TRANSFORMATION FOR WHAT?

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FOREWORD

Security transformation is vital for the United States to promote national security in rapidly changing times, but it is also a moving target. American policymakers and strategists must, on a regular basis, reassess the global security environment and the trajectory of transformation. One of the most significant of such reassessments is currently underway, driven by Operations IRAQI FREEDOM and Operation ENDURING FREEDOM, continuing technological developments, budget constraints, and the debate associated with the 2005 *Quadrennial Defense Review*.

To provide senior defense leaders with ideas on security transformation, the Strategic Studies Institute has joined with the Belfer Center for Science and International Affairs at Harvard University's John F. Kennedy School of Government to bring together top experts on an annual basis. For the third meeting in this series—held in November 2004—the National Defense University joined as a partner. The informed and free flowing debate at this conference generated a range of frank assessments and creative ideas about the status of security transformation.

This report summarizes the debates and findings of the November session. The Strategic Studies Institute is pleased to offer it as a contribution to the ongoing debate on security transformation and the 2005 *Quadrennial Defense Review*.

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TRANSFORMATION FOR WHAT?

Key Insights.

- Stability and reconstruction (S&R) operations in Iraq and Afghanistan and the war on terrorism have slowed the pace of the transformation programs.

- The government is making little progress in building an effective intergovernmental capacity for stability and reconstruction operations.

- The Department of Defense (DoD) budget is unlikely to be adequate to meet both the needs of continuing operations and transformation during the coming years.

- In light of the likely budget constraints, it is vital that DoD undertake a fundamental reassessment of the alignment of the force structure (especially expensive new platforms) to anticipated threats.

- DoD has a vital role to play in homeland security but the department is not engaged in the interagency process and is not adequately planning for needed homeland security capabilities.

The Report.

The third annual conference on security transformation was held on November 18-19, 2004, at the National Defense University (NDU). The conference was organized by the Belfer Center for Science and International Affairs (BCSIA) at Harvard University's John F. Kennedy School of Government. It brought together current and former defense officials and military commanders to discuss progress in achieving transformation of U.S. national security. The Army War College, NDU, and BCSIA sponsored the conference.

The purpose of this annual conference is to examine progress in achieving national security transformation. The fundamental idea of transformation is that changes in the geopolitical environment and in technology require the United States to change dramatically

its defense enterprise to meet the range of new national security threats by adopting new technologies and operational procedures. Transformation affects DoD and all other agencies involved in national security. It is a broad concept that encompasses change in doctrine, technology, and business practices and should be seen as a continuous process.

This year's discussion centered on factors that are slowing the process of transformation: managing the stability and reconstruction (S&R) operations that are now on-going in Afghanistan and Iraq; the outlook for the defense budget; the implications of a change to the nature of the future threat on the future force structure; and slow progress on homeland security.

Stability and Reconstruction Operations.

The Operation IRAQI FREEDOM experience demonstrates the difficulty we continue to have in carrying out successful S&R operations. This deficiency is particularly serious because past evidence (in Somalia, Haiti, Bosnia, and Kosovo) suggests that Iraq is not the last time that our nation will be involved in peacemaking and peacekeeping operations. Astonishingly, we have not found a way to build an effective S&R capability that brings together the necessary elements of organization, resources, and operational control. A central difficulty is that successful S&R operations require the involvement of the Department of State as well as domestic agencies, for example, the Departments of Justice, Homeland Security, and Health and Human Services, with expertise in public health, public safety, infrastructure repair, and civil government. But these agencies currently do not have the authority, mission, and resources to participate in peacekeeping operations.

At the conference, one presenter outlined a plausible way for the United States to achieve such a capability that involved establishing executive authority in the National Security Council for coordinating S&R efforts. A second presenter stressed the need to include peacekeeping considerations in advance of military operations (through the use of "soft power") to ease the problems of post-hostility occupation. It was noted that today's enemy is intelligent, aggressive, and, most importantly, highly innovative.

However, as the failure of passage of the Lugar-Biden legislation (that sought to authorize a modest step in creating an office in the Department of State devoted to coordinating post-conflict occupation) illustrates, no significant change should be anticipated soon. Little progress has been made since the last conference where we concluded that a better way is urgently needed for the United States to carry out peacekeeping operations. The absence of progress is more surprising since the attributes of a successful organization for stability are clear and well-acknowledged. They include:

- A division of labor among the various agencies and a definition of the DoD role, with appropriate authorities and funding;
- A mechanism for effective interagency cooperation;
- Strong leadership at the center from the National Security Council and Office of Management and Budget;
- A management concept for stability operations with someone in charge, including provision for international participation; and,
- A program for building capacity, especially in domestic agencies, with an innovative focus.

