

STIMSON

# MILITARY SPENDING

## FOR A NEW STRATEGIC REALITY

2016 Roundtable Series Summary and Analysis

BY LAIGIE HEELEY





## INTRODUCTION

---

**Ukraine. Yemen. Iraq. Afghanistan.** The world has entered a new era of “gray zone” conflicts, ongoing shadow wars that present great strategic risk to the United States and the international community. In the midst of this new strategic reality, the role the United States will take in shaping international security over the next four to eight years is uncertain. U.S. President Donald Trump has emerged, somewhat incongruously, as both a defense hawk and a budget hawk, calling for vast increases in the military budget while criticizing waste, fraud, and abuse. Furthermore, Trump’s cabinet provides little clarity as to the direction his administration will pursue in managing U.S. defense and security priorities. Trump’s pick to head the Office of Management and Budget, U.S. Rep. Mick Mulvaney (R-SC), may support an effort to root out waste, while his Secretary of Defense, retired U.S. Marine Corps Gen. James Mattis, may support a buildup.

To better understand the new budgetary environment in the United States and what it may mean for close allies and partners, Stimson held three high-level roundtable discussions in 2016. The roundtable series sought to examine how the international community can better prepare to fight effective and efficient wars in a resource-limited environment. Although the U.S. political landscape has shifted since the project was conceived, the issues raised in these discussions remain relevant. This report provides summary and analysis of the roundtables and identifies three key priorities for further exploration in the context of the new political environment in the United States. The outcomes of the discussions present a nonpartisan approach for future defense priorities, and highlight an opportunity for greater cooperation and collaboration in the United States and with key partners and allies.



## CURRENT U.S. CONTEXT

President Donald Trump campaigned on a promise of greater security and greater budgets to match. Specifically, Trump has called for 90,000 additional Army soldiers, a 350-ship Navy, 1,200 fighter aircraft, and strengthened nuclear and missile defenses. Such a buildup, which could return the U.S. defense budget to fiscal year 2012 projections, would cost hundreds of billions of dollars and take years to complete. A recent analysis from the Congressional Budget Office pegged the cost of the Navy's current shipbuilding plan, which includes a target of 308 ships, at an additional \$21 billion annually over the next 30 years. This is, on average, one-third more than the Navy has received for shipbuilding in the past 30 years. Trump would need to spend even more to bring the Navy's target up to 350 ships, and this spending represents only a small portion of his proposed buildup overall. Trump, however, has also presented relatively inconsistent views on defense planning and spending. In early December 2016, for example, he harshly criticized defense programs spearheaded by two top contractors, Boeing and Lockheed Martin, a message that runs counter to his narrative supporting a significant defense buildup. That same month, Trump lauded a *Washington Post* story on bureaucratic waste at the Pentagon.<sup>1</sup> These actions – along with the selection of Mick Mulvaney to head the Office of Management and Budget, who is himself an advocate of deep spending cuts – have caused some to speculate whether President Trump may actually seek to lower the Pentagon budget overall.

In any event, it is unlikely that Trump will receive a blank check for either massive increases or cuts to the Pentagon budget, particularly because the Republican Party itself is split between fiscal conservatives – who are unlikely to support a major buildup without corresponding cuts in defense or domestic programs – and traditional Republican leaders – who have, in the past, favored greater defense spending. While Trump may find some support for increasing the defense budget incrementally, his plans as currently envisioned represent a major buildup not seen since Ronald Reagan's administration. Fiscal conservatives are unlikely to back down from a fight over increases in defense spending, and even those inclined toward greater defense spending may bristle at the prospect of such a large increase in the deficit and debt. At the same time, cuts to defense will be similarly complicated, as large programs, such as the F-35, are responsible for thousands of jobs in nearly every congressional district.

Trump's first Pentagon funding request is expected in April 2017, when temporary legislation currently funding the government is set to expire. Trump's initial funding proposal will set a baseline for the next four years of defense spending in the United States, and will provide a better understanding of the path and priorities that Trump envisions. The budget request will also shed greater light on Trump's worldview. Of particular interest will be funding levels for the European Reassurance Initiative (ERI), which has risen in recent years. Trump is on record, on a number of occasions, bemoaning the United States' investment in NATO, and could be expected to slash ERI funding and U.S. investment in NATO more broadly in his first term.<sup>2</sup> Additionally, if Trump's more isolationist leanings are to be believed, he may pursue a "strategy of restraint," backing away from current alliances and initiating cuts to force structure, personnel, weapons, and vehicles.<sup>3</sup> A move in the opposite direction, however, would provide an early signal that Trump's policies are unlikely to match his campaign rhetoric.

