

Testimony before the Senate Armed Service Committee
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by

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Thank you for the opportunity to share with you this morning some thoughts based in part on a report issued today by the Institute for National Strategic Studies, entitled *Strategic Assessment 1995*. You each have a copy. Permit me to emphasize that my remarks, like the report, are the product of independent university research, and do not necessarily represent the position of the Department of Defense or the U.S. government. I am not here as a government witness.

Developing National Strategy in Time of Transition

Since U.S. independence, the world has known five world orders: the Napoleonic era; the Congress of Vienna and its Concert of Europe; Germany's drive for power in the second half of the 19th Century; the interwar League of Nations; and the Cold War. Transitions between these previous world orders were marked by large conflicts and most transitions lasted years before a new system developed.

Today we remain in transition to a new international system, and the transition is likely to be a long one, perhaps to the end of the decade. This is because the Cold War ended, not in conflict but peacefully. The nature of the new system will be determined in large measure by the health of America's alliances with Europe and Japan, by the outcome of transitions in Russia and China, and by the rate of proliferation of weapons of mass destruction.

Developing a new grand strategy to replace containment has proven difficult during the past five years precisely because the system remains in transition. This is a bipartisan problem. Both the Bush and Clinton administrations have struggled with their international vision. Even Henry Kissinger, testifying here last week, offered great advice about priorities but no grand strategy.

There is concern that the Clinton Administration got it backwards, that it first decided on a budget level, then designed a force to fit the budget, and finally articulated a strategy -- the strategy of engagement and enlargement. I don't see this as a serious problem. First, the new Administration was faced with a tight timetable within weeks of taking office and had to make some initial budget decisions. It did so by balancing domestic and national security priorities. Second, in four key speeches, elements of the new Administration's strategy emerged during the

first nine months of 1993. Secretary Aspen developed his four dangers. Secretary Christopher laid out his six priorities. The Bottom Up Review was developed in the context of this emerging strategy and issued after these key speeches were delivered. Third, the dual crises with Iraq and North Korea in the autumn of 1994 confirmed the validity of the two major regional conflict threat envisioned by the Bottom Up Review. That force structuring concept may need to be amended in the coming years, but it is appropriate for the interim.

The Nature of the Slowly Emerging International System

There are at least three ways in which one might envision the emerging international system:

The first is a *geo-strategic* assessment of the major powers. We are in an historically unique moment of relative cooperation among the great powers: the United States, the European Union, Japan, China, Russia and perhaps India. In general, the major powers do not envision each other as current threats and are not building military establishments to either attack or defend against each other. Regional economic blocks are forming, but they are not being used by the great powers to develop closed alliances against one another. Spheres of influence exist for some of the great powers, but thus far they do not appear to be overlapping in ways that could cause conflict. And the great powers are avoiding the temptation to use cultural differences against each other. This situation provides maximum security for the United States and its allies. It has lasted for half a decade, but given transition problems in Russia and China and tensions within our alliance systems, it is unclear how much longer it will last.

A second way to assess the emerging international system is to look at political and economic orientations of individual countries. From this perspective, the world can be seen as consisting of three parts. The dominant group is the *market democracies*, a group much larger than the old "First World" of the Cold War. It includes not just the OECD Countries, but most of Latin America, the "tigers" of East Asia, and gradually, parts of Central Europe. Then we have the *transitional states*, which include not just Russia, but China, India, and South Africa. The success of their transitions is crucial to the future world order. Third are the *troubled states*, primarily in Africa and the greater Middle East, which are falling behind the rest of the globe politically and economically and many of which are torn by rampant ethnic or religious tensions. These countries are the breeding ground for failed states and rogue states. The Administration's strategy of "enlargement" is most consistent with this perspective of the world order.

A third view looks not at geo-strategic or political-economic configurations, but at transnational threats. The porousness of

international borders has very positive effects: totalitarian regimes cannot last when they can no longer manage the flow of information to their people. But porous borders also mean that international crime, narcotics, disease, illegal immigrants, pollution, terrorists, and smugglers of nuclear material all pose greater threats to our national security. These all have a greater impact on the average American than what happens in Somalia.

