

Research Paper

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Retrench or Rebalance? America's Evolving Defence Strategy



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Contents

| | |
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| Summary | 2 |
| Introduction | 3 |
| The Pentagon's Strategy | 5 |
| Risks to the Pentagon's Strategy | 9 |
| The Implications for Europe | 14 |
| Conclusion | 17 |
| About the Author | 18 |
| Acknowledgments | 19 |

Summary

The US military is at a crossroads. After a decade of war with nearly unlimited defence spending, the Pentagon must determine how to absorb nearly \$500 billion in cuts over 10 years amid debate over how the 'future force' should be structured and equipped. The challenges of force planning for Pentagon strategists will only be exacerbated by an uncertain and challenging security environment combined with a war-weary public, debates over the United States' role in the world and fears of its 'retrenchment'.

The 2014 Quadrennial Defense Review embraces two strategic 'rebalances': a shift in focus to the Asia-Pacific and an increased emphasis on special operations forces (SOF). Contrary to popular perception, the growing focus on Asia does not represent a zero-sum 'pivot', and it does not involve the movements of large numbers of personnel and equipment. Instead, this rebalancing is focused on reassuring Asian allies of the US commitment, multilateral engagement and military-to-military cooperation in order to improve regional security. Meanwhile, the reduction in conventional ground forces – including a planned 20 per cent reduction in the active component of the US Army – is largely matched by increases in SOF personnel.

This new military strategy also faces operational and political risks. By consciously abandoning its (arguably unsustainable) policy of preparation for two major, simultaneous conflicts, the Pentagon accepts some risk in its deterrent power of its conventional forces. Moreover, by not building up the force for large-scale stability operations, and relying on a policy of 'reversibility' should they occur, the Pentagon accepts some risk in the ramp-up time that would be required to regenerate the force structure required for such ground-force-intensive missions. The harsh partisan nature of domestic politics will also play a pivotal role in restricting available resources and in constraining the Pentagon's ability to cut costs where it chooses.

The Pentagon's overall military reform plan is certainly not perfect, and it does accept significant risk in preparing for conflicts short of all-out war. But in the light of the changing security environment and the role that America's military can and should play in the world, its proposed force structure and strategy represent a reasonable rebalance – not a retrenchment.

Introduction

This paper reviews the shifts in military force structure and posture proposed by the US Defense Department, and assesses the strategic priorities and related risks the United States is taking, not only *vis-à-vis* the most likely threats, but also in anticipating the possibility that Congress will force adjustments to the overall plan.

After over a decade of war in Iraq and Afghanistan, and a globally focused counter-terrorism effort, the US military is battle-hardened, but worn. Like its NATO allies, the United States must reset and restructure for future threats under significant budget constraints. Increased polarization in Congress and fierce partisan debates over national priorities, national debt and federal spending have exacerbated this challenge. Congress's inability in 2010 to agree on a budget compromise led to the automatic passage of 'sequestration' legislation, imposing harsh across-the-board-cuts to discretionary spending (of which defence comprises roughly half) until 2021. This has sent ripples of uncertainty throughout the government, severely complicating budgeting and long-range planning.

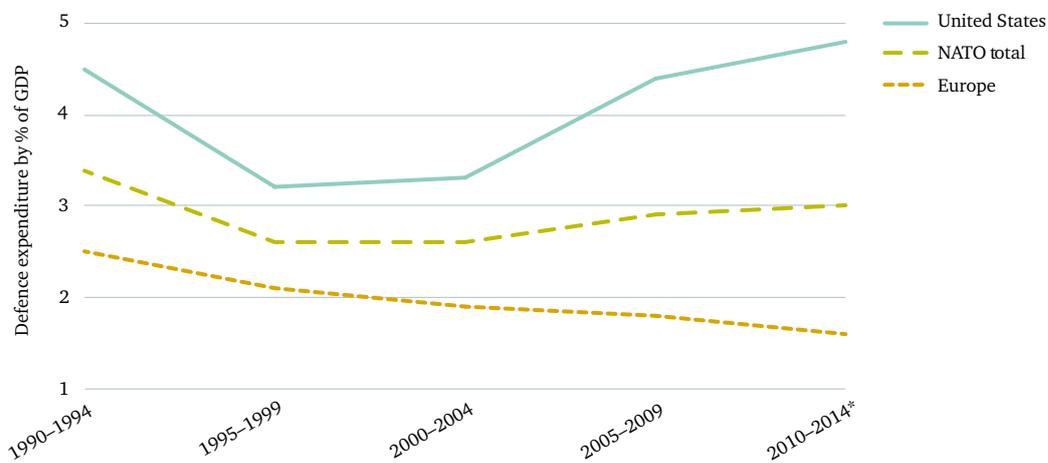
Like its NATO allies, the United States must reset and restructure for future threats under significant budget constraints. Increased polarization in Congress and fierce partisan debates over national priorities, national debt and federal spending have exacerbated this challenge.

Adding to this self-inflicted political turbulence is an increasingly uncertain and challenging security environment. Friction with President Hamid Karzai of Afghanistan and his refusal to sign a Bilateral Security Agreement delayed planning and budgeting for continued US and NATO operations in the country. Meanwhile, rising tensions in Asia, including an antagonistic and nuclear-armed North Korea and territorial disputes in the East and South China Seas, have reaffirmed the importance of President Barack Obama's strategy to 'rebalance' American attention towards the Asia-Pacific. But criticism over the US failure to address the civil war in Syria, to counter Russia's destabilization of Ukraine, or to bring peace to the fractured Iraqi state have raised questions about the willingness of a war-weary America to provide the security guarantees its allies and partners have come to expect.

