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**STATEMENT BEFORE THE HOUSE ARMED SERVICES COMMITTEE
"ALTERNATIVE BUDGETS AND STRATEGIC CHOICES"**

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Chairman Thornberry, Ranking Member Smith, Members of the Committee, thank you for the opportunity to testify before you. The U.S. military not only faces an enormous fiscal challenge but also a range of foreign threats and rapidly changing operating environments that necessitate rebalancing our forces and capabilities. In my testimony today, I will describe rebalancing measures adopted by a Center for Strategic and Budgetary Assessments (CSBA) team in the Strategic Choices Exercise we conducted with other leading defense think tanks last year. I will begin by describing our diagnosis of the global security picture and then proceed to the strategic approach we adopted to guide our rebalancing efforts. While the exercise required all teams to rebalance across the next two Future Years Defense Program, none of us would choose sequestration as the appropriate means to achieve rebalancing. Nevertheless, we hope that the exercise helps to illuminate some of the hard choices that Congress and the Obama Administration will have to make in the years ahead. Indeed, there are a number of important changes in the defense posture that may be needed regardless of the budgetary level that Congress ultimately sets for defense.

Strategic Context

Today, we are confronted hostile countries and non-state groups that challenge America's security commitments to its allies and friends around the world and that have the potential to threaten our nation more directly over time. At the top of the list are three revisionist states—China, Iran and Russia—intent on altering regional security balances in East Asia, the Middle East and Europe. They are pursuing anti-access and area denial (A2/AD) capabilities to prevent U.S. expeditionary forces from being able to defend America's regional allies and partners effectively. Revisionist powers are also building up both conventional forces and sub-conventional forces (e.g., "Little Green Men" and paramilitary forces) for regional power projection and to undermine the sovereignty of their neighbors. Some of these countries are, moreover, aggressively pursuing capabilities for counter-space and cyber warfare. While Russia and China are modernizing their

nuclear forces, Iran is suspected of maintaining a covert program to develop a nuclear weapons capability.

Non-state Islamist militant groups, including those affiliated with al Qaeda and the self-described Islamic State in Iraq and the Levant (ISIL), are intent on destabilizing and toppling already shaky regimes in North Africa, in the Levant, on the Arabian Peninsula, and in South Asia. While such groups lack the economic clout and broad-spectrum military means of the revisionist states, they have succeeded in carving out large swathes of territory as sanctuaries for themselves, and have generated revenue through oil sales, hostage taking, and criminal activities to finance their ambitions for sensational mass violence. These outlaw groups show no restraint in using extreme violence against Muslims and non-Muslims alike. Dealing with the threat posed by Islamist militant groups will require conventional forces supporting special operations forces to conduct unconventional warfare, working with and through local partners to roll back Islamist groups' gains and liberate areas that have been under their brutal control.

We also face a vastly more complicated set of nuclear challenges in what Paul Bracken has called the "Second Nuclear Era" than we did during the Cold War. There is arguably a greater danger today with more nuclear weapons-armed countries of an actual nuclear exchange between nuclear-armed countries or of terrorists acquiring and using nuclear weapons. Serious questions remain about the security of the nuclear forces in relatively new nuclear powers, like North Korea and Pakistan, where the possibility exists that a nuclear weapon could fall out of the positive control of central authorities during a period of internal disorder.

Both major powers and non-state adversaries alike are poised to exploit a number of ongoing trends in military affairs. Unlike previous military technologies such as nuclear weaponry, which were characterized by significant cost barriers and therefore were inaccessible to the vast majority of countries and all non-state actors, the following technological trends are areas in which the barriers to entry into the technological competition are falling quickly:

- Precision guidance. For much of the past several decades, the U.S. military enjoyed a virtual monopoly on precision-guided weapons. That monopoly is now gone and the barriers to entry into precision-guided strike have been lowered to the point that even non-state actors can gain access to guided rockets, artillery, mortars, and missile systems (G-RAMM) to conduct highly accurate attacks on fixed sites with far greater lethality and effective destruction. Precision strike capabilities can be used to hold at risk fixed sites like theater ports and airfields, as well as high-signature mobile forces like aircraft carriers, large surface ships, and non-stealthy aircraft.
- Supercomputing/big data. As with precision navigation, supercomputing is no longer the monopoly of the great powers. The commercialization of big data means that almost any country or terrorist group can gain access to fast, high-powered computational/analytical capacity that can be used for military purposes. For example, they can be used to create small yet capable cryptologic enterprises,

detect movement or change across a variety of domains (e.g., in the air or undersea), and rapidly analyze biometric data.

- Robotics and autonomy. Similarly, it is becoming easier for state and non-state actors to acquire and employ unmanned air, ground/surface and undersea systems. Already, we have seen groups such as Hezbollah employ small drones for surveillance. Commercial systems are increasingly available on a global basis. Moreover, other states and non-state actors may face fewer self-imposed restrictions on developing lethal autonomous systems.
- Cyber/electro-magnetic. A number of states have already developed relatively sophisticated means of cyber attack, and some like China are integrating cyber and electronic warfare to create new Integrated Network and Electronic Warfare (INEW) forces charged with conducting offensive cyber and electronic attacks. These capabilities can be used to attack enemy command and control and logistics systems as well as hold at risk a variety of strategic civilian targets such as critical infrastructure and economic targets.
- Space access. The commercialization of space means that more countries and even non-state groups will have access to space-based services including basic electro-optical imagery, satellite communications and navigation/location tools. Moreover, several countries have developed anti-satellite weapons, lasers and radio-frequency jammers to degrade or destroy satellites. Such capabilities threaten U.S. and allied spaceborne systems such as satellite communications, global positioning system satellites, and space-based surveillance systems.

All of these technological trends point to future military competitions with three key characteristics. First, it will be relatively easier and cheaper for one side to *deny* the use of a domain (i.e., land, air, seas, space and cyberspace/electro-magnetic spectrum) than it will be for its opponent to *control* the same domain in future conflicts. Second, there is a corresponding trend toward cross-domain denial operations. For example, a number of countries are developing land-based missile forces to target naval forces operating close to their shores. Finally, the United States appears to be in a disadvantageous position with respect to its current portfolio of forces and capabilities. Most of these trends are driven by global commercial trends that tend to level the playing field. Additionally, given that these trends favor domain denial, at least in the near term they will tend to affect the U.S. military the most of its capabilities, plans and doctrine have largely been optimized to conduct domain control operations: air superiority, naval mastery, land control, amphibious assault, space control and information superiority.

Given current U.S. defense budget projections, the United States will confront these challenges with a rapidly diminishing advantage in the scale of resources it is able to devote to defense competitions. Put another way, it is unlikely that the United States will not likely be able to pursue a “rich man’s strategy” of simply outspending its combined rivals. It will instead need to craft a “smart man’s strategy,” to include leveraging the military potential of its current and prospective allies and partners to the maximum extent possible.

Strategic Objectives and Approach

In light of these threats and fiscal challenges, the CSBA team identified three overarching national objectives that should guide defense strategy:

- Maintaining access to and from those areas of the world where the United States has vital interests and preventing the domination of any of these areas by hostile powers;
- Creating regional security balances that favor the United States, its allies and partners, in part by building up the security capacity of friendly frontline allies and partners (e.g., creating “hedgehogs” with friendly A2/AD capabilities to deter hostile regional power projection and sub-conventional, creeping aggression); and
- Deterring, preventing or blunting terrorist and other catastrophic attacks on U.S. and allied strategic targets (e.g., population, critical infrastructure, financial system, way of life) to include increased resiliency measures.