Combining these perspectives and other trends discussed in the *Strategic Assessment*, there are grounds for both optimism and pessimism. The grounds for optimism include:

- The major powers are at peace and there are few signs of exclusive spheres of influence or economic blocs;
- Most nations aspire to democracy and the market system; and;
- The U.S. remains dominant militarily.

The grounds for pessimism include:

- Transitions in Russia and China show signs of instability;
- Multi-ethnic states are fragmenting violently;
- Traditional alliances are under stress;
- Transnational threats are increasingly being felt in U.S. cities; and;
- Nuclear proliferation is creating greater risks in the event of conflict.

Values, Interests, and Military Intervention

As Henry Kissinger noted before this Committee last week, a decision to intervene militarily must be based on America's values and its interests. Ideally, we should intervene only when both our values and interests are fully engaged, and then we should intervene with decisive force. But the world in transition isn't always that clear.

Values in the post-cold war era sometimes seem contradictory. For example:

- Should we support national self-determination or the inviolability of internationally recognized borders when those values clash?

- Should we stress the right to refuge or protection from disruptive levels of illegal immigration?
- Should we stress human rights at the expense of vital US interests?

Similarly, our vital national interests have shrunk in the post-cold war era while foreign policy concerns have expanded. As a result, we tend to intervene in situations that cannot be justified as vital to the United States.

Regions of vital interests to the U.S. include: 1) our alliances with Europe, Japan, South Korea and Australia, 2) our historic relationship with Israel and our role in the Middle East peace process, 3) our access to energy resources in the Persian Gulf, and 4) democracy and order in the trans-Caribbean Basin.

Setting National Priorities

If it is too early to develop a grand strategy, we can at least suggest priorities to see us through this period of transition. Our analysis suggests four national security priorities (excluding economics).

The most important focus for our national security policy should be the major powers. That entails sustaining our key alliance systems and supporting the transition to market democracy in Russia and hopefully China. In this context, we need a phased approach to NATO expansion, a new strategic dialogue with Japan, an agreement with Russia on its behavior in the Newly Independent States, continued support for market based economic reform in China, and development of closer ties with India. At the same time as we are working to sustain the peace among the major powers, we should hedge against the possibility that the usual pattern of world history will reassert itself in future decades, that is, that there will be tensions among some of the great powers. To this end, we should maintain such a convincing military lead as to deter any potential future peer competitor from seriously considering building up his forces to the point that he could confront the U.S. globally. To sustain our lead, the central task is to take full advantage of the "revolution in military affairs".

The second U.S. national security priority should be to deal decisively with those regional rogue states that threaten our vital interests. This includes two missions: developing the capability to win two major regional conflicts and counterproliferation efforts. Defeating proliferation of weapons of mass destruction is particularly important because such weapons, in the hands of a rogue government, could endanger U.S. allies and threaten American lives.

The third priority should be dealing with transnational concerns, such as international crime, narcotics traffic, and illegal refugee flows. Although these phenomenon generally do not pose a threat to the security of states, they threaten the security of our citizens. The military should develop cost-effective ways to support the law enforcement and humanitarian agencies that will have the lead on these issues. No new military equipment is required for this mission, and personnel with specialized combat skills should not be tied up for extended periods for these purposes.

The fourth priority item is peace operations to deal with failing states. This is the most common new threat but also the least likely to affect U.S. vital interests. Although peace operations appeal to U.S. national values, we should approach these cautiously because Somalia taught us that there is a high opportunity cost if we fail. In many cases, the U.S. military can provide humanitarian relief and seek to contain the conflict, as we are doing in Bosnia. Regional powers should provide the peacekeeping forces, as the Europeans are doing in Bosnia. Unless our vital interests are involved, we should not commit ourselves to long term deployments, nor should we take on responsibility for nation-building or ending age-old ethnic tensions. When our vital interests are involved, however, as I believe they are in Haiti, then a more robust U.S. involvement is warranted.

The challenge for the United States is to balance these four interests, remember their priority, and not let tight budgets or the pace of events undermine the highest priority items. There are limits to what the U.S. can do in the national security area and we must invest our time and resources wisely.