These challenges, along with steadily declining military investment among European NATO countries (as demonstrated in Figure 1), will be at the forefront of the September 2014 NATO summit. In 2013, the United States spent an estimated 4.4 per cent of gross domestic product on defence. By comparison, NATO's 25 European members spent a weighted average of just 1.6 per cent.¹

¹ NATO, 'Financial and Economic Data Relating to NATO Defence', NATO Public Diplomacy Division (February 2014), http://www.nato.int/nato_static/assets/pdf/pdf_topics/20140224_140224-PR2014-028-Defence-exp.pdf.

Figure 1: NATO defence spending: an unequal burden



*Projected figures.

Source: NATO, 'Financial and Economic Data Relating to NATO Defence', 2014.

As Pentagon planners attempt to recalibrate America's force structure and investment to maintain its technological edge over potential high-end adversaries, they will once again be looking to allies across the globe to bear part of this load – and to those in NATO especially.

The Pentagon's Strategy

The Pentagon's latest Quadrennial Defense Review (QDR), released in March, is focused on the need to counter myriad types of future threats and adversaries, from non-state violent extremists and terrorists to near-peer adversaries with sophisticated high-end military capabilities, including weapons of mass destruction and what American strategists call 'anti-access, area-denial' (A2/AD) capabilities. Planners are also aware that the technological advantages the United States has enjoyed in the cyber area and space may become increasingly challenged, placing additional emphasis on the need to invest in maintaining its technological edge. At the high end of the spectrum, the new strategy calls for a force large enough to be 'capable of defeating a regional adversary in a large-scale, multi-phased campaign, [while] denying the objectives of – or imposing unacceptable costs on – a second aggressor in another region'.² This requires substantial emphasis on modernization to address more capable adversaries, but also lowers expectations relative to the previous 'Two Major Theatre Wars (2MTW)' requirement to defeat two high-end adversaries separately and simultaneously.

In addition to planning for major theatre war, the Pentagon's strategy also emphasizes a range of steady-state activities designed to promote stability, deter adversaries and prevent war. American forces will continue to pursue a global effort to counter terrorists and violent extremists, conducted primarily through special operations forces (SOF) but also in conjunction with allies and partners. This approach received a strong, continuing endorsement from President Obama in his address at West Point on 28 May 2014, in which he proposed an additional \$5 billion explicitly for multilateral counterterrorism engagements.³ This long-term effort will require building the capacity of various regional partners in the hope that they can maintain security on their own, without external assistance or the need for major US or multilateral intervention.

Finally, acknowledging global trends such as climate change and urbanization, the Pentagon anticipates the need to conduct more humanitarian and disaster relief missions. Its planners, particularly in the US Navy, are devoting growing attention to questions of Arctic operations: previously inaccessible sea lanes are being cleared as more ice melts.⁴ This variety of mission sets drives the Pentagon's proposed 'rebalancing' of capabilities and posture.

Two types of rebalancing, geographic and doctrinal, reflect the priorities of the new strategy. These drive shifts in force structure, as they articulate where and how the US military anticipates it will fight.

The 'pivot' to Asia

The first, most widely discussed – and widely misunderstood – rebalancing is the Obama administration's strategy to refocus attention on the Asia-Pacific. Contrary to common misperception (especially by Europeans), this was never designed as a zero-sum 'pivot' from Europe to Asia.

² US Department of Defense, *Quadrennial Defense Review 2014*, p. VI.

³ Full transcript of President Obama's commencement address at West Point, *Washington Post*, 28 May 2014, http://www.washingtonpost.com/politics/full-text-of-president-obamas-commencement-address-at-west-point/2014/05/28/cfbcdcaa-e670-11e3-afc6-a1dd9407abcf_story.html.

⁴ Center for Naval Analysis Military Advisory Board, 'National Security and the Accelerating Risks of Climate Change', May 2014, http://www.cna.org/sites/default/files/MAB_2014.pdf.

Rather, it was meant to rebalance attention and resources back to Asia after a decade of large-scale counterinsurgency operations in Iraq and Afghanistan. For instance, throughout the last decade, Marines normally postured in Okinawa, Japan were nearly perpetually deployed from the region to support operations in the Middle East. Air assets in the region and army units based in Korea were periodically pulled from their forward-stationed bases to support the two wars.

While the United States and its NATO allies were fighting in Iraq and Afghanistan, countries in Asia were growing economically and modernizing their militaries at a rapid pace. The result has been the quickest regional growth in defence spending across the world.

While the United States and its NATO allies were fighting in Iraq and Afghanistan, countries in Asia were growing economically and modernizing their militaries at a rapid pace. The result has been the quickest regional growth in defence spending across the world.⁵ In addition to China's growing assertiveness, other challenges – the threat of North Korea, the proliferation of weapons of mass destruction, terrorism, piracy and the growing humanitarian toll of natural disasters – also threaten the stability of the region and global trade.

Although the non-military elements of the rebalancing to Asia have been predominant, the military shifts are not insignificant. In terms of physical changes to the US military presence across the region, what is being kept there is as important as what is being added. Many forget that the George W. Bush administration had initiated a downsizing of the US military presence in South Korea, which in turn understandably fuelled concern among allies across Asia about America's commitment to the region.

