A Recommended Agenda for the Next Secretary of Defense

From the scholars of the International Security Program at CSIS

President Obama is expected to announce in the coming days his nominee to be the next Secretary of Defense. Whoever the next Secretary is, the expectation is that the individual will have a wealth of experience within the Department to draw from. Recruiting an experienced hand at this critical moment will reassure many who worry about the state of the American military. For some critics, however, the more pressing concern will be understanding the nominee’s stance on the major security matters facing the United States today and his or her willingness to challenge administration policy on those issues.

Crises around the world will no doubt continue to dominate the headlines, and to drive meetings of the National Security Council. Against this backdrop, the next Secretary will be significantly challenged to ensure a sustained focus on issues that are important to the U.S. military and national security, but less urgent than items in the daily inbox. CSIS’s International Security Program asked seven of its scholars to recommend which of those important issues should be at the top of the agenda for the next Secretary of Defense. Each scholar also offers recommendations for priority action by the next Secretary on these issues.

Functional Issues
- Improving Defense Acquisition
- Budget Issues
- More than Air-Sea Battle
- Overcoming Bureaucratic Inertia and Next-war-itis

Regional Issues
- Middle East Security
- Reinvigorating the Transatlantic Security Relationship
- Managing Rising Powers in Asia
Improving Defense Acquisition

Andrew Hunter, Director, Defense-Industrial Initiatives Group and Senior Fellow, International Security Program

For the Secretary of Defense, no news is good news when it comes to defense acquisition. Much like the offensive line on a football team, when things are going smoothly, it goes unnoticed. When the Secretary of Defense gets asked about the acquisition system, it usually means something has gone wrong. For this reason, and because acquisition is a highly technical discipline, it can be tempting for the Secretary of Defense to focus attention elsewhere, particularly in his or her early days. Just as the offensive line’s performance is critical to the success of a football team, however, solid performance from the acquisition system is a linchpin to a Secretary’s hopes for a successful tenure.

Defense acquisition is a massive undertaking involving the expenditure of roughly $150 billion annually for research and development and procurement of technology and total contract spending of more than $300 billion annually. Even a small improvement in performance of the acquisition system can make a difference of billions in the cost of equipping the military. Despite widespread pessimism on the prospects for improving defense acquisition, the opportunity to make progress is real. The latest issue of the Department of Defense’s annual report on the Performance of the Defense Acquisition System shows modest improvement in trends relating to cost growth. While this recent progress is encouraging, the squeeze of sequestration and the budget uncertainties generated by continuing resolutions and potential government shutdowns threaten to reverse this trend. The result would be a snowballing path of destruction through already tight defense budgets.

The recent announcement of the Defense Innovation Initiative also demonstrates the strategic importance of acquisition to the Department of Defense. As the 2012 Defense Strategic Guidance and the 2014 Quadrennial Defense Review make clear, innovation is key to the military’s future. Ultimately, the acquisition system bears the largest share of responsibility for delivering innovation. Last but not least, acquisition will be critical in the Secretary’s relationship with Congress. Senator John McCain will take over as Chairman of the Senate Armed Services Committee in the new Congress, and his interest in, and concern about, the defense acquisition system is well known. On the other side of the Capitol, the House Armed Services Committee has already been examining improvements to defense acquisition for over a year under the leadership of Representative Mac Thornberry, the designated next House Committee Chairman, and his ranking member, Representative Adam Smith.

There are clear steps for the next Secretary to take. First, meet early with industry and set the right tone. The Department depends heavily on industry’s ability to supply advanced technology. There is nothing to lose and much to gain in keeping the lines of communication open. Second, engage with Congress on improving defense acquisition. The Department spent the last year developing a legislative proposal for improving defense acquisition that can provide a solid basis for bipartisan cooperation. Third, embrace the Defense Innovation Initiative and Better Buying Power 3.0 as major priorities. These initiatives are essential to maintaining the US military’s qualitative edge.
Secretary Hagel entered his position with a mandate to execute budget cuts. The next Secretary of Defense will enter with a mandate to address the proliferating range of global threats, but the budget challenges are unlikely to abate. FY 2015 funding remains uncertain with current funding running out on December 11. Sequester funding levels are set to return in FY 2016. Though both Congress and the administration have denounced the sequester cuts, they are no closer to resolving their core differences than the super committee was three years ago. While FY 2016 represents the likely bottom of the budget downturn for defense, there is an ocean of unsettled budget questions lurking below the surface of this topline.