The CSBA team decided that meeting these objectives will require the U.S. military to stay in the power projection business despite growing A2/AD and WMD challenges, while maintaining strong strategic deterrence and counterterrorism forces to deter or preclude catastrophic attacks on the United States or its allies. Given that a growing number of potential adversaries are acquiring capabilities aimed at denying our use of local airspace, bases and ports, near seas, space and cyberspace, a core assumption we made was that future operating environments are likely to be far more contested. Thus, we placed priority on access-insensitive, low-signature and highly distributed power-projection forces and capabilities that can operate effectively in non-permissive environments. These include special operations forces, long-range penetrating surveillance and strike aircraft, submarines, and cyber and electronic warfare systems.

The CSBA team also determined that the most profound change for the U.S. military in the decades ahead may be shifting itself from being a “global compellence force” designed to serve eviction notices if overseas allies are invaded, to a “global deterrence force” that holds out the prospect of swift, devastating retaliatory strikes against aggressors. This force would also have greater capabilities to more credibly deny aggressors their military objectives in the first place.

Since the end of the Cold War, the U.S. military has emphasized expeditionary compellence operations designed to evict aggressors after they have invaded an ally or partner and effect regime change. This approach emphasized the deployment of heavy combined arms maneuver ground forces to provide the preponderance of landpower but required months and local access to build up forces in theater. It also emphasized primarily short-ranged combat air forces that depended on operating from close-in theater bases, as well as high-signature naval forces that assumed they would have the ability to sail close to hostile shores.

Our strategic rebalancing approach had three major elements.

First, the CSBA sought to facilitate a shift from compellence to deterrence forces and better align U.S. military capabilities with the aforementioned military-technical trends.

That is, we emphasized power projection forces that appeared to be the most viable in denied areas to be able to hold out the prospect of prompt, high-volume punishing strikes in response to aggression or coercion, while increasing the ability of our own forces and those of our allies to conduct forward defense with air, sea, and land denial operations and thereby stymie the ability of regional adversaries to effectively project power themselves.

Second, CSBA's rebalancing strategy prioritized "punishment" forces that will be more capable of deterring aggression or acts of coercion across a number of regions simultaneously. CSBA made the following rebalancing choices to achieve this objective:

- **Nuclear Capabilities.** We opted to maintain all elements of the nuclear triad (bombers, submarines and land-based intercontinental ballistic missiles) as well as to continue the B-61 life extension, the long-range stand-off missile (LRSO) development and modifications to ensure F-35As as dual-capable aircraft.
- **Conventional Strike.** Complementing these measures related to our nuclear posture, we sought to maximize the joint force's ability to conduct long-range strikes from land, air, surface ships and undersea. Assuming the Intermediate Nuclear Forces Treaty would no longer be in effect, we acquired both ground- and sea-based conventionally-armed intermediate-range ballistic missiles. We accelerated development of the next generation long-range strike bomber (LRS-B); acquired a carrier-based unmanned combat air system (UCAS) with sufficient payload, stealth and endurance to operate from range into denied areas to conduct surveillance and strike missions; and fielded a land-based penetrating UCAS. We expanded undersea strike capacity with Virginia Payload Modules and Towed Payload Modules. We freed up Vertical Launch System (VLS) tubes on surface combatants for more strike systems by fielding Aegis Ashore for area ballistic missile defense and directed energy and railgun systems on ships for point defense. Beyond these measures, we sought to maximize the U.S. inventory of precision-guided munitions, including the acquisition of additional small-diameter bomb, long-range anti-ship missiles (LRASM), joint air to surface strike missiles extended-range (JASSM-ER), and conventional-armed LRSO.
- **Non-Kinetic Attack.** In addition to the kinetic systems described above, we chose to acquire large numbers of high-power microwave weapons and other electronic attack capabilities that could be maneuvered into denied areas by unmanned air, surface and undersea systems.
- **Special Operations Forces (SOF).** Lastly, we protected planned SOF growth in order to preserve direct action and unconventional warfare regime change options, as well as to cover down on certain areas of the world as we reduced conventional ground force structure. To enable SOF, we acquired new capabilities for stealthy insertion/extraction in denied areas as well as new weapons and protected communications to operate in denied areas.