Therefore, one of the first steps of the Obama administration's rebalance was to halt that repositioning and to announce it would sustain a robust presence in both South Korea and Japan. Next, recognizing that the US military presence was heavily weighted in Northeast Asia, the rebalance called for increased presence and engagement with countries to the south, such as Australia, Singapore, Thailand and the Philippines. Another step includes having US Marines conduct regular six-month deployments to Darwin for exercises with Australian and other regional forces, while two to three littoral combat ships will stage out of Singapore to conduct exercises with various Southeast Asian militaries. Further moves include the Navy's posturing of 60 per cent of its fleet in the region, providing missile defence assets to Japan, and new access and cooperation agreements with the Philippines, Thailand and Vietnam.

These military aspects of the rebalance are meant to promote the general long-term stability of this critically important economic region by committing to patrol the sea lanes, promote responsible norms of maritime behaviour, and engage with allies and partners to promote their own self-defence and resilience. This type of role is not new for the United States: it has maintained a robust military posture in the Asia-Pacific – as it has in Europe – since the end of the Second World War. Announcing a 'rebalance' after a decade of war in Iraq and Afghanistan thus reaffirmed America's commitment to maintaining this presence, and to do so in a way that addressed twenty-first-century challenges and opportunities.

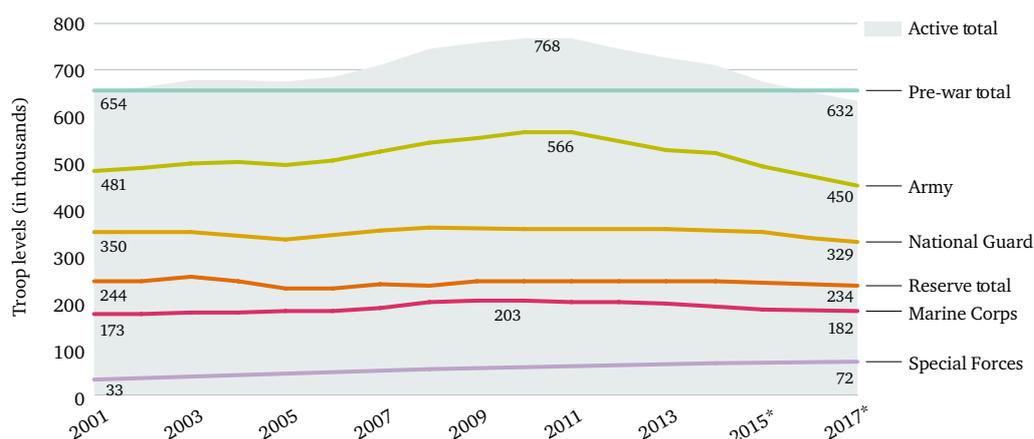
⁵ Trefor Moss, 'More money, more power for Asian militaries', Southeast Asia Real Time, *The Wall Street Journal*, 5 February 2014, <http://blogs.wsj.com/searealtime/2014/02/05/more-money-more-power-for-asian-militaries/>.

Smaller but full-spectrum

The second, internal, rebalance reflects a desire to avoid having to conduct prolonged, large-scale stability operations like the messy counterinsurgencies carried out in Afghanistan and Iraq over the past decade. The strategy claims that the military will no longer maintain a size necessary for these missions, but that it will sustain the doctrine education and training necessary to conduct them. If necessary, the Pentagon claims, the force can be increased or 'regenerated' through a policy of 'reversibility', by which it will activate reservists and National Guard units or, if time permits, add new force structure through recruitment.

Over the last decade of war in Iraq and Afghanistan, the active Army grew from 490,000 to a peak of 566,000. Over the same period, the Marine Corps grew from 175,000 to 202,000, and the National Guard from 350,000 to 360,000.⁶ This represented the most significant stress test for the US military's force growth capabilities since the creation of the all-volunteer force in 1973.⁷

Figure 2: US ground forces, 2001–17



*Projected figures.

Sources: Defense Manpower Data Center, 'Reports', August 2014, <https://www.dmdc.osd.mil/appj/dwp/reports.do?category=reports&subCat=milActDutReg>; Office of the Assistant Secretary of Defense for Readiness & Force Management, 'Defense Manpower Requirement Report Fiscal Year 2014', August 2013, <http://prhome.defense.gov/Portals/52/Documents/RFM/TFPRQ/Docs/FY14%20DMRR%2028%20Aug%2013%20FINAL.pdf>; Chuck Hagel, 'FY15 Budget Preview', speech as delivered in Pentagon Press Briefing Room, Washington, DC, 24 February 2014, <http://www.defense.gov/Speeches/Speech.aspx?SpeechID=1831>.

Looking beyond 2014, the Pentagon's preference for small-scale ground operations and steady-state engagements that focus on prevention is reflected in the fact that the total number of ground forces is not actually being reduced compared with pre-war levels. Rather, they are being *redistributed* across the Army, Marine Corps and SOF to optimize capabilities for these preferred mission sets, as illustrated in Figure 2. Compared with pre-war levels in 2001, the regular Army will shrink from 490,000 to 450,000, while combined reserve and National Guard components will shrink from 560,000 to 530,000 by 2017.⁸ This reduction will be partially offset by the dramatic growth in SOF,

⁶ Lawrence Kapp and Barbar Salazar Torreon, 'Reserve Component Personnel Issues: Questions and Answers', Congressional Research Service, 12 July 2013, <http://www.fas.org/sgp/crs/natsec/RL30802.pdf>.

