



The Heritage Foundation 2014 Defense Reform Handbook

The Heritage Foundation Defense Reform Task Force

SPECIAL REPORT

from THE DOUGLAS AND SARAH ALLISON
CENTER FOR FOREIGN AND NATIONAL SECURITY POLICY

No. 151 | FEBRUARY 26, 2014

The Heritage Foundation
2014 Defense Reform Handbook
The Heritage Foundation Defense Reform Task Force

Photo(s) on the Cover—

© U.S. Army photo by Specialist Mary L. Gonzalez, CJTF-101 Public Affairs

© U.S. Navy photo by Mass Communication Specialist 1st.Class Michael Russell

© U.S. Air Force photo by Staff Sgt. Bennie J. Davis III

© U.S. Marine Corps photo by Lance Cpl. Matthew Bragg

This paper, in its entirety, can be found at:

<http://report.heritage.org/sr151>

Produced by The Heritage Foundation Defense Reform Task Force

The Heritage Foundation

214 Massachusetts Avenue, NE

Washington, DC 20002

(202) 546-4400 | heritage.org

Nothing written here is to be construed as necessarily reflecting the views of The Heritage Foundation or as an attempt to aid or hinder the passage of any bill before Congress.

Table of Contents

Abstract.....	v
Section I.	
Strategy and Force Planning	1
Section II.	
Capabilities-Based Planning.....	5
Section III.	
Defense Reform	9
Section IV.	
Alliances and Capacity Building.....	13
Section V.	
Readiness and Training	17
The Way Forward.....	19

The Heritage Foundation

2014 Defense Reform Handbook

The Heritage Foundation Defense Reform Task Force

Abstract:

Providing for the common defense has been a complex challenge for U.S. policymakers since the first days of the Continental Congress. In particular, the Constitution assigns Congress a multitude of specified and enumerated responsibilities to meet its obligation to raise and maintain the armed forces of the United States. On the one hand, Congress bears a significant responsibility to ensure that the government maintains suitable and adequately trained and ready forces to protect the nation's vital national interests. On the other hand, Congress has an obligation to be a good steward of the people's resources and ensure the legitimate exercise of the instruments of limited government. The Heritage Foundation Defense Reform Handbook provides a guide to resources available to U.S. policymakers for the efficient and effective oversight of defense management.

Providing for the common defense has been a complex challenge for U.S. policymakers since the first days of the Continental Congress. In particular, the Constitution assigns Congress a multitude of specified and enumerated responsibilities to meet its obligation to raise and maintain the armed forces of the United States. On the one hand, Congress bears a significant responsibility to ensure that the government maintains suitable and adequately trained and ready forces to protect the nation's vital national interests. On the other hand, as in exercising all its duties, Congress has an obligation to be a good steward of the people's resources and ensure the legitimate exercise of the instruments of limited government.

The Heritage Foundation *Defense Reform Handbook* provides a guide to resources available to U.S. policymakers for the efficient and effective oversight of defense management. Specifically, the guide:

- Explains how strategic requirements for the armed forces should be determined;
- Identifies how to more efficiently use defense resources;
- Explains how to improve defense management;
- Proposes key defense reform, including in the areas of acquisition, personnel compensation and benefits, and logistics management;
- Addresses the challenge of declining readiness and capabilities;
- Identifies unnecessary and wasteful spending in the defense budget;
- Examines U.S. basing and infrastructure needs;

- Explains the role of allies and how to build mutual capacity; and
- Proposes critical investments in defense capabilities.

Summarizing key Heritage research, the guide provides a plethora of resources for putting the initiatives in place required to ensure a strong national defense capable of protecting America's vital national interests.

The Lights Are Blinking Red

Since the end of World War II, the U.S. military has been the greatest guarantor against World War III. U.S. armed forces have maintained sufficient capacity to deter major regional conflicts or prevent regional conflicts from spinning out of control. The U.S. has fulfilled this role, not out of altruism or as the world policeman of an informal empire, but because the U.S. is a global power exercising its responsibility to protect its own legitimate global interests. It is to the U.S. benefit to live in a world where freedom of the commons is the norm, regional conflicts do not threaten global stability, and where the homeland is secure. To remove the U.S. armed forces' capacity to act as the "world's safety net" robs Americans of the freedom to determine their own future and increases the likelihood of the U.S. being attacked or dragged into large destructive wars in the future.

From day one, the Obama Administration has neglected the imperative to modernize the country's defense forces, underplayed the amount of forces needed for the national defense, and failed to implement any serious reform agenda. Rather than deliver on its promise to provide more bang for the buck, the White House has done little more than call cuts "efficiencies." Indeed, how the White House has failed to utilize resources efficiently is more damaging than the spending reductions themselves. Exacerbating this downward spiral, the President has emboldened enemies, strained relations, and undercut the confidence of traditional allies—leaving the nation less safe than when he took office.

The President's re-election squandered the opportunity to reverse a dangerous trend. As a result, by the end of his presidency, America's military will be "hollow." The armed forces are already inadequate to protect all the nation's vital national interests because of shortfalls in training and maintenance. By the end

of his second term, the shortfalls in readiness will be compounded by reductions in military capabilities. It is not an overstatement to conclude that the capabilities-requirements mismatch will rival the hollow forces of the 1970s under President Jimmy Carter.

Downward readiness trends and declining capabilities cannot be ignored. Nor can they be righted by simply throwing money at the problem. Fixing defense will require concerted, dedicated, and prudent leadership. To get the U.S. out of the mess that the Obama Administration has exacerbated with its poor management of the armed forces, Congress needs to fight for sound, practical solutions that will appropriately provide for the common defense without raising taxes or ballooning federal spending further.

The reforms described here are foundational—changes and innovations that must occur in order to make investments in defense effective and cost-efficient, make up for the shortfalls in managing the armed forces during the Obama era, and build the military that America needs to protect its vital interests.