1. Craig Whitlock and Bob Woodward, "Pentagon Buries Evidence of \$125 Billion in Bureaucratic Waste," *Washington Post*, December 5, 2016, accessed January 26, 2017, [https://www.washingtonpost.com/investigations/pentagon-buries-evidence-of-125-billion-in-bureaucratic-waste/2016/12/05/e0668c76-9af6-11e6-a0ed-ab0774c1eaa5\\_story.html?utm\\_term=.bda039b54cd9](https://www.washingtonpost.com/investigations/pentagon-buries-evidence-of-125-billion-in-bureaucratic-waste/2016/12/05/e0668c76-9af6-11e6-a0ed-ab0774c1eaa5_story.html?utm_term=.bda039b54cd9).

2. Jennifer Canty, "Donald Trump Complete – Search Tweets, Speeches, Policies," Factbase, accessed January 26, 2017, <https://factba.se/search#nato>.

3. Jacob Cohn, Ryan Boone, and Thomas Mahnken, "How Much is Enough? Alternative Defense Strategies," Center for Strategic and Budgetary Assessments, November 28, 2016, accessed January 26, 2017, <http://csbaonline.org/research/publications/how-much-is-enough-alternative-defense-strategies>.

## STIMSON'S ROUNDTABLE SERIES

In the context of the changing U.S. political landscape and continued debate over the future of the defense budget, Stimson's three roundtable discussions focused on addressing security concerns and identifying defense priorities amid continued conflict and in a resource-strapped environment. Roundtable participants returned, on multiple occasions, to the theme that U.S. and allied approaches to defense planning are too often rooted in the way things are, and have always been, done. From acquisition and personnel to arms control and approaches to hybrid warfare, participants agreed that there is a critical need to step away from this narrow frame, particularly when the United States' role in the world remains uncertain.

### Roundtable One

The first roundtable focused on the widening battlefield, including the rapidly evolving information environment. The discussion focused on how the United States and its allies have struggled to maintain their technological edge in a complex and evolving strategic environment. The roundtable sought to address the question: In a budget-constrained environment, how should the United States and its allies balance the need to invest in new technology and shore up rudimentary expertise with the modernization of existing assets?

The discussion focused on three key questions with regard to technological advancement:

1. How do governments identify the right technology to address current and emerging threats?
2. How do governments build the right partnerships, particularly in order to support technology procurement?
3. How do governments recruit people who can fulfill emerging needs more quickly and effectively?

The discussion focused initially on evolving technologies and the ways in which new platforms and systems are shaping the battlefield. For example, the use of social media has increased the reach of terrorist groups both inside and outside the United States. At the same time, increased threats from cyber activities have led to the revival of outmoded tools such as celestial navigation, which could prove invaluable in the event of an attack. Participants agreed that governments still have a traditional role to play in continuing to fund universities, small businesses, and laboratories to address these and related concerns, but that governments also need to develop large-scale prototyping outside of major acquisition programs to address new threats. This prototyping should be flexible enough to deliver products into the hands of warfighters efficiently and effectively. Participants noted, however, that the current acquisition process is too slow, too expensive, and heavily favors large programs over more agile innovation. Thus, participants concluded that if products don't work, developers should have the ability to walk away and move on to the next idea.

Participants also discussed the necessity of ensuring that the United States keeps pace with the rest of the world in terms of technological advancement and innovation, and they underscored the need for greater strategic investment to build an "infrastructure of innovation." Such investment translates to more labs and test centers across a variety of systems, which is not reflected in the current infrastructure. Participants noted that, ideally, more robust labs and testing infrastructure would engage private sector partners as well.