⁷ Lawrence Kapp, 'Recruiting and Retention: An Overview of FY2011 and FY2012 Results for Active and Reserve Component Enlisted Personnel', Congressional Research Service, 10 May 2013, <http://www.fas.org/sgp/crs/natsec/RL32965.pdf>.

⁸ Chuck Hagel, 'FY15 Budget Preview', speech as delivered in Pentagon Press Briefing Room, Washington, DC, 24 February 2014, <http://www.defense.gov/Speeches/Speech.aspx?SpeechID=1831>.

which will have grown by more than 35,000 since 2001 (from 33,000 to nearly 70,000) and by the net gain in the Marine Corps, which began the wars in 2001 with 173,000 Marines and will have grown by 9,000 to 182,000 in the Pentagon's new budget. The Marine Corps will also protect investment in modernizing its amphibious combat vehicle, as it anticipates the need for more littoral operations.

Meanwhile, the Pentagon will retrain and modernize the force to make up for the perceived imbalance created from a decade of adaptation for counterinsurgency in Iraq and Afghanistan. Prioritizing high-end warfare means investing in technologies that will address the A2/AD challenge. These include next-generation fighters such as the F-35 and F-22, long-range bombers, intelligence, reconnaissance and persistent, survivable surveillance technologies, air-to-surface and anti-ship cruise missile technologies, and submarines. Other investments to be protected or enhanced include the nuclear arsenal and infrastructure, cyber technologies and force structure, unmanned air and undersea systems, missile defence and an 11-carrier Navy, which is important for sustaining America's global presence.

The Pentagon plans to pay for these investments through cuts in ground forces as discussed above, and by divesting entire 'niche' airframes such as the A-10 and KC-10, halting acquisition of the littoral combat ship, which is perceived to be too vulnerable in highly contested environments, and forgoing development of a new ground combat vehicle. The Air Force also plans either to cut approximately 25,000 of its 507,000 personnel (21,000 from active service and 4,000 from reserves) or to rebalance, relying more on part-time reservists, in order to save nearly \$2 billion.⁹ The Navy will remain at 324,000 sailors in the active fleet, but will cut 2,000 in the reserves.

Collectively, these changes to force structure, size and capability reflect the Pentagon's prioritization of higher-end threats and peer competitors over asymmetric threats such as terrorism and insurgency. Maintaining technological superiority is a defining feature of US military power and it is prudent to invest here. Of course, this is also what drives adversaries and competitors, from Al-Qaeda to the suspiciously well-armed 'separatists' who emerged in Ukraine in March 2014, to use asymmetric strategies.¹⁰ Thus the more the US high-tech edge is preserved, the higher the risk that America and its allies will face more irregular threats.

⁹ Janine Davidson and Margaret Harrell, 'Don't Chop the Air Force – Look to the Reserves', Congress Blog, *The Hill*, 9 April 2014, <http://thehill.com/blogs/congress-blog/homeland-security/202988-dont-chop-the-air-force-look-to-the-reserves>.

¹⁰ Janine Davidson, 'Putin's Way of War and NATO's Article Five', *Defense in Depth*, Council on Foreign Relations, 16 April 2014, <http://blogs.cfr.org/davidson/2014/04/16/putins-way-of-war-and-natos-article-five/#more-118>; Janine Davidson, 'Mind the Gap: Putin's Actions and the Future of War', *Defense in Depth*, Council on Foreign Relations, 11 March 2014, <http://blogs.cfr.org/davidson/2014/03/11/mind-the-gap-putins-actions-and-the-future-of-war/>.

Risks to the Pentagon's Strategy

The warning by the Chairman of the Joint Chiefs of Staff, General Martin Dempsey, that 'estimations of how and where we would fight a war or militarily intervene will also probably be largely wrong' is an apt reminder that any strategy contains unforeseen risks.¹¹ Even if budgets were completely unconstrained, the future would present surprises that might seem obvious only in hindsight. The risks that can be anticipated, though, can be categorized in two groups: those inherent to the strategy and accepted or mitigated by the Pentagon, and those forced on the Pentagon by domestic politics.

Risks inherent to the strategy

In order to sustain investment in modernization while meeting the congressional budget targets, the Pentagon is assuming risk from two sources. The first is the challenge associated with shifting away from the 2MTW planning model, lowering the ability to deter ambitious aggressors. The second is the stated intent to avoid stability operations.

The Pentagon is fairly honest about the risk associated with downshifting from the 2MTW requirement. However, the mitigation initiatives presented for stability operations, such as investing in prevention and an increased reliance on reservists and allies, may be more risky than the Pentagon suggests.

Shift from 'Two Major Theatre Wars'

Downshifting from the 2MTW requirement means that the United States will sustain only enough capability and capacity to hold one enemy at bay while pursuing decisive victory against another in a different theatre. This is considered one of the riskier elements of the Pentagon's plan because it directly affects the United States' conventional deterrence, potentially emboldening peer competitors – especially if the United States is already involved in a large-scale engagement. Nonetheless, considering that the military in 2001, which was ostensibly a '2MTW' force, was unable to commence the invasion of Iraq without pulling critical assets from Afghanistan (thus seriously undermining the operation there), there is reason to question the wisdom and efficacy of the 2MTW planning model in the first place.