The Heritage Foundation *Defense Reform Handbook* addresses the following issues:

Section I. Strategy and Force Planning. National security challenges drive force-structure requirements. The requirements determine the capabilities that are needed to protect the nation's vital interests. This concept is the foundation of sound, responsible defense policy and planning. This section explains how to determine the fundamental strategic requirements for the current force.

Section II. Capabilities-Based Planning. Capabilities are more than individual platforms, such as aircraft carriers or fighter planes. Capabilities include systems, people, and alliance support that are necessary to project U.S. military power in parts of the world where it credibly serves to protect vital American interests. Equally important in evaluating capabilities is the state of training and readiness of the forces. Both the quality and quantity of forces must be equal to the task to constitute a credible capability.

Section III. Defense Reform. Congress must pursue efficiency and reform efforts and eliminate waste in the defense budget. All savings should be reinvested in defense for the modernization of the forces.

Section IV. Alliance and Capacity Building. Friends, allies, and overseas bases contribute to collective defense. In turn, the U.S. provides capabili-

ties, such as Aegis cruisers and the fifth-generation F-35 fighter aircraft, which enable coalition forces to collaborate more effectively. The capacity and willingness of other nations to join in the defense of mutual vital interests is an important factor in responsible defense planning.

Section V. Readiness and Training. Numbers alone do not indicate the preparedness of the armed forces. Training and readiness are key measures of military power. Reforms must ensure that the military is ready to undertake current tasks as well as prepare for challenges to come.

Section I. Strategy and Force Planning

National security challenges drive force-structure requirements: how many brigades, wings, carrier groups, and other military assets are needed; where they are deployed; and how they are used. This section explains how to determine the fundamental strategic requirements for the current force.

Over the course of the Obama presidency, the Administration has adopted a policy of implementing budget-driven strategy, rather than strategy-informed capabilities-based planning. As a result, the gap between realistic force planning and the challenges the nation confronts in protecting its vital interests grows wider every year. The rush to adopt budget-driven strategies is driven in part by the Administration's disastrous fiscal policies, and exacerbated by a lack of clarity on a strategic level—an escalating failure over time to define the interests that give meaning to the term “national security,” to identify the threats to those interests, and to define the basic strategy and operating principles of a foreign policy that will effectively defend America over time.

In reality, the requirements determine the capabilities that are needed to protect vital American interests. U.S. national interests have remained remarkably consistent since World War II, despite the changing threat environment. They include: (1) safeguarding the homeland; (2) preventing a major power threat to Europe, East Asia, or the Persian Gulf; and (3) maintaining freedom of the commons. Above all, the U.S. armed forces protect America's territory, borders, and airspace as well as sea-lanes, space, and cyberspace. This includes maintaining access to resources that are essential to long-term U.S. national security and the U.S. economy. Accordingly, the United States upholds the principle of freedom of the seas and space to promote and protect commerce among nations.

The Heritage Foundation has published three studies that assess strategy, force planning, and current and future requirements.

- **“A Strong and Focused National Security Strategy”** by Jim Talent and Jon Kyl. Heritage Foundation *Special Report* No. 135, October 31, 2013, published in partnership with the American Enterprise Institute, <http://www.heritage.org/research/reports/2013/10/a-strong-and->

[focused-national-security-strategy](http://www.heritage.org/research/reports/2013/10/a-strong-and-focused-national-security-strategy). This *Special Report*, authored by two of the Senate's leading experts on defense and national security affairs, explains the development of American foreign policy, with a special emphasis on the strategy that was adopted to protect America without a general conflict after World War II and the general drift since the Cold War. It explains how and why capabilities have declined, relative to risk, in recent years and how declining U.S. military capabilities are a symptom of the growing federal debt rather than a solution to it, that the readiness shortfalls caused by the recent cuts will cost far more to remedy than they have saved, and that, in the current global environment, American weakness is contributing to a rising tide of conflict that will undermine economic growth.

This study also outlines near-term steps that could be taken to recover the situation, including urging the President and Congress to build up the Navy, complete a global missile defense system, and reform the acquisition and compensation systems of the Defense Department—all steps that will certainly be necessary, regardless of the requirements for planning the future force.

- **“The Measure of a Superpower: A Two Major Regional Contingency Military for the 21st Century”** by Daniel Goure. Heritage Foundation *Special Report* No. 128, January 12, 2013, <http://www.heritage.org/research/reports/2013/01/the-measure-of-superpower-a-two-major-regional-contingency-military-for-21-century>. The most important force-planning construct in ensuring that the U.S. has the capacity to protect its vital interests worldwide is to ensure sufficient capabilities to deal with multiple threats and missions at the same time. Since the end of the Cold War, the United States has measured the fundamental adequacy of its force posture in terms of the ability of U.S. forces, without national mobilization, to defeat two nation-state adversaries in geographically separate theaters nearly simultaneously. From the time it was first articulated in 1991, the two-theater-war standard has undergone repeated reviews and revisions. The fundamental reason that the two-theater-war standard

still survives is because no credible alternative has ever been proposed.

This *Special Report*, authored by one of Washington's most respected defense experts, explains why this force-planning concept should remain the primary measure for determining U.S. military needs in the future. It concludes that, in addition to conventional forces, a global capability would need support from a wide range of enabling capabilities, such as special operations forces; intelligence, surveillance, and reconnaissance systems; cyber defenses; air and missile defenses; and space systems.

An analysis of the current force also finds that by this critical force-planning standard, today's military is too small to meet the two major regional contingency (MRC) test credibly. Moreover, the qualitative advantage that the U.S. military has long enjoyed is eroding as advanced military capabilities proliferate around the world. The capabilities of U.S. forces are also deteriorating as platforms and systems age and as critical modernization programs are delayed or even cancelled.