Additionally, participants highlighted the need for government to prioritize quality personnel. Current government hiring systems and requirements cannot compete with the private sector. Antiquated systems,



**EVEN AS AGENCIES HAVE BEGUN TO SHIFT THEIR POLICIES AND PRACTICES TO BETTER COMPETE WITH THE PRIVATE SECTOR, A FUNDAMENTAL MISUNDERSTANDING REMAINS.**



such as USAJobs, and stringent requirements for clearance place undue barriers to entry on many Americans and foreign nationals. Beyond these barriers, participants noted, the modern workplace has evolved while the government workplace has not. In addition to compensation, today's workers weigh a number of work-life factors when considering employment. Participants concluded that the government must attend to these and other related factors if it is to compete with the private sector for quality personnel.

Ultimately, attendees suggested that U.S. agencies might need to abandon the 30-year-career paradigm. Instead of long-term careers, government hiring should focus on finding qualified employees for five to seven years, expecting them to then return to the private sector. Such an "in and out" system would require a mechanism to help avoid conflicts of interest and allow security clearances. Giving government employees an option to take entrepreneurial leave may also help this paradigm shift become operational.

There is, however, still a need to articulate what would entice talented individuals to spend their best five to seven years in government, beyond the satisfaction of public service. Even as agencies have begun to shift their policies and practices to better compete with the private sector, a fundamental misunderstanding remains. Americans view government service through an ascetic lens, believing that one must relinquish much of one's own interests to serve. Moreover, a standard assumption regarding how much government employees should be paid is prevalent. These beliefs are fundamentally at odds with the entrepreneurial spirit that draws many to the technology industry.

## Roundtable Two

The second roundtable focused on a discussion of next steps in arms control and nuclear weapons modernization. Northern Europe is currently experiencing ongoing political and military tensions that have rekindled fears of war between Russia and NATO. Any such conflict would inherently include a risk of nuclear weapons use. Meanwhile, as the threat of the Islamic State continues to grow, concern exists over smuggling on the nuclear black market and the targeting of sales to the Middle East. In this context, the roundtable explored whether investment in nuclear modernization is the most effective course of action. Participants also discussed how existing arms control regimes can be used, and where further investment is needed, to prevent and deter the future transfer and use of nuclear weapons, illicit or otherwise.

Three key questions were raised over the course of the discussion:

1. How can the international community preserve and advance existing arms control regimes?
2. What can states do to reduce the chance of nuclear escalation?
3. How do states manage new technological development in conventional and cyber capabilities?

Participants broadly agreed that the prospects for future progress on arms control are not, as some would suggest, dead. Moving forward, however, greater innovation in arms control efforts will be critical in reducing nuclear escalation. Irrespective of questions surrounding the Trump administration's views toward and relations with Russia, tensions between the United States and Russia are expected to continue on some level, and the U.S. Congress is unlikely to favor the ratification of additional treaties in the near term. Thus, given the current environment, participants noted that a more creative approach is needed, but is currently missing from arms control efforts. This issue is compounded by a lack of youth and diversity of champions who work on related issues.

The roundtable also drew attention to a number of tough choices with regard to nuclear modernization. To address some of the challenges surrounding nuclear modernization, participants suggested a number of proposals, such as retiring one wing of Minuteman intercontinental ballistic missiles; reducing the submarine fleet size; and canceling the Long Range Standoff weapon program. Participants also suggested that the international community pursue a cruise missile ban, which could shift the conversation around nuclear weapons away from a focus on numbers to better address various types of systems. Such a shift could then allow for a more open and honest discussion of use.

Participants were pessimistic about the prospect for future reductions even, as was expected at the time, under a Clinton administration. Attendees expected that Clinton would pursue a more muscular foreign policy, and suggested that open lines of communication – with adversaries, with allies, and with Congress – would be particularly important moving forward.

Participants also stressed that governments must think more deeply about technological vulnerabilities, both in new, more connected nuclear weapons – which non-state or other hostile actors may be able to penetrate more easily – and in current infrastructure. A hacker might seek to shut down security at a nuclear storage facility to gain access to highly enriched uranium, meddle with nuclear codes, or create a Fukushima-style meltdown by seizing control of operations at a nuclear power plant. The barrier to entry is low in cyberattacks, making an attack on nuclear weapons, or nuclear-related systems more broadly, a real possibility.

## Roundtable Three

The third roundtable took a wider view to ask how the international community can prepare to fight the most effective and efficient wars in a resource-limited context, focusing on what the next U.S. administration can do both at home and abroad. In the wake of the U.S. presidential election, attendees considered a number of questions, but one theme dominated the discussion: What will the Trump administration mean for defense? Attendees discussed possible appointments and priorities, but agreed that the only certainty, with regard to Trump's priorities, is uncertainty. With many conflicting proposals on the table, roundtable participants concurred that prognostication would be unwise.