From National Priorities to Budget Decisions

Each of the national security priorities identified in our *Strategic Assessment* has a military mission associated with it that needs to be funded. They are, in priority order:

- hedging against the emergence of a peer military competitor;
- winning major regional conflicts with rogue states;
- preventing rogue states from acquiring weapons of mass destruction.
- developing cost-effective responses to transnational threats, and;
- engaging selectively and flexibly in peace operations for failed states.

The chart on the following page shows that most of the defense budget is allocated either to "investing in the future", (which is needed to hedge against the emergence of a peer competitor) or to the "current force structure" (which is needed to fight and win regional conflicts today). Both are important, for we cannot afford to mortgage our future or to create a hollow force today. Most of the funding for the last two missions tends to be on a contingency basis and is usually taken out of the operations and maintenance account.

Mission #1: Hedging Against an Emerging Peer Military Competitor

The United States is currently dealing from a position of great military strength. No one doubts that the United States possesses the best military in the world. Our nuclear deterrent is sound. Our equipment is the most advanced and most capable of any nation and our uniformed personnel exhibit a high degree of competence and technical skill. The resources the nation commits to defense are substantial. Our defense spending is equal to that of the next six nations combined and we and our allies account for 80 percent of the world's expenditures on defense.

Yet it was not long ago that we had a military peer competitor, and if the reforms in Russia and China fail, we could have another in the foreseeable future. They might be particularly effective in their own regions of the world and could use commercially available technology to begin to close the gap. Hedging against this eventuality and deterring it should that become necessary should remain military priority number one.

This requires investing in the future. The percentage of the defense budget dedicated to this investment has fallen from 45 per cent in 1986 to 30 per cent in 1996. This shift is acceptable given the high tempo of current operations and the lack of a peer competitor, but the uncertainties of the future suggest this trend should be reversed.

Hedging against a peer competitor will require investment in both R&D and in procurement. Until recently, our investment in research, development, test and evaluation has held up well. It is now programmed to drop by \$7 billion over the next five years. While private commercial sector R&D can increasingly be used for military purposes (particularly in the areas of

DOD BUDGET AUTHORITY BY TITLE
(Constant FY 96 Billions of Dollars)

INVESTING IN THE FUTURE	1986	1991	1996	2001
Procurement (The Next Military)				
AMOUNT	126	83	39	58
% OF TOTAL	33	25	16	24
Research & Development (Capturing the Revolution in Military Affairs)				
AMOUNT	46	41	34	27
% OF TOTAL	12	12	14	11
CURRENT FORCE STRUCTURE				
Operations & Maintenance (Readiness)				
AMOUNT	104	105 ¹	92	85
% OF TOTAL	27	31	37	35
Military Personnel (Today's Force Structure)				
AMOUNT	89	95	69	64
% OF TOTAL	23	28	28	27
Other				
AMOUNT	18	13	12	7
% OF TOTAL	5	4	5	3
TOTAL	383	337	246	241

¹ Excludes expenditures for Desert Shield/Desert Storm which were primarily paid for through allied contributions.

telecommunications, sensor technology, and automated data processing), a reduction of the magnitude planned over the next five years needs to be monitored carefully to insure that we not jeopardize our ability to take full advantage of the revolution in military affairs (RMA).

The Department of Defense and the Joint Staff are working to stay on the cutting edge of the RMA with a specific focus on the opportunities technology provides. This is complemented by an increased need for quality professional military education for our officer corps to ensure a cadre of officers who will understand how to exploit these capabilities on the battlefields of the future.

The massive drop in the procurement account over the past five years is cause for concern. Today, due to the large investments of the 1980s, we have a considerable inventory of weapon systems that are better than anything our potential adversaries can bring to the table. There may also be reason to delay purchases somewhat to see what new weapons requirements the RMA suggests. Still, modernization of our equipment cannot be deferred indefinitely. In 1995, procurement of new Navy ships (6), fighter aircraft (28), and tanks (0), are all far below the steady state procurement rate needed to support the planned 1999 force. In the coming ten to fifteen years, stocks of some key weapons systems will be approaching obsolescence. The recent \$25 billion increase over six years requested by the Administration is a down payment on the problem. By the end of the decade, we will need the significant increase in procurement spending proposed by the Administration to ensure that our forces are equipped with sufficient numbers of modern weapons.