Daniel Goure, vice president at the Lexington Institute, addressed an audience on "The Measure of a Superpower" at The Heritage Foundation on March 8, 2013, <http://www.heritage.org/events/2013/03/measure-of-a-superpower>.

- **"A Strong National Defense: The Armed Forces America Needs and What They Will Cost"** by the Heritage Foundation Defense Reform Task Force. *Special Report* No. 90, April 5, 2013, <http://www.heritage.org/research/reports/2011/04/a-strong-national-defense-the-armed-forces-america-needs-and-what-they-will-cost>. This study concludes that the Obama Administration's long-term plans and policies are inadequate for protecting vital U.S. interests.

The report, prepared by a team of functional and regional experts at The Heritage Foundation, provides a practical guide to understanding how well the current and projected U.S. military posture meets the constitutional obligation to provide for the common defense by providing a concise and clear summary of: U.S. vital interests, threats to those interests, and forces available and required to protect those interests. The Heritage team assessed U.S. missions in five critical areas: (1) the homeland; (2) Asia; (3) the Middle East; (4) Europe; and (5) global dangers (such as nuclear weapons, cyber attacks, and challenges in space). For each area, the team addressed these questions: What will the U.S. military be expected to do? Which key challenges will it likely face in protecting vital U.S. interests at home and abroad? Which capabilities will the military need? What are the possible consequences of failing to develop and maintain these capabilities?

The report provides a disciplined and understandable framework for evaluating current forces in terms of threats and missions. It also concludes that by this objective measure the Obama Administration lacks an adequate modernization and defense policy to protect vital U.S. interests. Further, it finds that sustaining U.S. forces over time will require addressing four issues: (1) Entitlement spending: If left unchecked, entitlement spending will eventually consume the entire federal budget, crowding out defense spending. (2) Defense manpower costs: Compensation costs must be controlled without cutting overall manpower levels or reducing the quality of those serving. (3) Wasteful, unnecessary, and inefficient defense expenditures: Wasteful spending absorbs funding needed for modernizing and recapitalizing the military. (4) Non-defense programs in the defense budget: Such programs should be transferred out of the defense budget or eliminated altogether.

Section II. Capabilities-Based Planning

Capabilities are more than individual platforms (such as an aircraft carrier or fighter plane). They include systems—that not just “fight” but also transport, support, and provide intelligence—people, and alliance support that are necessary for projecting U.S. military power to parts of the world where the armed forces protect vital American interests. Equally important in evaluating capabilities is the state of training and readiness of the forces. Additionally, both the quality and quantity of forces must be equal to the task in order to constitute a credible capability.

Modernization is an important factor in capabilities-based planning. Here, maintaining a competitive technological edge might be one important factor. But it is not the only one. Modernization programs are essential to sustaining the force for three reasons: (1) If the U.S. follows through on existing programs in which significant investments have already been made, it will harvest significant new capabilities that will make the armed forces more effective overall. (2) Maintaining new systems will be more affordable than maintaining old equipment. For example, the F-35 will require 30 percent less maintenance personnel in the Marine Corps. (3) The armed forces can retire less efficient systems, such as large surveillance aircraft.

Capabilities-based analysis includes both conventional and strategic forces that play a mutual supporting role in providing for the common defense.

Capabilities-based planning includes “people” as well as “things.” The size and compensation of the armed forces manpower is a vital issue in determining the capacity of the U.S. to safeguard its vital interests.

Over the past year, The Heritage Foundation has produced analytical assessments of essential capabilities and enablers necessary for protecting vital interests. The following studies focus on homeland defense, Air Force requirements, Asian theater requirements, and strategic defense.

- **“Critical Mismatch: The Dangerous Gap Between Rhetoric and Readiness in DOD’s Civil Support Missions”** by Paul McHale. Heritage Foundation *Special Report* No. 115, August 13, 2012, <http://www.heritage.org/research/reports/2012/08/critical-mismatch-the-dan->

[gerous-gap-between-rhetoric-and-readiness-in-dod-civil-support-missions](http://www.heritage.org/research/reports/2012/10/full-spectrum-air-power-building-the-air-force-america-needs). One critical capability that the armed forces must provide is the means to safeguard the American homeland from foreign threats. A domestic asymmetric attack employing chemical, biological, radiological, nuclear, and high-explosive (CBRNE) weapons would likely produce a large number of U.S. casualties. This *Special Report*, authored by former Assistant Secretary of Defense for Homeland Defense Paul McHale, concludes that the U.S. Northern Command (NORTHCOM)—the command responsible for responding to a CBRNE attack—is not operationally prepared to address this foreseeable threat. The flawed policies embodied in the 2010 Quadrennial Defense Review have left NORTHCOM with inadequate capacity: an insufficient number of personnel with necessary training, with very limited operational readiness. While the states have adequate forces to respond to a mid-range CBRNE event, the President lacks sufficient federal forces to respond to a complex catastrophe.

The report explains how to strengthen NORTHCOM’s force structure to ensure that the Defense Department has a robust and reliable defense support of civil authorities (DSCA) capacity to rapidly and effectively respond to domestic catastrophic disasters.

- **“Full-Spectrum Air Power: Building the Air Force America Needs”** by Robert P. Haffa Jr. Heritage Foundation *Special Report* No. 122, October 12, 2012, <http://www.heritage.org/research/reports/2012/10/full-spectrum-air-power-building-the-air-force-america-needs>. This study, prepared by one of the nation’s most respected defense analysts, examines the Air Force’s means to support essential defense capabilities. The author concludes that the principal military challenges driving the need for improvements in the Air Force are: deterring hostile actions by an increasingly confrontational China and overcoming the anti-access/area denial (A2/AD) military capabilities being fielded by that country; preventing the aggression of regional rogue states, such as North Korea and Iran, whose

militaries could be armed with nuclear weapons; and prevailing against the varied brands of violent Islamist radicalism that threaten terrorist acts against important U.S. interests and allies. The author argues for building an Air Force capable of meeting current and future threats to American security without regard for arbitrary fiscal guidelines and ceilings. The study concludes with 14 key personnel and material investments.