Some of the risk inherent in downsizing to what would amount to a 1.5MTW construct may be mitigated by new planning processes the Pentagon has recently adopted. Although these internal bureaucratic processes will not make headlines or show up on strategy documents, they are designed to provide US leadership with much greater awareness of the strains various contingencies might put on the force. This increased awareness allows force posture and allocation to be adjusted in ways that are more responsive to changes in the security environment, and thus mitigates overall risk.¹²

¹¹ Joseph J. Collins, 'Two Cheers for the QDR', *Armed Forces Journal*, 6 April 2014, <http://www.armedforcesjournal.com/two-cheers-for-the-qdr/>.

¹² Various interviews with Pentagon officials, May–June 2014.

Risk of avoiding stability operations

Also of concern is the Pentagon's decision to accept risk in its preparation for lower-tech, manpower-intensive military operations in order to protect investment and modernization in the higher-tech weapons systems needed to fight more sophisticated adversaries. The implied assumption is that prolonged, large-scale stability operations can be avoided or prevented. The Iraq and Afghanistan experiences are likely to have informed this sentiment, as both wars were seen as over-ambitious and, in the case of Iraq especially, 'wars of choice' and thus something that might have been avoided.¹³

Yet history clearly shows that such complex missions are hard to avoid – either as stand-alone interventions or as the type of operation that must be conducted in the aftermath of a major conventional war in order to consolidate the gains or 'win the peace' through the provision of law and order, reconstruction and development.¹⁴ Likewise, although it is wise to protect investments to sustain America's technological edge, it is precisely this advantage that drives adversaries to asymmetric strategies like insurgency.

The Pentagon claims it can offset this risk in four ways. First, the services are directed to emphasize stability-operations skills through education, training and doctrine development, which are meant to capture lessons learned. Second, force size will be enhanced as needed through capability regeneration and call-up of reserves. Third, allies will contribute forces. Finally, efforts at building partnership capacity, especially by Special Forces, will help mitigate the threat in the first place.

In contrast to the period immediately following the Vietnam War, when counterinsurgency (COIN) doctrine was rejected, the US Army released updates to both its COIN manual (FM 3-24) and its stability operations manual (FM 3-07) earlier this year, suggesting that there may be sustained intellectual emphasis on this mission set. While it is wise to sustain the knowledge and skills in the remaining troops, the problem with relying on reservists and allies to augment force size when needed is that it requires significant investment by the United States in its reserve forces to sustain their readiness as well as by allies across the board – none of which is likely to be forthcoming. Because it has no entrenched political lobby, such readiness is typically the first budgetary item endangered in times of downsizing (see following section on US domestic politics).

Furthermore, the 'surge' of recruiting from 2007 to 2012 – the largest since the formation of the all-volunteer force – nonetheless constituted only a 16 per cent total growth in the active components of the Army and Marine Corps.¹⁵ This growth also lagged behind numbers requested by commanders. In 2011, even in the midst of robust expansion, the Army essentially ran out of unused force capacity.¹⁶ Iraq and Afghanistan also placed an unprecedented strain on reserve and National Guard components of the military. At one point, 40 per cent of those deployed in-theatre were troops designated as other than on active duty.¹⁷ Between September 2001 and February 2012, approximately 665,000 reservists and National Guardsmen were activated for combat deployment.

¹³ Richard Haass, *War of Necessity, War of Choice: A Memoir of Two Iraq Wars* (Simon & Schuster, May 2010).

¹⁴ Janine Davidson, *Lifting the Fog of Peace: How Americans Learned to Fight Modern War* (University of Michigan Press, August 2011).

¹⁵ John Barnett, 'When We Go Big Again: Lessons Collected from the 2007–2012 DoD Grow the Force Initiative', Security Challenges During a Time of Transition Conference, The Brookings Institution, Washington, DC, 13 March 2013.

¹⁶ Dave Baiocchi, 'Measuring Army Deployments to Iraq and Afghanistan', RAND Corporation (2013), http://www.rand.org/pubs/research_reports/RR145.html.

¹⁷ Caitlin O'Neil, 'Changing of the Guard: A Look Back at 10 Years of War', Hidden Surge, Medill National Security Journalism Initiative, 14 February 2012, http://hiddensurge.nationalsecurityzone.org/nsjhs_special_pages/changing-of-the-guard/.

As for SOF engagement, the degree to which partner capacity-building missions bear fruit will depend on Congress's willingness to increase funding for these prevention-oriented missions. Many members of Congress are less likely to support such increases, which are seen as aid to foreign countries, while they are individually fighting for various projects and weapons systems that most affect jobs and votes in their home districts.

Risk from domestic politics

Although the risk the Pentagon is assuming in its strategy is of concern, the more immediate risks originate from domestic politics. The continued threat of sequestration and the inability of Congress to provide the Pentagon with predictable and adequate funding have been an immense challenge for military planners.¹⁸ Of course Congress is not a monolith – it is composed of a spectrum of ideological and regional factions, many of them sympathetic to the priorities of national defence – but its parochial interests and inability to reach consensus have sown great uncertainty in the budgetary process. The unpredictability this has generated across the government adds another layer of risk to the defence strategy. Given the cards that have been dealt in the ongoing budget stand-off with Congress, the QDR and proposed 2015 defence budget reflect an attempt to salvage the president's strategic priorities. But a closer look reveals how precarious the situation is.