Independent of the specific personnel in the new administration, some enduring questions remain:

1. What is the role of the United States in shaping international security?
2. What are the security priorities of the United States and its allies?

**3. How can the international community message more effectively to better counter propaganda and other forms of political warfare?**

Participants discussed how the election of Donald Trump has sparked debate over the United States' role in the world, as many fear the Trump administration may choose to shift U.S. geopolitical strategy toward isolationism and unilateralism. Such a shift would have significant implications for international safety, security, and prosperity. Participants argued that if Trump is to follow up on his campaign promises, he may pursue populist, anti-globalization, and protectionist policies – setting aside the possibility of a new trade deal and restricting the movement of labor and capital. Other participants noted that Trump may cast doubt on existing U.S. security guarantees by forcing U.S. allies to pay for more of their own defenses.

More broadly, participants stressed that the United States and its allies must be cognizant that security depends on more than just defense. Diplomacy and development must be prioritized, particularly where funding is concerned. Participants argued that current U.S. strategy is driven too much by defense and that the United States must further empower, and invest in, the State Department and the U.S. Agency for International Development to combat political and technological threats.

Lastly, participants stressed that political warfare, and messaging globally, is critical, particularly as adversaries develop new and more effective uses of new media. More innovative approaches are needed both to counter and conduct information operations. The new battlefield will consist of both hybrid and asymmetric warfare and will challenge U.S. and international capabilities. In order to counter a long list of new and ever-changing tactics, the United States and its allies must better adapt to uncertain environments and relax what is often a too-stringent definition of war. Attendees remarked that unfortunately, it is often the case that “culture eats strategy for breakfast,” meaning that the United States and its allies will need to overcome the temptation to do things because that’s the way they have “always been done.”



## KEY PRIORITIES

The three roundtables identified key priorities for additional exploration, and each priority represents a nonpartisan consensus about opportunities for broader examination and study. These priorities build upon recurring themes raised over the course of the three events, and present further evidence as to the need to look more deeply into the questions they raise.

### 1. Prioritize rapid technological and political innovation.

Conflicts of the past have been characterized by strength and firepower. The conflicts of today are characterized by speed, stealth, and innovation. Russian hybrid warfare has changed the face of state-to-state conflict, and the Islamic State has transformed the art of propaganda.<sup>4</sup> In both cases, a myopic focus on traditional strength may have hindered the U.S. approach.

According to an October 2015 report, the Islamic State releases an average of 38 fresh news items per day, in media ranging from video and audio to photos and pamphlets.<sup>5</sup> This powerful media impact has allowed the group to build an outsized sphere of influence, threatening and recruiting ordinary citizens from across the world. International operations against the Islamic State have been largely military, focusing heavily on airstrikes. And the State Department's "Think Again, Turn Away" public relations campaign, an attempt to respond to Islamic State propaganda, has been criticized as "stodgy" and ineffective.

At the same time, Russia has become notorious for its use of political warfare, most recently hacking the Democratic National Committee and other targets in an attempt to influence the U.S. presidential election.

Western nations must learn to better counter these types of political aggression and propaganda. Much of our current defense infrastructure, and much established thinking, is too narrowly focused on more traditional modes of warfare, including the principle that the United States and its allies must be prepared for a conventional conflict with a traditional adversary, even as these conflicts are beginning to transform. It is unlikely that future wars will be fought on the battlefield alone. Investment must therefore focus on proactively bolstering untraditional capabilities and rapid response.

### 2. Adjust personnel structures and requirements for U.S. government recruitment.

In order to innovate and better compete with private sector recruitment, governments must place an emphasis on bringing in the right people for the job. In some cases, this may require adjusting current structures and requirements to lower the barrier to entry for new staff.

Currently, the U.S. military draws disproportionately from some parts of the country and society.<sup>6</sup> Forty percent of those who join the military come from just six states, and Americans who have a close family member who served are nearly twice as likely to enlist. Former Secretary of Defense Ashton Carter's Force of the Future initiative aimed to expand the military's reach and put forth a number of proposals, including


4. Brendan I. Koerner, "Why ISIS Is Winning the Social Media War," *Wired*, April 2016, accessed January 26, 2017, <https://www.wired.com/2016/03/isis-winning-social-media-war-heres-beat/>.