Mission #2: Regional Military Conflict and the Bottom Up Review

The Bottom Up Review concluded that the U.S. can cope with the challenge of two nearly simultaneous MRCs with a force structure 40 per cent smaller than the peak years of the 1980s. The forces need to be well trained and ready and need adequate sea and air lift to make this strategy work.

The planned BUR force structure allows for only a small margin of error in executing a two MRC strategy. If the Desert Storm force were once again deployed to the Persian Gulf, only two active duty Army divisions, three active duty Air Force wings and one Marine Expeditionary Force would remain available for the beginning of a second conflict. There would be a significant requirement for reserve forces. This problem would be offset somewhat by US force enhancement initiatives in the area of strategic mobility, advanced munitions, and C3I which makes the remaining forces more capable than they were in 1991. In addition, the armed forces of both Iraq and North Korea, our two most likely enemies, have been degraded since 1991. But it is likely that the United States would need to

rely more heavily on coalition partners to execute a two MRC strategy in the future, and so programs like IMET and joint combined exercises become increasingly important.

An issue has been raised about the readiness of this force to engage in two MRCs. The O&M account actually had increased slightly in FY95 and remains relatively constant for FY96. That coupled with the reductions in force structure meant that more resources were being planned for readiness and operations per active duty unit than in previous years. In 1995, O&M spending per Army battalion was up 17 per cent over FY93, per Navy ship it was up 11 percent, and per combat aircraft it was up 12 percent. Unfortunately, unexpected peace operations in Iraq, Haiti, Rwanda etc. ate into that planned increase and did create some readiness problems. This is the cause of the three Army divisions being rated "not ready" to execute all their wartime missions. Two of the three divisions have been designed for removal from the force structure this year and are not among the units programmed to implement the two MRC strategy. The \$2.6 billion supplemental now before the Congress is designed to restore readiness.

The two MRC strategy also requires the overseas presence of U.S. forces, both in Europe and Asia. Forward deployed forces provide confidence and stability in both regions, but they also serve as forward staging areas in time of conflict. Despite budget pressures in the U.S., American forces should remain at the planned level of about 100,000 in both Europe and Asia.

Mission #3: Counterproliferation Efforts

Nonproliferation and counterproliferation has been a principal priority for recent administrations. During the past two years, some positive developments have occurred. South Africa, Kazakhstan, Belarus, and Ukraine have each pledged to eliminate their nuclear arsenals. Iraq's program has been further degraded under IAEA supervision. The Geneva Framework Agreement has at least provided a procedure, which if implemented, would remove North Korea's nuclear potential within a decade. It is a process under which North Korea can be held accountable. We should not undermine that process ourselves because we will be destroying North Korea's accountability. And the Administration's recent decision to drop a ten year review clause for the Comprehensive Test Ban Treaty should help gain permanent extension of the Nonproliferation Treaty at the review conference this April.

Nonetheless, at least twenty countries -- many hostile to the US -- are seeking to develop the capability to produce nuclear, biological and/or chemical weapons of mass destruction and the means to deliver them. The May 1994 Deutsch Report recommends an annual increase in spending of about \$400 million on 14 counterproliferation programs. These should be considered for support by this Committee.

Mission #4: Developing Cost Effective Responses to Transnational Threats

Problems like drug trafficking, refugees and pollution are increasingly becoming transnational in character, as criminals operate across borders and environmental problems arise on a global scale. For example, the U.S. Southern Command has been preoccupied recently with Cuban rafters, Haitian refugees and drug interdiction. The military's bill for environmental programs was \$5.5 billion in FY94, including base restoration.

Some transnational threats seem to call for military forces to back up police forces that are outgunned and outmaneuvered by international criminal syndicates. Quasi-police operations have been normal for armed forces in many nations and for U.S. armed forces in times past. They have not however, played a major role since World War II in the activities of most of the armed forces, other than the Coast Guard and National Guard. There may well be resistance within the military to the use of increasingly scarce resources for quasi-police functions. The natural inclination of the military is to concentrate on preparing for major conflict rather than be drawn into areas for which military force is less obviously needed.