The timing of the Secretary Hagel’s resignation puts the arrival of the new secretary at an awkward point in the budget cycle. The president’s FY 2016 budget request is due to Congress on the first Monday in February. If confirmed quickly, the new Secretary may have to defend the president’s budget request without having had any input into its creation. If the confirmation process runs more slowly, some combination of Secretary Hagel, Deputy Secretary Work, General Dempsey, and Admiral Winnefeld will be briefing the budget request on Capitol Hill. No matter when he or she is confirmed, the next Secretary will face tough Congressional questions on FY 2016 budget issues, with many debates likely to be repeats from FY 2015, when Congress rejected numerous initiatives proposed by the Defense Department. The FY 2016 budget will be the last to be both built and executed by the Obama administration, and therefore the White House will be loath to compromise on some of the hard choices they believe need to be made.

Military compensation reform remains a likely goal for the administration, and the topic remains controversial in Congress, with debate over co-pays having held up the National Defense Authorization Act. Additional action is likely in the FY 2016 budget, with the report from the Military Compensation and Retirement Modernization Commission due by February 1. Personnel levels also need to be addressed, as the FY 2015 Future Years Defense Program did not budget for Army end strength above 420,000 or Marine Corps troop levels above 175,000, and yet also stated that greater numbers are required. The administration is continuing to pursue force structure changes, possibly including retiring A-10 aircraft, laying up Navy surface combatants, divesting KC-10 tankers, and eliminating an aircraft carrier. Modernization decisions will also be on the table, including choices surrounding the F-35 buy, Littoral Combat Ships, unmanned aerial vehicles, and rotary aircraft. Base Realignment and Closure (BRAC) will likely be proposed again as well.

Finally, the Secretary will also be responsible for developing the FY 2017 budget, which will be the last of this administration. For both FY 2016 and FY 2017, the job of the next Secretary Defense in the budget sphere will be to continue to hold the line that the administration has pushed for the last three years: the need to budget above the Budget Control Act caps and to make cuts and reforms that help rationalize and balance the defense program. Success of even these modest aims ultimately rests in the hands of Congress.
Overcoming Bureaucratic Inertia and Next-war-itis
Gregory Sanders, Fellow, National Security Program on Industry and Resources & Defense-Industrial Initiatives Group, International Security Program

To achieve priorities, beware institutional inertia. The next Secretary of Defense will not have wide latitude to set the national security agenda, but he or she will be responsible for prioritizing and providing strategic direction. Successful prioritization requires balancing between the demands of both present and future threats. Different Secretaries have prioritized differently, fighting the prevailing trends of their time. Secretary Gates' agenda was clear: to prioritize the ongoing wars in Iraq and Afghanistan over everything else (as exemplified by the rapid acquisition of Mine-Resistant Ambush Protected vehicles, or MRAPs). He denounced "the propensity of much of the defense establishment to be in favor of what might be needed in a future conflict," which he diagnosed as Next-war-itis.

Current trends provide an example of the opposite problem: CSIS's latest Defense Contracting report shows that research and development (R&D), the seed corn for future capabilities, has disproportionately borne the burden of recent cuts. This implicit prioritization of the near-term over the long-term comes despite Under Secretary Kendall's assessment that at current R&D levels, "we're still going to have a big problem in the next few years." These cuts were not an intentional decision so much as a cumulative bottom-up outcome. Though demonstrating opposing temporal trends, both the difficulty of rapid acquisition and the crowding out of R&D spending are explained by institutional inertia. This status quo bias, often reinforced by Congress and the military departments, hinders the prioritization and the strategic decisionmaking critical to balancing the competing demands.

In the face of pressure from ongoing operations and budget constraints, strategic choices will not happen without top-level guidance. The next Secretary should articulate a clear vision and lay the groundwork for future programmatic and policy decisions. He or she has broad authority to describe priorities, necessary sacrifices, and supporting policies. Clarity will aid not just those within DoD but also those in industry that regularly complain about the absence of clear signals as to where internal R&D spending should be directed.

Avoid self-imposed wounds caused by threat inflation of immediate challenges. As Secretary Gates showed, even decisive leadership is only likely to break through the status quo on one or two issues. To avoid making prioritization harder, the next Secretary must avoid the kind of threat inflation driven by today’s 24-hour news cycle. The temptation is obvious: emphasizing many dangers makes the case for a larger budget and protects against later finger pointing. However, defining all developing crises as imminent threats to the United States creates the perception that today’s headlines portend the greatest risk to U.S. national security interests. Threat inflation by the Secretary allows for institutional interests to use those words to resist any agendas and policies outside their cultural priorities.
More than Air-Sea Battle

Maren Leed, Senior Adviser, Harold Brown Chair in Defense Policy Studies, International Security Program

While there is ample competition for what should rise to the top of the next Secretary of Defense’s inbox, recalibrating the Pentagon’s conception of future threats should be the absolute priority. At present, the Defense Department enterprise is oriented around the view that anti-access/area denial (A2/AD) capabilities present the most consequential threat, and that greater reliance on air and naval dominance can best overcome it. The threat is real, but the proposed solution is incomplete at best. Further, this focus fails to account for other major challenges, the most notable of which are the “gray war” approaches that adversaries are not only developing but deploying around the globe.

