



Statement before the
House Armed Services
Subcommittee on Tactical Air and Land Forces

***“U.S. Ground Force Capability and
Modernization Challenges in Eastern Europe”***

A Testimony by:

Andrew Hunter

Director, Defense-Industrial Initiatives Group and
Senior Fellow, International Security Program
Center for Strategic and International Studies (CSIS)

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2118 Rayburn House Office Building

Mr. Chairman, thank you for inviting me here today to discuss the tactical, operational, and strategic challenges faced by U.S. ground forces in responding to Russian aggression in Europe. I'd like to divide my testimony into three parts for the purposes of today's hearing. First, I will briefly address the security environment in Europe and the particular stresses it places on the United States Army. Second, I'll discuss how the Army's modernization program is postured to address these challenges. Third, I'll talk a little about NATO and how the Army's modernization approach can support the institutional security framework in Europe.

I would like to emphasize that the views presented are my own. While they are informed by the work I do at the Center for Strategic and International Studies (CSIS), they are not positions attributable to CSIS as an organization. CSIS does not take or advocate for specific positions on public policy issues. For purposes of disclosure, I will also make you aware of two projects in which I have been involved at CSIS that bear directly on my testimony today. First, CSIS did a study on Evaluating U.S. Army Force Posture in Europe, performed in two phases in 2016. This study examined options for U.S. Army force posture in Europe, and was sponsored by U.S. Army Europe. Second, my own Defense-Industrial Initiatives Group at CSIS is currently in the final stages of a project looking at the Army's modernization strategy.¹ This project is examining the Army's current modernization dilemma in the context of its historical funding for modernization, current challenges to the Army's ability to achieve overmatch, and options for addressing these challenges. Our Army modernization project was made possible by support from General Dynamics, DRS Technologies, and L-3 Technologies.

A potential future conflict on NATO's eastern flank presents one of, if not the most, stressing scenarios for U.S. ground forces. The close proximity of NATO's eastern-most members to Russia combined with the explicit steps Russia has taken to develop and deploy systems designed to undermine or match U.S. warfighting advantages makes the threat in this region especially potent. In my view, three main features of the challenge presented by Russia are central. Russia has an Anti-Access/Area Denial (A2/AD) capability along its border with NATO that presents a sophisticated, layered, redundant, multi-domain capability to hinder the U.S. ability to project power in Europe. Through a combination of highly capable, layered integrated air defense systems and offensive ballistic and cruise missile capabilities, Russia presents strategic, operational, and tactical challenges to U.S. ground forces. This A2/AD capability challenges the strategic mobility of U.S. forces in Europe, complicates U.S. operations by holding lines of supply and communications at risk, and imposes tactical limits on U.S. forces by inhibiting the ability of U.S. ground forces to receive support from U.S. air and naval forces that is usually taken for granted.

Russia has also invested significantly in ground combat systems, narrowing the U.S. advantage in combat vehicles by procuring modernized tanks and other vehicles while gaining an outright advantage in terms of indirect fires such as artillery and rocket systems. The advanced capability provided by these systems, when combined with the advantage of shorter, internal Russian lines of communication in Eastern Europe, presents a significant operational and tactical challenge to U.S. ground forces. In addition, Russian non-kinetic capabilities, particularly in electronic warfare, cyber operations, and information operations, significantly out-pace the limited

¹ CSIS's report on this project is forthcoming in spring 2017 and is entitled "The Army Modernization Imperative: A New Big Five for the Twenty-First Century"

capabilities the United States Army can currently bring to a potential conflict. These non-kinetic capabilities potentially undermine the effectiveness of U.S. intelligence and anti-armor systems and threaten the ability of the U.S. and its NATO allies to operate effectively as a coalition. While the capabilities Russia has on NATO's eastern flank present a particularly stressing set of circumstances, it is worth noting that the willing of Russia to export many of these advanced systems to other potential U.S. adversaries means that these systems are likely to challenge U.S. ground forces in a variety of locations around the globe where they may be married with other challenges.

The challenges presented by Russia on NATO's eastern flank carry clear implications for U.S. Army modernization. U.S. ground forces need more robust short range air defense capabilities and increasingly advanced ballistic and cruise missile defense capabilities. Advanced precision munitions capabilities must be proliferated throughout the ground forces and adapted across the full range of direct and indirect fires. The Army needs to invest in more numerous and more capable long-range precision fires, replacing and extending the capability currently provided by ATACMS, and larger numbers of fire and forget anti-tank guided missiles. The Army must quickly enter the fray in electronic warfare (EW) and cyber operations, both to counter the wide variety of Russian EW systems and ensure the effectiveness of U.S. intelligence, surveillance, and reconnaissance (ISR) and networking capabilities. In addition, our NATO allies must invest significantly in missile defense and secure communications capabilities as well as generally increasing investment in their forces. This is only a sampling of the modernization implications of the challenge to U.S. forces on NATO's eastern flank, but it is intended to convey one clear message: there is a need for significant efforts to modernize U.S. ground force capabilities in the near and medium term.