- **“An Investment Strategy for National Security Space”** by Jeff Kueter and John B. Sheldon. Heritage Foundation *Special Report* No. 129, February 20, 2013, <http://www.heritage.org/research/reports/2013/02/an-investment-strategy-for-national-security-space>. This *Special Report*, written by a respected team of scholars at the George C. Marshall Institute, examined the danger of losing a capability that gives the U.S. a key competitive advantage—access to the ultimate high ground: space. Today’s space systems fulfill five purposes: (1) environmental monitoring; (2) communications; (3) position, navigation, and timing; (4) integrated tactical warning and attack assessment; and (5) intelligence, surveillance, and reconnaissance missions. These missions are integral to a new American way of warfare. Direct and indirect challenges to American power in space are growing. Other nations are expanding their capabilities to interdict or deny U.S. access to space.

The report sets out a framework that guides policymakers on how to invest in national security space capabilities over the next decade. The study identifies national security space capabilities that are absolutely critical to U.S. national security, as identified by measuring them against a set of core criteria.

- **“U.S. Asian Policy: America’s Security Commitment to Asia Needs More Forces”** by Bruce Klingner and Dean Cheng. Heritage Foundation *Backgrounder* No. 2715, August 7, 2012, <http://www.heritage.org/research/reports/2012/08/americas-security-commitment-to-asia-needs-more-forces>. This report by Heritage Foundation Asia and defense policy experts examined the requirements for a key U.S. capability—the forces necessary to ensure peace and stability in

Asia. Since the 19th century, Asia has been—and will continue to be—a region of vital importance to the United States. And yet, even as the threats to stability in Asia multiply, there has not been a commensurate increase of U.S. capabilities. While the Obama Administration believes its “Asia pivot” will animate U.S. policy toward Asia, the U.S. military lacks the resources necessary to implement such a strategy. If the Asia pivot is to make the transformation from clever rhetoric to effective policy, the Administration, the report finds, must provide the U.S. Pacific Command (PACOM) with the necessary assets. The paper outlines shortfalls in the forces of the Navy, Air Force, and Marine Corps, and suggests how to address them.

- **“Congress Must Stop Obama’s Downward Spiral of Missile Defense”** by Baker Spring. Heritage Foundation *Backgrounder* No. 2798, May 20, 2013, <http://www.heritage.org/research/reports/2013/05/congress-must-stop-obamas-downward-spiral-of-missile-defense>. Missile defenses are key enablers for U.S. military capabilities. They not only protect the U.S. homeland and allies, deter missile attacks, and enhance the credibility of the U.S. nuclear deterrent; they enhance U.S. freedom of action. A “protect and defend” strategy holds the enemy’s means of strategic attack on the United States and its allies at risk. This strategy, which relied on a mix of offensive nuclear weapons, deterrence, and robust defensive systems, such as missile defenses, to secure America from ballistic missile attack was not achieved, but neither was there a nuclear arms race or nuclear conflict, nor is the U.S. constrained from employing conventional forces because of the threat of strategic attack.

The Obama Administration greatly scaled back the scope of the U.S. missile defense program. That strategy was partially reversed in 2012 after North Korea conducted aggressive and threatening missile tests. Nevertheless, the resources dedicated to the overall program continue to decline. As the U.S. response to North Korea’s threats demonstrates, merely making up for lost ground in the missile defense program will not keep the U.S. ahead of its adversaries. This study, by one of the nation’s leading missile defense experts,

finds that providing sufficient capability would require decisively reversing the Obama Administration's course of insufficient support for missile defense, thereby putting the nation on a path to more robust defenses that would protect and defend the U.S. and its friends and allies, and that would dissuade potential enemies from investing in offensive missile capabilities.

In particular, the study calls for restoring balance between homeland and regional missile defense capabilities by increasing the number of fielded ground-based midcourse defense (GMD) interceptors; testing early models of the standard missile against long-range targets; and developing missile defense systems that will fulfill both homeland and regional missions. This effort to restore balance between national and regional missile defense should include establishing a better balance between missile defense for the western half of the U.S., primarily against North Korea, and the eastern and southern U.S., primarily against Iran.

- **“Time to Modernize and Revitalize the Nuclear Triad”** by Baker Spring and Michaela Dodge. Heritage Foundation *Background* No. 2646, January 27, 2013, <http://www.heritage.org/research/reports/2012/01/time-to-modernize-and-revitalize-the-nuclear-triad>. The U.S. nuclear deterrent remains a foundational capability for American defense strategy. This study by Heritage experts explains how the U.S. nuclear triad of heavy bombers, intercontinental-range ballistic missiles (ICBMs), and submarine-launched ballistic missiles (SLBMs) is aging. The nuclear testing moratorium, which has reached nearly two decades, and the required reductions under New START are magnifying questions about the U.S. nuclear arsenal's reliability. These growing questions will eventually undermine the cred-

ibility of the U.S. nuclear deterrent to both allies and potential enemies. Reversing this atrophy will require significant investments in modernizing the U.S. nuclear weapons arsenal.