The S&R operations in Iraq and Afghanistan do have aspects that are helpful for modernization. Field operations give the opportunity for "little t" transformation based on quick adaptation to technology by operating forces. This adaptation is especially valuable because the transformation usually focuses on joint operations, the measures frequently are not costly, and the process circumvents the more cumbersome "big T" transformation process associated with new platforms. Various suggestions were made to strengthen the "little t" transformation process, for example, greater reliance on the acquisition system used by the Special Operations Command (SOCOM), and greater use of special limited acquisition authorities by joint commands to fund field "experiments." Such changes would assure field trials of new systems before their final specification.

Budget Outlook.

Participants discussed at length the outlook for the defense budget. Although the United States can well afford devoting a larger share of the gross domestic product (GDP) to defense (and has consistently done so in the past), participants generally expected that defense budgets were unlikely to continue to grow, and indeed might decline. The external factors leading to this expectation of pressure on the defense budget were the twin budget and trade deficits, anticipated continued growth in nondiscretionary federal expenditures, reform of Social Security and other entitlement programs, and increased demand for discretionary spending, including for homeland security.

Also, internal pressures on the defense budget suggest that resources for the investment accounts—procurement and research and development (R&D)—will be constrained. These pressures include the apparently inexorable increase in operations and maintenance expenditures per soldier (in part due to continually growing benefits packages), the call for increased Army and Marine force strength for Iraq and beyond, the high cost of the Iraq deployment, and deferred cost of replacement and reconstitution of the equipment used in Iraq. Participants noted that a significant portion of the Army's modernization program is being funded by supplementals to the DoD base budget. The supplements will cease when the Iraqi occupation ends, and the Army may well be left with unfunded modernization requirements.

Conference participants were skeptical, to varying degrees, that resources would be available to fund the currently programmed modernization programs, especially for costly platforms (ships, tactical aircraft) and the Army's Future Combat System. Estimates varied, but one knowledgeable observer suggested a funding shortfall of 20 percent to 30 percent, based on current program cost estimates. Participants made suggestions of activities that should be terminated or missions that should be abandoned. One participant did suggest that the research, development, test, and evaluation budget may offer an opportunity for savings; this budget category has grown, especially because of large development programs.

The choices that face us if the DoD budget does not continue to grow are all difficult:

- Change the U.S. role in the world by reducing missions;
- Renegotiate benefits in the all-volunteer force;
- Reduce force structure; and,
- Reduce the content of modernization programs.

Assessing the choices requires an inquiry about the composition and extent of forces needed to meet future threats.

Alternative Force Postures.

If resources are unlikely to be adequate to meet current force modernization plans, then it is necessary to examine the basis of the need for the forces. Participants generally agreed that such an examination has not been undertaken recently; however, they did not directly address possible alternative force structures or the pros and cons of the force structure implicit in the current DoD 5-year financial plan. There were several important interventions about the need to examine whether the current force structure properly meets the needs of realistic future security threats. This situation underscores the need for a fundamental review of the future mission set, post-Iraq, and implications for the future force structure and joint warfighting systems. In particular, a better balance between expensive new platforms and network centric systems is needed and necessary to meet these future threats.

The mandated *Quadrennial Defense Review* that is due in 2005 is seen as having become a bureaucratic exercise in which the services and other DoD elements work to defend their programs and interests rather than a forum for examining the fundamental basis of the defense posture: the relationship of forces to likely future threats and security missions. For example, what will be needed for counterterrorism and peacekeeping operations relative to the need for broad based deterrence and conventional combat capabilities?

Homeland Security.

All agreed on the urgent necessity for the country to counter terrorism and increase our homeland security. Last year, our discussion noted that while establishment of the Department of Homeland Security (DHS) was the single most important step that the government has taken to meet the threat of catastrophic terrorism, considerable time and effort would be required to build an integrated capability that involved both domestic and national security agencies. This year, one knowledgeable participant argued that progress in mounting a coordinated effort has proven slower than expected, in large part because of DoD's failure to engage seriously in its role in homeland security. It appears that the current DoD leadership has decided, perhaps because of the pressure of Iraq or perhaps fearing a raid on the DoD budget, not to engage actively in the government-wide process to strengthen homeland security, other than through force protection.

We must conclude that, as yet, there is no agreement on what the DoD's role will be in homeland security or, in DoD terms, homeland defense. There are many examples where DoD can and must play a role: (1) terminal air defense within CONUS, (2) long-range maritime interdiction beyond Coast Guard capabilities, (3) participation in high stress hostage rescue teams' (HRTs) operations, (4) contributions to domestic threat intelligence using approved DoD sources of investigatory information, (5) protecting critical facilities in high threat circumstances, and, most importantly, (6) assistance in the response to an act of catastrophic terrorism, should it occur.

Other Defense Transformational Issues.