5. Charlie Winter, "Documenting the Virtual 'Caliphate,'" Quilliam Foundation, October 6, 2015, accessed January 26, 2017, <http://www.quilliamfoundation.org/wp/wp-content/uploads/2015/10/FINAL-documenting-the-virtual-caliphate.pdf>.

6. U.S. Department of Defense, "Secretary Carter Unveils Latest Force of the Future Initiatives," press release, November 1, 2016, accessed January 26, 2017, <https://www.defense.gov/News/News-Releases/News-Release-View/Article/992887/secretary-carter-unveils-latest-force-of-the-future-initiatives>.



## **ARMS CONTROL SOLUTIONS MUST ALSO BEGIN TO MOVE BEYOND TECHNICAL INNOVATION TO BREAK FREE FROM A SET OF CONSTRUCTS THAT HAVE EVOLVED ONLY SLIGHTLY SINCE THE COLD WAR.**



faster processes for firing or demotion, paid parental leave for all civilian employees, an “Independent Hiring Gateway” that would serve as an alternative to the current USAJobs portal, and a cloud-based, software-as-a-service information technology system to manage key human resources functions.

A number of these proposals, however, are already standard practice in the private sector. In fact, some have suggested that it’s difficult to imagine a workplace culture that is farther from the entrepreneurial, flex-time, and paid-leave-rich culture of Silicon Valley than the federal government.<sup>7</sup> Governments must balance a need for personnel with a need for security, but there is still much that can be done to bring the federal workplace closer in line with options that exist in the private sector.

As policies shift, so must public perception. The percentage of U.S. federal employees under age 30 has hovered near 7 percent in recent years, while the private sector boasts numbers near 25 percent.<sup>8</sup> This disparity is due to a number of factors, including the availability of jobs and ease of hiring. But surveys also indicate that student interest in working for the federal government has declined. Of roughly 46,000 undergraduates polled by employer-branding consultancy Universum Global in late 2013 and early 2014, just 2.4 percent of engineering students and less than 1 percent of business students listed only government employers as their ideal workplace. A reputation for bureaucracy and hierarchy has damaged the brand of the federal government, and much work will need to be done to improve that brand.<sup>9</sup>

---

7. Darren Samuelsohn, “Inside the NSA’s Hunt for Hackers,” *Politico*, December 9, 2015, accessed January 26, 2017, <http://www.politico.com/agenda/story/2015/12/federal-government-cyber-security-technology-worker-recruiting-000330>.

8. U.S. Office of Personnel Management, “Full-Time Permanent Age Distributions,” Data, Analysis & Documentation: Federal Employment Reports, accessed January 26, 2017, <https://www.opm.gov/policy-data-oversight/data-analysis-documentation/federal-employment-reports/reports-publications/full-time-permanent-age-distributions/>; Rachel Feintzeig, “U.S. Struggles to Draw Young, Savvy Staff,” *Wall Street Journal*, June 10, 2014, accessed January 26, 2017, <http://www.wsj.com/articles/u-s-government-struggles-to-attract-young-savvy-staff-members-1402445198>.

9. Feintzeig, “U.S. Struggles to Draw Young, Savvy Staff.”

### 3. Renew commitment to nuclear issues focused on future threats.

The nuclear threat has grown, and will continue to grow, under the Trump administration, amid ongoing tensions with Russia and in the face of continued advances in North Korea's nuclear program. In an environment rife with tension over potential nuclear use, it is imperative that nuclear weapons states be equipped with a comprehensive strategy to defuse these growing tensions. Open lines of communication are key to helping reduce the possibilities of greater misunderstanding and miscalculation. Moreover, as tensions risk a return to levels reminiscent of the Cold War, the stability provided by international agreements such as the 2010 New START Treaty is even more important. The nuclear threat, however, has evolved as new tactics, such as cyberwarfare, change the face of conflict. In this rapidly changing environment, traditional thinking about nuclear weapons has not kept pace.