Mission #5: Engaging Selectively in Failed States

Attitudes toward peace operations have undergone a sea change in the past two years as the explosion of ethnic conflict and failed states have overextended UN capabilities and America's patience. This is a bipartisan problem. Of the 15 major UN peace operations currently underway only four (UNOSOM II, UNMIH, UNOMIG, UNAMIR) were initiated during the Clinton Administration. Of the 27 different U.S. deployments since Desert Storm (generally to deal with failed states) 14 were ordered by the Bush Administration.

PDD 25 has described the fairly strict set of criteria that will be used to determine when the U.S. will support UN peacekeeping operations and when we will participate. I have already suggested my own guidelines: the U.S. should focus on humanitarian missions and containment of local conflict and should beware of choosing sides in civil wars unless vital interests are at stake.

There are two Titles in H.R. 7 and S. 7 that deserve comment. Title IV would prohibit placing U.S. forces under command or operational control of foreign nationals acting on behalf of the United Nations, except if a Presidential Certification is made. Title V would subtract from America's annual UN peacekeeping assessment the non-reimbursed amount spent by U.S. forces in support of UN peacekeeping operations for the previous year. The first is unnecessary and the second could undermine UN peacekeeping worldwide.

During the past several months I have visited U.S. battalions in the Sinai and in Macedonia where U.S. forces report to a non-American force commander. Both operations have been extremely successful. U.S. officers serve as the Commanders' Chief of Staff. U.S. battalion commanders reserve the right to consult the U.S. chain of command if they receive orders that are unwise or inconsistent with their mission. Both deployments would be exempted by S.7. There is reason for concern if command authority were relinquished over U.S. forces, but these two cases demonstrate that transferring operational control in cases of traditional peacekeeping should not be a problem if strictly monitored. Perhaps the legislation should be limited to Article VII peace enforcement operations where conflict is expected. If all nations passed legislation like Title IV, there would be no UN peacekeepers.

Title V of H.R. 7 is more troublesome. In the Section 101 findings, the bill notes that U.N. assessments to the U.S. for peacekeeping missions totalled almost \$1.5 billion in 1994. The non-reimbursed cost of U.S. military participation in UN mandated operations (according to Sec. 101) was \$1.7 billion. There may be value in limiting the U.S. peacekeeping assessment to 25 per cent of total assessments, but Title V is not in our national interest. If Title V were in effect, the U.S. would have to default completely on its assessed contribution. If all other nations followed suit, there would be little money for peace operations.

These two provisions misjudge the value to the United States of UN peacekeeping. Many of these multilateral deployments are in areas important to U.S. interests like Kuwait, Israel's borders, Haiti, El Salvador and Cyprus. Most of the larger deployments were engineered by the U.S. in the Security Council to further our own national security interests. Some provided international legitimacy for U.S. deployments. Other UN deployments provide for humanitarian relief widely supported by the American people, but other nations are called upon to send forces. A collapse of UN peacekeeping would be a severe setback for U.S. interests.

Conclusions

The principal conclusion of this assessment is that the United States must give priority to its relationships with the great powers, both to sustain cooperative relations if possible but also to hedge against and deter the possible emergence of a peer competitor in the decades ahead. Preparing to win regional conflicts, overcoming transnational threats and participating selectively in peace operations are also important missions, but our priorities must be kept in mind. However, the reductions suggested for UN peace operations in H.R.7 and S.7 are marginal compared to the overall defense budget. The damage they would do to our national security is enormous.

The drop in the proportion of the budget set aside for "investment" needs careful monitoring. R&D spending appears adequate this year but cuts planned for the future should not undermine efforts to take full advantage of the potential revolution in military affairs. The low levels of spending on procurement might be tolerated for another year or two because of the large arsenal purchased in the 1980s and the need to more fully incorporate the pending RMA into future purchases. But the significant increases in procurement spending recommended by the Administration for FY97-2001 will be needed to avoid block obsolescence 10-15 years from now, when a peer competitor might emerge.

While readiness and quality of life are vital for today's force, we cannot afford to postpone greater investment in the future for much longer. Since we cannot cut any deeper into the current force structure, the overall defense budget will have to increase somewhat in the future to assure growth in the investment accounts.