The conference addressed a number of additional transforma-tional issues. Annually, we address *Intelligence Support to Military Operations*. This year's discussion was refreshing because it did not address organizational issues and because the two presentations highlighted, by comparison with other topics, the progress and capability of intelligence support to military operations. One presentation defined the shift in the paradigm for distributing intelligence from an "information push" to a web-based, internal

protocol, "demand pull" approach. The arrangement requires high bandwidth downlinks and lower bandwidth uplinks to hundreds of reception points that, in turn, connect to local area networks. This shift permits military commanders to draw on intelligence information pertinent to their particular responsibilities. The new approach offers the consumer the opportunity to specify what information is of interest, while still permitting higher echelons of intelligence to "push" new information with which the consumer is not familiar through direct broadcast satellites.

The success of intelligence support to military operations is an example of what can be achieved by transformation. The advances that have come in the last 10 years reflect the change in the technology balance between collection and the functions for tasking, processing, exploiting, and communicating intelligence to military users. It is noteworthy that this capability is available as support to military operations, but does not exist as yet, at least to the same degree, for support to national, i.e. non-DoD, intelligence users, or to homeland security users.

Several participants raised concerns regarding weapons of mass destruction. Some observed that, if keeping the worst weapons out of the worst hands is a high priority, it seems that we may be focusing on the worst people, but not doing much about the worst weapons.

The participants agreed that the transformation process must cover the full spectrum of operations from concept development and experimentation through the acquisition process to new concepts of military operations in the field.

The Army's Problem.

The conference heard a good deal about how the Army was approaching the three challenges of (1) managing the Iraq deployment, (2) reconfiguring Army forces to be more responsive to the various contingencies that arise, and (3) planning and providing resources for transformation to a future combat system that assures strategic dominance. Participants were uniformly impressed by the description of the Army's shift to "modular forces" that permits more flexible and rapid assembly of "units of action" tailored to particular contingencies. The Army is also giving considerable

attention to streamlining logistics and finding the best way to carry out spiral development in the evolution to the future combat system. The difficulty is that the Army is under-resourced, and it is unlikely to meet the three challenges cited above unless it receives a larger share of DoD's total obligational authority.

DoD Personnel Initiatives.

The Undersecretary for Personnel and Readiness delivered an informative presentation about personnel initiatives of DoD for both the civilian and uniformed workforce. It seems that, up to the present, both military recruitment and retention rates of the services are remaining firm for the active duty forces. Participants discussed the prospects of reducing growing benefit costs and expressed differing views about the importance of benefits to maintaining the quality of the force. They noted that the Reserve and National Guard are experiencing significant change resulting from frequent call-ups for S&R operations and from the requirements of homeland security. Dr. Chu described a number of initiatives that are underway to adjust the management of the reserve forces to meet current requirements. Participants did not support the possibility of abandoning the All-Volunteer Force.

The Defense Industry.

A presentation of the state of the defense industrial base and DoD defense industry policy as it relates to transformation prompted much interest. The move to network centric warfare and the growing concern with counterterrorism and S&R operations indicate a shift away from platforms that have been the central focus of the large defense contractors.

The management of transformation programs is changing. DoD is less able to handle the technical and contracting aspects of intensive networking in information technology; command, control, communications and computing, intelligence, surveillance and reconnaissance (C^4ISR); and joint warfighting projects that are at the heart of transformation. The result is that DoD has been placing greater reliance on major contractors to lead system integration

contracts and federally funded research and development corporations (FFRDCs) to manage system design and technology selection for new programs. This marks a shift in responsibilities of traditional government functions to industry. It is a critical aspect of DoD acquisition policy that has not been adequately debated and deserves attention.

The defense industry is also becoming increasingly concerned about the health of the civilian defense industry workforce. Progressive restrictions on defense industry practices—buy American, export control regulations, the requirement for a U.S. citizen workforce at both prime and subcontractors at a time when the number of U.S. citizens graduating with science and engineering degrees is declining, the shortage and delays in granting security clearances for the workforce—create inefficiency in the industry and make it progressively less attractive for our most talented young people.

An additional problem—mentioned at earlier conferences—is the restrictive technology transfer policies of DoD. One might assume that at this time the country's security interest and the defense industry's business interest were aligned toward encouraging the transfer of transformation technologies to our allies and vice versa. In fact, technology transfer has become more restrictive, and the restrictions encourage the Europeans to pursue more costly independent development instead of cooperating with U.S. firms. Major revisions of our technology transfer and export control policies are certainly in order. However, few participants believed that Congress will agree to change what amounts to a thinly disguised protectionist policy.

Concluding Remarks.

The conference highlighted many aspects of security transformation, both positive and negative. Conference participants were disappointed with the overall progress being made. But more telling was the collective sense that we are not pursuing solutions broadly enough in the full spectrum of military operations or deeply enough in the technological and organizational responses to changing requirements. After Iraq, what will DoD's goals be and how will they be fulfilled?