Third, the CSBA team sought to improve the ability of U.S. and allied forces to deny adversaries the ability to commit acts of aggression and coercion or to consolidate any gains they might make. To reassure allies, we sought capabilities that would help to defend at the point of any attack and increase the resiliency of our forward posture, thereby strengthening crisis stability.

- **Naval Capabilities.** We leveraged U.S. undersea dominance and expanded undersea warfare capacity (increased the number of SSNs, UUVs, sensors) while introducing new UUV torpedoes and increasing U.S. offensive mine-laying capacity. We also invested in land- and sea-launched anti-ship missiles.
- **Land-Based Denial Capabilities.** A major area of emphasis for us was developing new land-based mobile forces with multi-purpose missile launchers to support coastal defense, air defense and deep strike land attack missions.
- **Air-Space-Cyber Denial Capabilities.** The CSBA team made significant investments in new electronic warfare systems and decoys. For space operations, we acquired co-orbital microsatellites and additional space situational awareness systems. For ballistic missile defense, we acquired additional air-launched hit-to-kill and THAAD interceptors. We sought to enable more distributed air operations within contested environments with F-35Bs. Finally, we invested in additional cyber defense and attack capacity to deny adversaries the ability to use or exploit cyberspace effectively.

Beyond improvements in our ability to punish and deny potential adversaries, we chose to make additional investments in logistics and to consolidate basing at home. We significantly increased funding for airbase hardening, aircraft shelters, rapid runway repair kits, and alternate dispersal airbases in the Pacific. We invested in overseas submarine infrastructure and new submarine tenders; expanded the Combat Logistics Fleet to support and sustain naval strike warfare; and develop an at-sea VLS re-arming capability. The CSBA chose to pursue a new round of Base Realignment and Closure (BRAC) despite the up-front costs of doing so as it was consistent with the overall strategy of buying down long-term risk.

Lastly, we envisaged new divisions of labor with our allies, particularly frontline allies facing the most acute threats. Allies should assume greater responsibility as “first responders” for their own defense and create “friendly” A2/AD networks to defend their sovereignty and provide sanctuaries for U.S. forward-deployed and forward-stationed forces. For its part, the U.S. military should continue to police the global commons and maximize combat strike power for deterrence within its alliance frameworks.

Where to take risk?

Consistent with the strategic shift we adopted in the exercise, the CSBA team chose to accept greater risk in forces and capabilities that are less suitable for operations in contested environments, including those most dependent on close-in theater access to be effective and those that had to mass to be effective. We relinquished on-demand capacity to conduct a second near-simultaneous major ground combat operation (substituting global strike options to deter or respond to the latter). In essence, we accepted risk “serving eviction notices” if allies or partners were invaded in order to strengthen deterrence through more capable punishment and denial forces. Accordingly, we made substantial reductions in ground forces. We also accelerated the divestiture of legacy Air Force and Navy short-range tactical combat aircraft and truncated the Littoral Combat Ship program. These cuts were relatively insensitive to a specific budgetary scenario.

In seeking a more capable future force, we also accepted greater risk in the first FYDP in terms of readiness. This was the most difficult choice we made with great reluctance. We also judged that it was the decision that would likely pose the greatest regret. Nevertheless, we opted to protect rebalancing measures to yield greater punishment and denial capabilities in the future as we assumed that the global security environment is likely to worsen rather than improve over the next decade. Had we not had to comply with the BCA spending caps, we would have chosen to maintain full readiness funding.

Conclusion

Regardless of the budget level Congress ultimately sets for defense, choosing where to invest or divest should be informed by the external security challenges we face and the choices we make about strategy. In this regard, likely future operating environments may serve as a useful lens for evaluating programs. In particular, forces and capabilities most viable to project power in contested environments may represent areas for preserving or expanding, while those that have been designed for relatively benign operating environments may be targets for divestiture.

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.