- **“Deterrence and Nuclear Targeting in the 21st Century”** by Rebecca Heinrichs and Baker Spring. Heritage Foundation *Background* No. 2747, November 30, 2012, <http://www.heritage.org/research/reports/2012/11/deterrence-and-nuclear-targeting-in-the-21st-century>. Modernizing the U.S. nuclear force is not enough. The U.S. nuclear arsenal also needs to be “right sized” to provide an adequate deterrent capability. The basis for calculating the appropriate number of offensive and defensive strategic weapons needed in the arsenal depends on establishing a strategic targeting policy that is consistent with the protect-and-defend strategy. Until such a targeting policy is established, it is impossible to calculate the appropriate size of the strategic arsenal of the United States for the longer term. The Obama Administration has focused more on a political agenda of speeding up U.S. disarmament rather than on rationally determining the optimum mix of strategic forces.

In contrast, this analysis argues that a sound targeting policy consistent with a protect-and-defend strategy for the U.S. and its allies and friends indicates that the U.S. should maintain approximately 2,700 to 3,000 operationally deployed warheads and be flexible enough to permit continuous updates. These numbers also assume that the U.S. will modernize its delivery systems and upgrade its command-and-control structure to meet counterforce targeting requirements. Increasing and maintaining the U.S. military's asymmetric advantage will protect the ability of the U.S. to shape events, instead of being controlled by the wills of other nations.

Section III. Defense Reform

Congress must pursue efficiency and reform and eliminate waste in the defense budget; all savings should be reinvested in defense for the modernization of the force, not spent on other discretionary domestic programs. In the past two years, The Heritage Foundation has identified over \$200 billion in savings that can be achieved in the near term. These initiatives include expanding the use of public-private partnerships for performance-based logistics; modernizing base operations and the maintenance and supply systems; reducing wear and tear on military equipment; and increasing the use of multiyear contracts and block upgrades.

- **“How to Save Money, Reform Processes, and Increase Efficiency in the Defense Department”** by Mackenzie Eaglen and Julia Pollak. Heritage Foundation *Backgrounder* No. 2507, January 10, 2011, <http://www.heritage.org/research/reports/2011/01/how-to-save-money-reform-processes-and-increase-efficiency-in-the-defense-department>. This study argues that policymakers should relentlessly pursue greater efficiencies within defense operations and eliminate waste and duplication in the defense budget. The defense efficiency reform package laid out in this paper could realize more than \$70 billion (possibly up to \$90 billion) in annual savings. Congress should allow the military to use any savings that it generates to pay for urgent priorities, such as modernization of each of the services’ inventories.
 - **“Performance-Based Logistics: Making the Military More Efficient”** by Baker Spring. Heritage Foundation *Backgrounder* No. 2411, May 6, 2010, <http://www.heritage.org/research/reports/2010/05/performance-based-logistics-making-the-military-more-efficient>. The military should—and can—operate more efficiently. One area that has potential for major savings is logistics. As combat capabilities grow, the logistics system must adapt. Performance-based logistics is an approach that organizes logistics around increasing combat capabilities, offering huge savings (up to \$32 billion a year) in the process. But despite successful implementation of performance-based logistics at select military
- depots, there remains a bias against private contractors among some Members of Congress, and there is only a very limited application of the new performance-based approach, which is managed by well-functioning public-private partnerships. Former Heritage Foundation national security policy expert Baker Spring explains why and how Congress should support an effective and efficient military logistical system.
- **“Enforce Financial Management Requirements at the Department of Defense”** by Baker Spring. Heritage Foundation *WebMemo* No. 3423, November 29, 2011, <http://www.heritage.org/research/reports/2011/11/improve-financial-management-system-at-the-department-of-defense>. Congress should press the Department of Defense to improve its financial management system. The objective is to make the most efficient and effective use of U.S. tax dollars. The right approach to audit reforms, former Heritage defense scholar Baker Spring argues, is to require the department to manage its finances according to best practices. In particular, greater accuracy in the military personnel payments could lead to pay increases. Money saved as a result of proper and timely payment of invoices and the corresponding reduction in interest penalties could be plowed back into acquisition; and the funds saved as a result of improved audits by the Defense Contract Auditing Agency, which resulted in \$2.4 billion in savings from audits conducted in 2007 alone, could be restored to the acquisitions account.
 - **“Congressional Restraint Is Key to Successful Defense Acquisition Reform”** by Baker Spring. Heritage Foundation *Backgrounder* No. 1885, October 19, 2005, <http://www.heritage.org/research/reports/2005/10/congressional-restraint-is-key-to-successful-defense-acquisition-reform>. Congress has a tendency to micro-manage defense acquisition, address acquisition problems episodically, criticize problems with the development of certain technologies with the benefit of 20–20 hindsight, and centralize control of the defense acquisition process. Effective acquisition reform would fix responsibil-

ity and accountability for programs within the armed forces, and encourage spiral development (an interactive and incremental refinement of the system's operational requirements) and the responsible acquisition of new technology.

- **“Saving the American Dream: Improving Health Care and Retirement for Military Service Members and Their Families”** by Baker Spring. Heritage Foundation *Background* No. 2621, November 17, 2011, <http://www.heritage.org/research/reports/2011/11/saving-the-american-dream-improving-health-care-and-retirement-for-military-service-members>. The military's health care and retirement systems have serious structural problems. Simply tinkering around the edges will leave military personnel and taxpayers paying more for less service. Instead, as The Heritage Foundation proposes in this paper, Congress should transform the military health care and retirement systems into defined-contribution plans that maximize individual choice. This would enable military personnel to tailor their benefits to match their individual circumstances while saving the Department of Defense at least \$39,424 million in five years.
- **“Taking a Scalpel to the Defense Budget”** by Mackenzie Eaglen. Heritage Foundation *WebMemo* No. 3132, February 3, 2011, <http://www.heritage.org/research/reports/2011/02/taking-a-scalpel-to-the-defense-budget>. Eliminating waste is a fundamental obligation of government. Taxpayers deserve prudent spending and critical oversight. Washington should spend what is necessary to provide for the common defense—no more, no less. This study provides an abundance of examples of projects in the defense budget that should be examined for funding elsewhere or eliminated altogether. Using the fiscal year (FY) 2012 defense spending as an exemplar, the report illustrates how Congress should look for projects in the defense budget that—while they may be wholly legitimate—should be considered for funding in another spending bill under a more appropriate federal agency.
- **“Capability, Not Politics, Should Drive DOD Energy Research”** by Jack Spencer. Heritage Foundation *WebMemo* No. 3299, June 22, 2011,