If sequester levels remain into 2016, the Pentagon will be forced to cut another aircraft carrier, 10 surface combatant ships, at least 30,000 more soldiers, an entire fleet of refuelling aircraft, modernization of weapons systems, and training hours that will have a direct and immediate impact on readiness.

To understand what the stakes are, consider the various assumptions force planners have made regarding congressional action. The first, most obvious gamble is the expectation that Congress will reverse sequestration. If sequester levels remain into 2016, the Pentagon will be forced to cut another aircraft carrier, 10 surface combatant ships, at least 30,000 more soldiers, an entire fleet of refuelling aircraft, modernization of weapons systems, and training hours that will have a direct and immediate impact on readiness.¹⁹ In the language of the Pentagon, these cuts will add 'more risk' to US national security. The QDR spells out the consequences: 'Our military would be unbalanced and eventually too small and insufficiently modern [...] leading to greater risk of longer wars with higher casualties for the United States and our allies and partners.'²⁰

Yet sequestration is not the only gamble in the defence budget. In the short term, the Pentagon is banking on another \$26 billion in the 2015 budget to be raised from what the President calls the 'Opportunity, Growth, and Security Initiative'.²¹ This will require tax reforms and cuts in other areas of the president's budget, all of which will bring about big fights in Congress.

¹⁸ Claudette Roulo, 'Acquisition Chiefs Describe Effects of Budget Uncertainty', American Forces Press Service, 24 October 2013, <http://www.defense.gov/news/newsarticle.aspx?id=120997>.

¹⁹ 'Estimated Impacts of Sequestration-Level Funding – FY 2015 Defense Budget', Department of Defense (April 2014), http://www.defense.gov/pubs/2014_Estimated_Impacts_of_Sequestration-Level_Funding_April.pdf.

²⁰ US Department of Defense, *2014 Quadrennial Defense Review*, p. 53.

²¹ 'Opportunity For All', The White House (March 2014), <http://www.whitehouse.gov/sites/default/files/omb/budget/fy2015/assets/opportunity.pdf>.

Complicating the domestic debate further, the Pentagon has opened the door to two more contentious issues: infrastructure and compensation. On infrastructure, its request for another round of domestic 'base realignment and closings' (BRAC) is well reasoned in financial terms but a potential political morass. The Pentagon has estimated that it has over 20 per cent in excess domestic infrastructure.²² Nevertheless, Congress has rejected its last two pleas for a BRAC as entrenched economic interests in congressional districts with large military populations compete with the Pentagon's national security planning. Counterintuitively, overseas installations – which are arguably of greater strategic significance – do not require congressional approval to be closed. This means that, if Congress refuses to consider any domestic base closures, bases in Europe will be at much greater risk (see further below).²³

The fight over compensation and benefits is poised to be even more serious. The proposed 2015 defence budget assumes that Congress will approve the Pentagon's \$12 billion downward adjustments to basic pay, housing allowances and health care. Personnel costs consume more than half the defence budget, and pay and benefits have grown by 57 per cent per service member since 2001.²⁴ Civilian and uniformed military leaders agree that there need to be adjustments, but anything resembling a cut to compensation is typically 'dead on arrival' in Congress. Indeed, after having authorized an average five per cent pay rise every year between 2000 and 2010, members of Congress are loath to do anything that might appear to break faith with the troops. Although the Pentagon's latest proposal only calls for a slowing of the rate of growth rather than actual cuts, it is likely to meet fierce resistance.

The Pentagon is also facing fierce resistance on a number of other proposed cuts. Among the most controversial and politicized will be those personnel cuts already discussed, particularly to the reserves and National Guard. Cuts to these components are always politicized: governors who want to preserve jobs in their states or those simply concerned with in-state emergency response capabilities will pressure Congress to resist such reductions. Therefore, while congressional resistance to troop cuts may mitigate the risk for stability operations, as discussed above, without added funding the Pentagon will be forced to offset the cost by taking risk at the higher end of the conflict spectrum.

Meanwhile, cuts to major weapons systems that represent real savings while creating minimal operational risks are being mooted. For example, the Air Force argues that the ageing A-10 'tank killer' can and should be retired, since its primary role, providing close air support to ground troops, can be undertaken by other more multi-mission aircraft, such as the F-35, F-16, F-15E, MQ-1, AC-130, B-1 or B-52. Likewise the Cold War-era U-2 spy plane can be replaced by an array of unmanned and space assets. But such cuts, or those of the Army's ground combat vehicle and various Navy ships, will be fiercely resisted by industry as well as members of Congress who stand to see job losses in their districts.

Sound strategic and budgetary arguments often encounter challenges from the entrenched political and industrial lobby of popular weapons platforms.²⁵ This domestic friction is not a new phenomenon, but failure to resolve differences poses greater risk in today's constrained budgetary environment and

²² Jared Serbu, 'Military Facilities Get Shorted as Part of DoD's Tough 2015 Budget Choices', Federal News Radio, 13 March 2014, <http://www.federalnewsradio.com/394/3580377/Military-facilities-get-shorter-as-part-of-DoDs-tough-2015-budget-choices>.

²³ Stacy Kaper, 'Ukraine crisis stokes fears about closing European bases', *National Journal*, 5 March 2014, <http://www.nationaljournal.com/defense/ukraine-crisis-stokes-fears-about-closing-european-bases-20140305>.