I will turn now to the Army's broader modernization dilemma, a situation that CSIS has termed the "triple whammy." The Army's triple whammy is a combination of three trends which combine to seriously compromise the Army's ability to react to the challenges discussed above. Two aspects of the triple whammy are highlighted in the following table:

Table 1: Comparison of Army Modernization Drawdowns

	Procurement	RDT&E	Total Army Modernization
Drawdown 1: 1969 – 1975	-74%	-29%	-64%
Drawdown 2: 1985 – 1998	-70%	-17%	-59%
Drawdown 3: 2008 – 2015	-78%	-52%	-74%

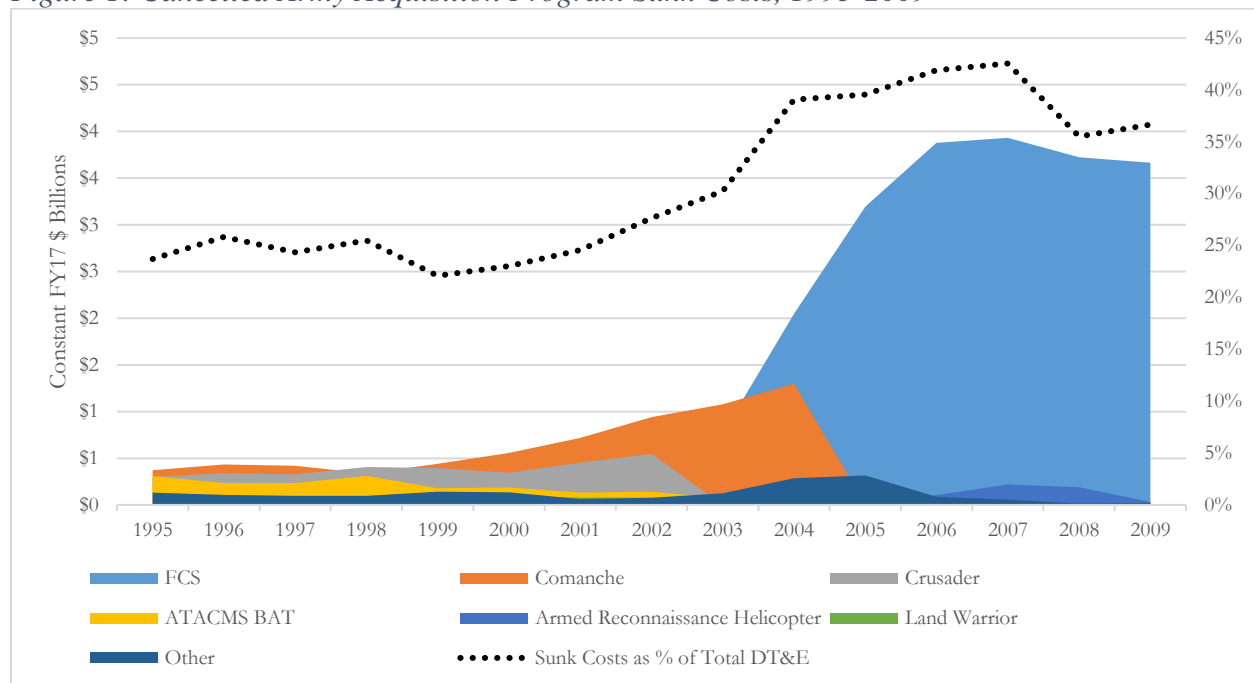
Source: Rhys McCormick, *The Army Modernization Challenge: A Historical Perspective*

First, the Army is near the bottom of a historically severe budget drawdown. Army modernization funding declined 74% from 2008-2015 as a result of the drawdown from two wars and the imposition of the Budget Control Act caps. The magnitude of this drawdown exceeds the drawdown the Army experienced after the end of Vietnam and the drawdown after the end of the Cold War. The second aspect of the triple whammy is the unprecedented decline in Army

research and development (R&D) funding. While the recent drawdown in Army procurement funding is roughly in line with those of previous drawdowns, the drawdown in R&D funding is roughly twice as large as previous declines. While R&D funding had been relatively preserved in previous drawdowns, it was a target this time, falling over 50%. This decline is concentrated in the later stages of R&D, at the prototyping and system design and development stages, the immediate precursors to fielding new capabilities. I describe this phenomenon as a 7-year trough in the pipeline for developing new Army systems.

Lastly, the current drawdown is occurring after a relatively ineffective modernization cycle for the Army. The failure of a range of Army modernization programs such as Future Combat System, Comanche, and Crusader in the last modernization cycle and the focus on procuring less-enduring systems like MRAPs meant that the last modernization cycle did much less to modernize the Army than the “Big 5” acquisition cycle of the 1980s. Unlike the Cold War drawdown, the Army has experienced this drawdown without the advantage of having recently fielded large, modernized fleets of equipment in the buildup. And as a result of the unprecedented decline in R&D funding, it enters the current modernization cycle without the same foundation of systems in the pipeline that are ready to procure. The impact of this lost modernization cycle can be partially illustrated with data from the Army’s Decker-Wagner report:

Figure 1: Cancelled Army Acquisition Program Sunk Costs, 1995-2009



Source: Army Strong: Equipped, Trained, and Ready - Final Report of the 2010 Army Acquisition Review