<http://www.heritage.org/research/reports/2011/06/capability-not-politics-should-drive-dod-energy-research>. One area where the Defense Department has been forced to squander scarce resources is pursuing “green energy” projects. With multiple wars ongoing, traditional threats looming, and new ones emerging, the U.S. armed forces are already under tremendous stress. Introducing this new assignment, this paper argues, needlessly bleeds scarce resources away from core missions to advance a political agenda that is untenable. This is exactly what the Obama Administration is doing by ordering the military to lead a green revolution. The White House is pushing the idea that the alternative energy industry would get the kick start it needs if the military would just commit to using green energy products. But the assumptions behind this argument are flawed, and the strategy is increasing demands on the military budget while harming national security. Congress should put a stop to it right away.

- **“Beyond BRAC: Global Defense Infrastructure for the 21st Century”** by Michaela Dodge. Heritage Foundation *Background* No. 2791, May 3, 2013, <http://www.heritage.org/research/reports/2013/05/beyond-brac-global-defense-infrastructure-for-the-21st-century>. The budget cuts instituted under the Budget Control Act of 2011 are compelling the Administration and Congress to decrease the Department of Defense's resources. These cuts dramatically undermine the country's ability to protect its vital interests. The cuts also increase pressures to conduct other rounds of military base realignments and closures (BRACs). As these pressures increase, it is essential that policymakers adopt a new approach for assessing the military's infrastructure requirements while taking advantage of lessons learned from the previous BRAC rounds. This new approach must be global, transparent, and conducted in close discussion and cooperation with affected local communities. The chief focus of the new process must be on preserving the U.S. military's ability to meet requirements that policymakers demand of it.

This study argues that while the purpose of the BRAC process is to close or realign military installations, the United States needs to examine

the way it assesses its military installations. The main starting point for the process is to evaluate whether installations in the U.S. and abroad meet military requirements. While both are currently guided by different processes, the recognition that they are a part of the same global infrastructure should be explicit in the assessment. This report provides a step-by-step process and structure for assessing infrastructure needs.

- **“Contracting in Combat: Advice for the Commission on Wartime Contracting”** by James Jay Carafano. Heritage Foundation *Background* No. 2228, January 13, 2009, <http://www.heritage.org/research/reports/2009/01/contracting-in-combat-advice-for-the-commission-on-war-time-contracting>. The U.S. government must do more to improve its capacity to make and oversee contracts in an “expeditionary” wartime environment, provide a more robust and capable contracting force, and establish better doctrine and management processes for deciding which time for hiring contractors to support military operations is most useful.
- **“Contracting Out in Defense: Lessons from the British Experience for the U.S. and Great Britain”** by Ted R. Bromund. Heritage Foundation *Background* No. 2278, May 28, 2009, <http://www.heritage.org/research/reports/2009/05/contracting-out-in-defense-lessons-from-the-british-experience-for-the-us-and-great-britain>. Contracting in defense is an important public and political issue in the United States. When based

on the proper principles, contracting allows the government to draw on the skills and resources of the private sector to deliver services more efficiently. Although the British and U.S. programs are financed differently, Britain’s experience offers important lessons that both countries need to learn as they continue, where appropriate, to hire contractors for defense.

- **“Keeping America Safe: Why U.S. Bases in Europe Remain Vital”** by Luke Coffey. Heritage Foundation *Special Report* No. 111, July 11, 2012, <http://www.heritage.org/research/reports/2012/07/keeping-america-safe-why-us-bases-in-europe-remain-vital>. U.S. bases are often singled out as areas where the armed forces can afford to take large reductions. This study explains how to “right-size” the footprint that the U.S. requires in Europe. The study finds that rather than saving money, wrong-headed cuts cost valuable capabilities and *increase* the cost and risks of projecting power.

As part of a policy that is shrinking America’s military presence in the world, the Obama Administration’s recent defense cuts heavily impact the U.S. military footprint in Europe. These cuts are sending the wrong signal on America’s commitment to transatlantic security and will embolden U.S. adversaries in the Euro-Atlantic region. Most important, the cuts will reduce the ability and flexibility of the U.S. to react to the unexpected in Eurasia and the Middle East.

Section IV. Alliances and Capacity Building

The U.S. contributions to collective security, and what the U.S. asks of other nations in support of mutual concerns, must be determined by what best protects America's vital interests. Friends, allies, and overseas bases contribute to collective defense. In turn, the U.S. provides capabilities, such as Aegis cruisers and the fifth-generation F-35 fighter aircraft, which enable coalition forces to operate more effectively together. U.S. contributions are critical to enhancing the capacity of other nations to help protect U.S. interests. If America does less, most U.S. friends and allies are unlikely to do more. Some may not even support U.S. efforts or may make accommodations and concessions to U.S. adversaries instead. In addition, when the U.S. cuts back programs fielded in concert with U.S. allies, such as the F-35, the collective defense of all countries suffers. In this regard a strong and focused foreign policy, defense planning, and proactive reform initiatives go hand in hand.