²⁴ Todd Harrison and Mark Gunzinger, 'Congress handcuffs Pentagon cost-cutters', *Wall Street Journal*, 26 January 2014, <http://online.wsj.com/news/articles/SB10001424052702303848104579312653562559112>.

²⁵ 'Congress digs in against Pentagon plan to mothball the A-10 fighter-bomber', *Standard-Examiner*, 1 April 2014, <http://www.standard.net/stories/2014/04/01/congress-digs-against-pentagon-plan-mothball-10-fighter-bomber>.

when the war-worn force structure needs reconstitution and modernization. Members of Congress, intent on preserving funding for older weapons platforms may turn more quickly to trimming readiness budgets instead, because operational and readiness funds have no equivalent political lobby to protect them.

In sum, the current proposed US defence strategy faces a daunting array of obstacles, either willingly assumed or beyond the Pentagon's control. On the operational front, the shift from a 2MTW strategy represents an explicit acknowledgment of limited capability to prosecute simultaneous conflicts and an acceptance of moderate risk. At the same time, the Pentagon seeks to avoid future large-scale stabilization and counterinsurgency operations – to the point of endangering hard-won capabilities. However, the greatest short-term challenges are likely to be political. The Pentagon and Congress are set to clash on a wide range of issues, including budgetary controls, base closures, compensation reductions, personnel downsizing and procurement cuts. Individually, each represents a contentious political battle. Taken together, they represent a monumental challenge.

The Implications for Europe

Contrary to conventional wisdom, President Obama's rebalance to Asia does not mean the United States is leaving Europe. Indeed, recent events in Ukraine and Russia's increased assertiveness in the region have served to make America's European presence all the more relevant and essential. Still, the most pressing security problems in Europe are not of the type for which large formations of ground troops are the answer. Reductions in the number of American troops permanently stationed in Europe reflect a move away from the large-scale ground-war posture of the Cold War era. Meanwhile, more relevant and modern capabilities are being added, the remaining ground combat units are being enhanced and modernized, and rotational units are being used to sustain exercises to promote interoperability and capacity-building.

Two Brigade Combat Teams (BCTs) of approximately 7,000 troops will be part of the US Army's overall downsizing – that is, they will be deactivated entirely rather than simply returning to the United States. Remaining in Europe will be the two more modern BCTs – a Stryker brigade and an airborne brigade – plus another seven enabling brigades. The two BCTs will actually grow by 300–500 soldiers as they are modernized as part of the Army's modularity plan, which adds medical, intelligence and engineering capabilities to each brigade in order to make them more agile and responsive to new sorts of threats. These remaining BCTs will therefore be more robust and optimized for modern conflict.

But the US presence in Europe constitutes more than Army brigades. Despite the preference by some allies for large numbers of ground forces acting as a traditional deterrent, the revised array of capabilities being preserved and enhanced in the current plan, including missile defence infrastructure, air power and air-lift projection, and Special Forces capabilities, is more relevant to current and future threats than large traditional Army manoeuvre units. This rebalance updates the US European posture from one poised for a large Cold War-era ground war to one ready for lighter, high-tech operations, and steady-state engagement and training with allies.

This plan has drawn criticism from all sides, but assuming the Pentagon can hold the line against those calling for more retrenchment, the concern is unfounded.²⁶ The steady reduction in troop numbers since the end of the Cold War has been a worrying trend for those, especially in Eastern Europe, who still feel a threat from Russia, and with whom the argument that capabilities are more important than numbers of troops often fails to resonate. The removal of two BCTs, despite the increases in other capabilities and technologies, is still seen as a sign of reduced American commitment. Since the fall of the Berlin Wall, however, it has been a constant struggle to convince many Americans that the United States should still be robustly postured in a region that seems relatively calm and in which economically developed allies can and should carry more of the load. The recent crisis in Ukraine may counter some of these arguments – President Obama announced \$1 billion in additional spending to boost the US military presence in Poland – but this is to support Poland and fund military operations, not necessarily to increase a permanent US presence.²⁷

²⁶ For two contrasting articles on US retrenchment, published in context of the Asia-Pacific pivot, see Michèle Flournoy and Janine Davidson, 'Obama's New Global Posture', *Foreign Affairs* (July/August 2012), and Robert S. Ross, 'The Problem with the Pivot', *Foreign Affairs* (November/December 2012).

²⁷ Zachary Goldfarb, 'U.S. announces \$1 billion program to boost military presence in Eastern Europe', *Washington Post*, 3 June 2014, http://www.washingtonpost.com/politics/us-announces-1-billion-program-to-boost-military-presence-in-eastern-europe/2014/06/03/414c0240-eb00-11e3-9f5c-9075d5508f0a_story.html.

Many in Congress erroneously assume that closing bases in Europe will save taxpayers money; however, a recent study demonstrates that the savings would be minimal and outweighed by the operational and strategic benefits of being postured forward.²⁸ The fact is that soldiers, sailors, air force personnel and marines have to eat, sleep and train somewhere. Doing so in the United States is neither significantly cheaper nor strategically advantageous.

