If the United States finds it can no longer project decisive military power in the Middle East, Iran and terrorist groups will have freer rein to exert their malign influence. And as American military superiority is diminished, U.S. competitors and adversaries will feel more empowered to challenge U.S. influence across the full range of economic, diplomatic, and security issues.

With all this mind, here are three recommendations for Congress. *First, scrutinize closely the National Defense Strategy and National Military Strategy, both of which were completed earlier this year.* These documents outline how the Defense Department intends to protect U.S. interests and the international order amid intensifying competition and conflict. Congress should use its oversight authority to ensure that the Department has a realistic vision for doing so, and that the NMS is properly aligned and consistent with the NDS.

*Second, prioritize long-term growth and stability in the defense budget.* The growth in defense spending as a result of BBA18 is welcome. But if defense spending flattens out after FY2019, DOD will have great difficulty conducting badly needed nuclear and conventional modernization, repairing readiness problems that have accumulated over years, and sustaining America's ability to project power globally. Sustained growth in defense spending is therefore critical. So is ensuring greater budgetary stability. DOD will not be able to use available funds effectively or efficiently if they are not provided in predictable, stable, and reliable fashion.

*Third, remember that a well-funded military is necessary but not sufficient to protect U.S. interests.* Threats such as Russian information warfare and Chinese economic coercion are largely non-military in nature. So-called gray zone conflict reaches across multiple dimensions of statecraft—intelligence, diplomacy, economic power, paramilitary action, and others—and is designed to shift the status quo without provoking a U.S. military response. So even as America rebuilds its military advantages, it must also strengthen and better integrate the non-military tools of national power. Here Congress can use its oversight authority to encourage whole-of-government approaches to the challenges the United States currently confronts and ensure appropriate balance among the various elements of American statecraft.

#### **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 is the world's premier center for understanding future international competition and conflict. Our mission is to develop innovative defense concepts, promote public debate, and spur action to advance US and allied interests. Our vision is to set the terms of debate for the future of national defense and drive change in concept development and force structure to prepare the US and its allies to compete and win in an era characterized by great power Competition and conflict.