This section describes the foundation for a U.S. strategy to build and maintain strong, dependable alliances in the future. It also addresses critical enduring alliances in Europe and Asia. The U.S.–Japan–South Korea relationship is vital. Together, Japan and South Korea are the anchor for the U.S. capacity to project power in Asia, and the key to ensuring peace and prosperity in the region. U.S. alliances in Europe are also vital. Europe is the base from which the United States projects power to the Middle East. NATO remains the cornerstone of U.S.–European cooperation. In addition to preparing the alliance for the emerging challenges to the transatlantic in the future, the U.S. must forge stronger bilateral relations within Europe and the alliance, particularly among the Nordic, Baltic, and Central European nations.

- **“Enduring Alliances Empower America’s Long-War Strategy”** by James Jay Carafano and Sally McNamara. Heritage Foundation *Backgrounder* No. 2042, June 15, 2007, <http://www.heritage.org/research/reports/2007/06/enduring-alliances-empower-americas-long-war-strategy>. Building strong alliances requires a proactive strategy that reinforces rather than undermines the sovereignty of the state, and at the same time strengthens the bonds of trust and confidence between free peoples, enabling them
- to act in their common interest. The focus of this strategy should be on building enduring alliances, not merely “coalitions of the willing.” As part of a comprehensive alliance-building strategy, the Administration and Congress should undertake initiatives to establish international partnerships that more closely resemble those with America’s traditional long-standing allies during the Cold War.
- **“Enhancing South Korean–U.S. Naval Capabilities Is Critical to American Interests”** by Bruce Klingner. Heritage Foundation *Backgrounder* No. 2829, July 24, 2013, <http://www.heritage.org/research/reports/2013/07/enhancing-south-korean-us-naval-capabilities-is-critical-to-american-interests>. This study argues that South Korea needs to strengthen its anti-submarine warfare, amphibious, and command, control, communications, computers, intelligence, surveillance, and reconnaissance (C4ISR) capabilities. Although the primary responsibility lies with Seoul, the Obama Administration should provide sufficient military funding to enable the United States to fulfill its pledges to protect its critical ally. The United States’ current defense strategy is raising doubts among U.S. allies (and enemies) about the ability of the U.S. to keep its security commitments in Asia. Beyond putting its fiscal house in order, the U.S. needs to improve bilateral and trilateral defense cooperation among South Korea, Japan, and the United States.
- **“U.S.–Japan Security Agreement Enhances Allied Goals”** by Bruce Klingner. Heritage Foundation *Issue Brief* No. 4061, October 4, 2013, <http://www.heritage.org/research/reports/2013/10/us-japan-security-agreement-enhances-allied-goals>. The U.S. Secretaries of State and Defense and Japanese Ministers of Foreign Affairs and Defense have agreed on several initiatives to upgrade the bilateral alliance. The Abe administration has demonstrated that it seeks to further integrate Japanese forces with those of the U.S. rather than pursuing nationalism-driven militarist goals. However, this assessment finds that much work needs to be done on both sides of the Pacific in order for current agreements to reach fruition.

- **“The Baltic States: Why the United States Must Strengthen Security Cooperation”** by Luke Coffey. Heritage Foundation *Background* No. 2851, October 25, 2013, <http://www.heritage.org/research/reports/2013/10/the-baltic-states-why-the-united-states-must-strengthen-security-cooperation>. The three Baltic states of Estonia, Latvia, and Lithuania have proven to be staunch American allies since they regained their independence in the early 1990s. Since the fall of the Soviet Union, each has made huge progress in implementing democracy, rule of law, economic freedom, and developing a strong national defense. They accomplished this by aligning themselves with the West—particularly the United States—while rejecting Russian calls to remain neutral or inside the Russian sphere of influence after the end of the Cold War. While small in size and population, the Baltic states represent something much bigger geopolitically: They are staunch defenders of economic freedom, liberal democracy, and human rights. The U.S. should deepen the U.S.–Baltic defense and security relationship by proactively seeking new areas of cooperation and building on old ties. This study finds that it is in America’s as well as NATO’s interests to do so.
- **“2014 NATO Summit: Laying the Groundwork Now”** by Luke Coffey. Heritage Foundation *Issue Brief* No. 4063, October 7, 2013, <http://www.heritage.org/research/reports/2013/10/2014-nato-summit-laying-the-groundwork-now>. The 2014 NATO summit will be the last summit before NATO ends its combat operations in Afghanistan, and it will likely be the first summit for NATO’s next Secretary General, who will take office in July 2014. Many of the important issues that will be discussed at the summit will require the U.S. to prepare the groundwork now. The U.S. should use the next NATO summit to advance an agenda that keeps NATO focused on the future of Afghanistan, ensures that NATO enlargement is firmly on the agenda, and readies the alliance for the challenges of the 21st century.
- **“EU Defense Integration: Undermining NATO, Transatlantic Relations, and Europe’s Security”** by Luke Coffey. Heritage Foundation *Background* No. 2806, June 6, 2013, <http://www.heritage.org/research/reports/2013/06/eu-defense-integration-undermining-nato-transatlantic-relations-and-europes-security>. The rise of the European Union security structure has resulted in European nations using their increasingly constrained resources less efficiently, subjecting them to dual-tasking from NATO and the EU. The EU’s Common Security and Defence Policy (CSDP) threatens to undermine transatlantic security cooperation between the U.S. and its European partners. Far from improving the military capabilities of European countries, the CSDP decouples the U.S. from European security and will ultimately weaken the NATO alliance. U.S. policymakers should watch CSDP developments closely and discourage the EU from deepening defense integration. It is clear that an EU army is the ultimate goal of the CSDP. The consequences would be great: The U.S. would lose influence in European security matters, and NATO would become a second-tier priority for most European countries. Finally, it would mean an end to Europe as a serious security actor on the global stage. The veto power of the EU’s five neutral members, coupled with the bureaucratic inertia of Brussels, would lead to paralysis in decision making and likely mean that EU forces would rarely, if ever, be sent on overseas combat operations. The CSDP does more harm than good, this study finds, and the U.S. should oppose it.
- **“NATO in the Arctic: Challenges and Opportunities”** by Luke Coffey. Heritage Foundation *Issue Brief* No. 3646, June 22, 2012, <http://www.heritage.org/research/reports/2012/06/nato-in-the-arctic-challenges-and-opportunities>. The Arctic region is becoming increasingly important to NATO for a number of geostrategic reasons. Thawing ice allows lucrative shipping lanes to open and increases the possibility of natural resource exploration. Since four of the five Arctic littoral countries, in addition to Iceland, are also members of NATO, the alliance cannot afford to ignore the Arctic. The U.S. should make the Arctic a higher priority for NATO while working to allay the concerns of Canada, which is wary of a stronger NATO presence in the Arctic.