Strategically, the United States benefits from being postured forward in Europe in three very basic ways. The first, most self-interested reason is the operational and logistical advantages it affords. No other armed force in the world can project power on demand as swiftly as the United States, and this would not be possible without the relationships and the basing agreements that enable its global reach. Over the past decade, its presence in Europe has provided America with a logistical springboard for its multilateral operations in the Middle East. Pre-deployment training for the United States and its allies and partners was continuously conducted at large, overseas multinational training centres built and operated by the United States, such as the Combined Arms Training Center and the Joint Multinational Readiness and Simulation Centers in Germany. The vast majority of wounded warriors coming out of Iraq and Afghanistan were likewise treated at the state-of-the-art US military hospital in Landstuhl, Germany, whose existence was vital for their long-term survival prospects.

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The second strategic benefit of the United States' forward posture is as an assurance to NATO allies of the strength of its Article 5 commitment (which stipulates that an attack against one is an attack against all). The United States must sustain enough regional capability or be able to arrive in-theatre quickly enough to credibly deter or respond to threats. Some suggest that this security guarantee can be maintained from the United States as long as the US military retains the capability to project power on demand. But rotating forces on an as-needed basis not only lengthens response times but also undermines the third advantage of being positioned forward, namely the opportunity to train with allies and achieve ever higher levels of interoperability.

Looking to the future, the US posture in Europe is likely to become a renewed source of debate. Vladimir Putin's aggression in Ukraine has strengthened the case for those on both sides of the Atlantic who have argued that local presence still matters when it comes to deterrence. This is likely to have an impact on the budget debates – especially given the reality that once the overall size of the force has been generally set, repositioning troops back to the United States does not actually save taxpayers much money. Assistant Secretary of Defense for International Security Affairs Derek Chollet has suggested that the Pentagon will be rethinking its European posture.²⁹ Such a review may not result in new bases or large units being repositioned in Europe, but is likely to call for increased multilateral exercises and routine rotations to enhance the overall level of activity and engagement, especially in NATO's East European and Baltic members, while also calming some of the fears about US retrenchment in the region.³⁰

²⁸ Michael J. Lostumbo, Michael J. McNerney, Eric Peltz et al., 'Overseas Basing of U.S. Military Forces: An Assessment of Relative Costs and Strategic Benefits', RAND Corporation (2013), http://www.rand.org/pubs/research_reports/RR201.html.

²⁹ 'US could "re-examine" its military presence in Europe', *Defense News*, 8 April 2014, <http://www.defensenews.com/article/20140408/DEFREG02/304080038/US-Could-Re-Examine-Its-Military-Presence-Europe>.

³⁰ Michael O'Hanlon, 'NATO after Crimea', *Foreign Affairs*, 17 April 2014, <http://www.foreignaffairs.com/articles/141227/michael-ohanlon/nato-after-crimea>.

The question of US missile defence assets in Eastern Europe, long a matter of domestic and international debate, is also likely to receive renewed attention. Following defence budgetary and programme reassessments shortly after the start of the Obama administration in 2009, the system of missile defence sites proposed by the Bush administration and oriented towards Iran was altered in a strategy known as the 'European Phased Adaptive Approach' (EPAA).³¹ The EPAA calls for a ballistic missile interception provided primarily by US Aegis destroyers, to be supplemented by ground-based interceptors deployed in Romania in 2015 and Poland in 2018. Although this system is not oriented towards Russia, this issue will surely be revisited if the chill in NATO–Russian relations persists.

³¹ 'U.S. Missile Defense Programs at a Glance', Arms Control Association (June 2013), <https://www.armscontrol.org/factsheets/usmissiledefense>.

Conclusion

After a decade of war with nearly unconstrained funding for US military systems and personnel, downsizing was inevitable – and smart. However, doing so as swiftly and deeply as a highly politicized budget crisis demanded has been a shock. To the Pentagon leadership's credit, it has demonstrated the ability to absorb this shock by charting a way forward that cuts over \$500 billion over the next 10 years while also preserving a strategic edge.

Some observers, noting the United States' eagerness to end its mission in Afghanistan and its reluctance to send troops to Syria or Ukraine, might question its willingness to engage in future conflict or provide the same level of leadership as before. But it would be misguided to interpret America's current reluctance on interventionism as a broad statement about its capability to deter or defeat future adversaries. While China and Russia are increasing their defence budgets at a rapid pace (with Russia overtaking the United Kingdom as the third-largest defence spender in 2013), they spent respectively \$126 and \$76 billion in 2013, compared with \$612 billion by the United States.³²

Even with the planned cuts the US will still spend \$136 billion more in 2015 dollars on its military than it did in 2001, disregarding operations in Afghanistan.³³ This is 10 per cent more than the *combined* budgets of the next 10 countries and more than twice the combined budgets of the 26 NATO European members.³⁴ Ultimately, while the next few years will see a reorientation of defence spending and strategic posture, the United States' ability to lead and engage with the rest of the world remains robust.

³² 'Russia surpasses UK as the third biggest defense spender – report', RT, 5 February 2014; 'Defense Spending by Country', Global Firepower, 2 February 2014, <http://www.globalfirepower.com/defense-spending-budget.asp>. The Pentagon's FY02 budget request was \$287 billion – \$383 billion when adjusted for inflation. By comparison, the Pentagon's FY15 budget proposal with operations supplemental is approximately \$519 billion.

³³ Ibid.

³⁴ Heather A. Conley and Maren Leed, 'NATO in the Land of the Pretend', Center for Strategic and International Studies, 26 June 2013, <https://csis.org/publication/nato-land-pretend>; 'Defense Spending by Country', Global Firepower.

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