Technical solutions present a key opportunity for nuclear threat reduction, as they are not dependent on an ideal political environment and do not require the passage or negotiation of a new treaty. In an uncertain environment, the public-private International Partnership for Nuclear Disarmament Verification serves as a model for such efforts, seeking to gain a greater understanding of the complex technical challenges involved in nuclear verification. The initiative has convened a number of international plenaries to explore innovative approaches to the greatest challenges that confront inspectors tasked with verifying compliance with a number of bilateral and multilateral agreements.

But arms control solutions must also begin to move beyond technical innovation to break free from a set of constructs that have evolved only slightly since the Cold War. Such evolution may necessarily include a wider set of voices beyond government stakeholders traditionally involved in nuclear arms control and nonproliferation. As the nuclear threat has grown to its highest level since the Cold War, a point of agreement among roundtable participants was that there is a need both to communicate the threat to a more diverse set of audiences – international, interdisciplinary, and intergenerational – and to make available the opportunities for these audiences to think through necessary innovation and next steps. This evolution must reconsider nuclear deterrence in the age of rapidly evolving technology. As the threat of a cyberattack on nuclear weapons or infrastructure continues to grow, along with the list of potential adversaries, a low barrier to entry for cyberterror could pose a significant nuclear threat. Nuclear weapons states should consider the risk posed by investment in a vast new nuclear weapons infrastructure that may be more vulnerable to adversaries across the globe.

## CONCLUSION

Over the course of the three roundtables, participants returned frequently to themes focused on innovation and rapid response to current threats. In an uncertain future, Stimson's recommendations for further analysis concentrate on three key priorities that cut across party lines: technological and political innovation, personnel, and innovative responses to nuclear threats. Amid uncertain and potentially volatile environments, both at home and abroad, the need to do more with less may grow. The U.S. and allies must focus investments on those elements of strategy that will have the most impact in building a base for future progress. This innovation will necessarily require changes in long-standing bureaucratic structures and ideals.

Following from Stimson's discussions, seven key questions are worthy of further consideration:

1. What can governments learn from the private sector with regard to large-scale prototyping and procurement?
2. What types of technologies can be pursued in the short, medium, and long terms to help the U.S. regain its technological edge in a shifting security environment?
3. In terms of recruiting and hiring skilled personnel, how can governments balance the need for security with the need for greater flexibility in staff culture?
4. How can the U.S. government begin to change public perception with regard to staff culture?
5. What is the breadth and depth of the cyber threat on nuclear weapons and facilities?
6. How will the role of nuclear deterrence evolve in the technology age?
7. What strategies or capabilities could enable governments to better respond to political warfare and propaganda?

In a resource-limited context, new investment may manifest itself in reconsiderations of, or delays in, major acquisition programs, particularly as a renewed focus on faster and lighter capabilities takes hold. Despite a heavily partisan and deeply divided environment in the United States, and emerging threats and challenges abroad, there remains a need to place greater emphasis on finding resources and the capacity to address innovative defense needs. The Trump administration should consider these priorities as it works to develop its initial budget proposal expected in April 2017.



## ABOUT

---

### Stimson Center

The Stimson Center is a nonpartisan policy research center working to solve the world's greatest threats to security and prosperity.

#### Stimson's Budgeting for Foreign Affairs and Defense Program

Stimson's Budgeting for Foreign Affairs and Defense program seeks to strengthen the capacity and capability of the U.S. government to frame, resource, and execute foreign and national security policies to improve American national security at a lower cost to the American people, with a focus to defense institutions.

We provide pragmatic options for strengthening civilian foreign policy institutions and providing discipline and focus to defense institutions, with a particular focus on human and fiscal resources, structures, and planning and budgeting processes, and authorities. We communicate our analyses and proposals to policymakers, the media, and interested organizations working in the foreign policy and national security fields.

*This report was produced with generous support from the Canadian Department of National Defence's Defence Engagement Program.*





# MILITARY SPENDING

## FOR A NEW STRATEGIC REALITY

---

The world has entered a new era of “gray zone” conflicts, ongoing shadow wars that present great strategic risk to the United States and the international community. In the midst of this new strategic reality, the role the United States will take in shaping international security over the next four to eight years is uncertain. To better understand the new budgetary environment in the United States and what it may mean for close allies and partners, Stimson held three high-level roundtable discussions in 2016. The roundtable series sought to examine how the international community can better prepare to fight effective and efficient wars in a resource-limited environment.