- **“Britain and Europe: Where America’s Interests Really Lie”** by Robin Harris. Heritage Foundation *Special Report*, No. 131, April 29, 2013, <http://www.heritage.org/research/reports/2013/04/britain-and-europe-where-americas-interests-really-lie>. The EU is dysfunctional. Its model has failed. More important still, it is on the brink of evolving into a European Federation, effectively a new mega-state, under conditions that ensure that it will be neither prosperous, nor stable, nor reliable. This Europe will be more difficult for the U.S. to manage, and within it, Britain can have no useful place, whether judged by the criterion of British national interest or by that of the national interest of the U.S. This paper explains why building a strong bilateral economic and security relationship between the U.S. and Great Britain must be the cornerstone for ensuring U.S. future strategic interests in Europe.

Section V. Readiness and Training

Readiness is like a three-legged stool. The personnel, equipment, and training “legs” need to be balanced and in sync to support the load. The most modern equipment is useless without highly trained personnel to operate and employ it. Conversely, outmoded or unreliable equipment can hamper the effectiveness of the most highly motivated and skilled personnel. To fight effectively, personnel must train with their combat equipment, practicing their combat missions under realistic, demanding conditions. Quality personnel, equipment, and training are the essential dimensions of combat readiness.

Training and readiness are key measures of military power. Reforms must ensure that the military is ready to undertake current tasks as well as prepare for challenges. This section finds that Congress should be deeply concerned about the state of American military readiness and training.

- **“The Impact of a Declining Defense Budget on Combat Readiness”** by Richard J. Dunn III. Heritage Foundation *Background* No. 2828, July 18, 2013, <http://www.heritage.org/research/reports/2013/07/the-impact-of-a-declining-defense-budget-on-combat-readiness>. Imbalances in combat readiness could undermine the U.S. military’s ability to protect U.S. interests. Because some dimensions of combat readiness lack natural constituencies, readiness may suffer disproportionate and significant harm in the increasingly fierce competition for budgetary resources. Congress has an obligation to learn from history rather than repeat past mistakes of allowing military readiness to decline to a point that puts the lives of service members, as well as U.S. national interests, at risk. This authoritative study provides a framework for evaluating

the readiness of the current force. It warns that the failure to maintain an appropriate balance in combat readiness during the current period of budgetary uncertainty will significantly degrade America’s ability to respond to threats to its interests.

Colonels Richard Dunn and Kerry Kachejian and then-Heritage national security policy expert Baker Spring participated in a Heritage Foundation panel discussion on “Hollow Force: Future of the U.S. Military?” on May 2, 2013, <http://www.heritage.org/events/2013/05/hollow-force>.

- **“Steadfast Jazz 2013: U.S. Lackluster Contribution Undermines U.S. Interests in Eastern Europe”** by Luke Coffey and Daniel Kochis. Heritage Foundation *Issue Brief* No. 4076, November 1, 2013, <http://www.heritage.org/research/reports/2013/11/steadfast-jazz-2013-us-lackluster-contribution-undermines-us-interests-in-eastern-europe>. One of the glaring examples of the U.S. declining commitment to training was the dismal contribution to the November 2013 NATO military training exercise called Steadfast Jazz. The primary purpose of the exercise, held in Estonia, Latvia, Lithuania, and Poland, was to train and certify the NATO Response Force. Many NATO partners view Steadfast Jazz as one of the most important training events the alliance undertakes. It also offered an opportunity for the U.S. to demonstrate its commitment to transatlantic security now that 10,000 U.S. troops will leave their permanent bases in Europe. The U.S. decision to send only 200 troops to Steadfast Jazz sent the wrong message to allies and potential enemies.

The Way Forward

Failure to prepare for potential threats is the best way to ensure that they will become real threats. The world is a dangerous place. The U.S. military is already pressed to meet its commitments because of the long-term effects of the “peace dividend” after the collapse of the Soviet Union. The demands on the U.S. military will likely not lessen in the mid-term. Further cuts in U.S. force structure will only increase the risks to U.S. forces. Maintaining a military below minimum commonsense levels would limit the U.S. to undertaking only one major military operation at a time. If faced with domestic crises like Hurricane Katrina or unexpected overseas contingencies, the U.S. would be forced to choose between ongoing tasks or simply not responding.

Yet, the challenge of ensuring an adequate force for the future cannot be solved by writing checks.

Reform and responsible defense investments go hand in hand. Further, effective reforms are not simply about changing laws. Real reform requires a combination of strong and focused strategy, sound policies, leadership, and effective oversight from Congress as well as a legislative foundation that spurs initiative and innovation, and ensures appropriate accountability.

Recent research by The Heritage Foundation provides the building blocks for beginning a serious reform program. By the end of the Obama era, the need for rebuilding the American armed forces—as a result of declining readiness, lost capabilities, diminished allied support, and emboldened adversaries—will be glaringly apparent. Congress, however, should not wait until then to start fixing what this Administration has badly broken.



214 Massachusetts Avenue, NE
Washington, DC 20002
(202) 546-4400
heritage.org