The triple whammy leaves the U.S. Army’s modernization program particularly ill-equipped to deal with the security challenges on NATO’s eastern flank. The severity of the drawdown lead to a process where every portfolio in the Army’s modernization program was cut back to, or below,

minimum sustaining rates. As a result, whether it's the Army's stated priorities, the President's Budget for Fiscal Year 2017 Program Objective Memorandum (FY17 POM), or anecdotal evidence from interviews carried out by CSIS as part of our Army modernization study, there is a lack of consensus and understanding of the Army's top modernization priorities across the broader defense enterprise. And under current modernization plans, there is little budget relief on the way. Over the course of the Future Years Defense Program (FYDP), planned Army modernization funding in the FY17 POM remains just above the existing levels. Even if the Army could afford new platforms, the Army has limited options. At the moment, the Army does not have a surfeit of internally-developed capabilities in the pipeline that can be quickly fielded. The current Army modernization strategy essentially is: accept increased risk, halt new platform development, improve and/or sustain the existing inventory, and divest select platforms.

Now, that the drawdown is over and the defense budget is poised to begin to grow, the Army's modernization strategy must be reoriented to address new challenges including those that are the topics of today's hearing. The FY17 POM projects Army modernization funding that is approximately \$7 billion below its historical average and about \$9 billion below the average modernization funding level during periods of increasing budgets. It is hard to escape the conclusion that the Army will need substantially increased levels of modernization funding if it hopes to field significant new capabilities in the coming years. However, as previously discussed, there is a significant near to mid-term need to field new ground force capabilities. As a result, even assuming significant new funding is added to the Army's modernization budget, the Army will have to be extremely disciplined in ensuring that this funding is focused on the key capabilities required to address emerging threats such as the challenge on NATO's eastern flank. Given the likelihood that the Army's force structure will be expanded beyond what is envisioned in the FY17 POM, a certain level of modernization funding increase will be required just to equip new force structure with today's capabilities. Unless the Army grows force structure smartly, and equips its forces to address its shortfalls, even increased modernization funding may not necessarily result in increased capability.

In my view, the goal of delivering the Army the key capabilities it needs is best accomplished by adopting an Army modernization strategy that focuses on adding capabilities to the Army's large force of fielded systems across 5 major capability areas including: air and missile defense, advanced protection, electronic warfare, cross-domain fires, and logistics. These capabilities will require, and can further leverage, the Army's substantial investment made in the last two decades in networking and situational awareness. The Army can obtain the fastest, most pervasive improvement in its force by progressively fielding these improvements in regular, sizeable increments. In addition, the Army's modernization strategy should explicitly set aside room in the POM for quickly developing, prototyping, and deploying capabilities in response to emerging threats and opportunities, as the Army has done, with this committee's help, with the upgunned Stryker. Because the Army's technology pipeline currently has serious gaps, some of these capabilities may need to leverage developments undertaken by partner and allied nations who have made focused investments in key ground force capabilities. Although this modernization strategy would not rule out some limited investment in efforts to develop new platforms, as many of the Army's platforms will eventually need to be replaced, such investments should be undertaken only to the extent that they do not undermine the strategy's central approach.

The topic of today's hearing, the challenge on NATO's eastern flank, highlights a few important points about the institutional framework in Europe. There is no doubt that our allies and partners in Europe have underinvested in their security needs, and have done this for some time. Likewise, they followed the U.S. lead in putting what they were investing in recent years into counterinsurgency and counterterrorism capabilities that may not provide the capability required for operations to directly defend NATO members. However, the current focus on getting our European partners to increase the share of their GDP devoted to defense spending, while worthwhile, runs the risk of incentivizing a suboptimal response. Any increase in defense spending, for example increased contributions to military pensions, can help a nation raise its defense spending as a proportion of GDP, but not every spending increase will allow our NATO partners to better interoperate with us in addressing challenges in Europe. It is far more important that our NATO allies join the U.S. Army in investing in the capabilities to address the challenge on NATO's eastern flank than it is that they hit a particular spending target. And, in fact, as previously mentioned, many of our NATO allies have invested in critical ground force capabilities such as precision, high volume indirect fires, short range air defenses, and electronic warfare that can be extremely valuable in the coming years. The U.S. Army can leverage these capabilities, whether they are deployed as part of a NATO or coalition force, and/or through incorporation into Army systems. The focus of activity at U.S. European Command must shift in this direction as well. Just as the U.S. Army needs a focused modernization strategy, the United States needs a focused, cooperative modernization approach with its NATO allies and other partners. Ideally, this approach would also be coupled with a broader national-level security cooperation strategy that complements and enables interoperability and modernization, resulting in a significantly more capable NATO alliance.

The situation on NATO's eastern flank is concerning. More concerning is that it is potentially a harbinger of similar or even more serious challenges to U.S. security interests still to come. However, the good news is that there are real, practical measures that can be taken to address these threats. I recommend that this committee engage closely with the U.S. Army in its oversight and in its review of upcoming budget requests to ensure that a focused, well prioritized Army modernization strategy is adopted that allows the Army to meet current and emerging challenges.