The incoming Secretary must first challenge conventional thinking on how best to address the very real A2/AD threat. The potential for adversaries to deny U.S. access to a region through equal--or even greater--precision targeting capabilities is both real and important. But a main thrust in the U.S. approach to overcoming this reality has been to pursue technologies that allow U.S. forces to better “hide,” be it undersea or with extended range and low observable air platforms.

While those technologies would no doubt offer some value, the sustainability of this approach is questionable. As the U.S. and its foes develop capabilities to better distinguish signal from noise, the U.S. is essentially betting that it can repeatedly outpace adversaries’ advances. An alternative or complementary approach, however, might be to seek enhanced capabilities on land rather than in air and sea, seeking to take advantage of the lower signal to noise ratios that our adversaries have leveraged so effectively against us.

The other main feature of the dominant logic is that pursuing “breakthrough,” high-end counter-A2/AD technologies will best enable the U.S. to pursue its interests across the full spectrum of conflict. While appealing, this is unfortunately untrue. Advances in manufacturing and miniaturization may well support any type of future military operation. But the utility of robotics and autonomy is much less clear in “gray wars” where adversaries employ aggressive information operations, corruption and cooption of public officials, and exploitation of illicit funding streams to exploit U.S. legal and bureaucratic seams. Russia, China, ISIS, and the Iranian Quds force are all pursuing versions of these strategies today. And as is apparent, the U.S. national security enterprise is wholly unequipped to counter, let alone defeat, this reality. Nor will new technologies offer an easy fix.

In sum, the Defense Department’s strategic thinking is inadequate in at least two ways. Its proposed solution to the rightly identified problem of A2/AD advances is too limited, and it has failed to identify the full range of relevant problems for which solutions are required. The next Secretary will face strong resistance to re-litigating past strategic battles as well as to opening the aperture of the threat picture, particularly when budget relief is nowhere in sight. Further, a sound approach to the “gray war” problem demands greater involvement by the broader executive branch enterprise, which always invites torpor and rarely leads to progress. But nothing will matter more to progress in dealing with the security problems we already acknowledge, and to those we would prefer to ignore.
Middle East Security
Melissa Dalton, Visiting Fellow, International Security Program
@natsecdalton

The new Secretary of Defense will inherit a number of challenges in the Middle East critical for U.S. national security. First, although P5+1-Iran nuclear negotiations have made substantial progress, a deal remains elusive. Regardless of the outcome, the United States cannot afford to give Iran a pass to sneak toward developing nuclear weapons or to perpetuate its destabilizing activities and support for terrorism. Second, U.S. operations against the Islamic State of Iraq and the Levant (ISIL), al-Qaeda in the Arabian Peninsula, and other terrorist groups reportedly blunt their near-term growth, yet these groups persistently find fertile ground in ungoverned areas. Third, the Arab uprisings have descended into a violent period, with civil wars engulfing Syria and Libya and Egypt’s return to authoritarianism, which all provide fodder for extremism, sectarianism, and militancy. Fourth, U.S. investments in Gulf military capabilities have borne fruit as the Gulf countries cooperate on Iran and against ISIL; however, Gulf security objectives and stances on human rights may not always align with those of the United States. Finally, the United States is committed to preserving Israel’s qualitative military edge, even as it seeks to build the capabilities of other regional partners.

The United States has many enduring interests at stake in the Middle East, including ensuring the safe passage of oil and gas to global markets; countering terrorism; preventing the proliferation of weapons of mass destruction; deterring regional aggression; and maintaining commitment to Israel’s security. The United States also seeks to further democratic and human rights values in the region, although in execution, these objectives are often in tension with U.S. strategic interests.

To help secure these interests in the Middle East, the next Secretary of Defense should work closely with counterparts in the State Department, Intelligence Community, and White House on the following priorities:

- Provide credible deterrence against Iranian aggression by building the capabilities of regional partners and through U.S. military posture and exercises with allies and partners.

- Synchronize operations against ISIL with a political strategy to (1) press Iraq to form an inclusive government and (2) enable a political transition in Syria. Accelerate train, equip, and advise programs in Iraq and Syria. Recommend to the president the establishment of a protected zone in northern Syria to provide the Syrian opposition with a safe haven to organize and relief for Syrian refugees.

- Assess the utility of regional defense relationships to determine the degree to which they achieve U.S. strategic aims and how the United States might better partner to achieve broader foreign policy objectives. Identify which relationships can be largely transactional and which should be strategic, investing more in the strategic relationships. Reform relationships that do not support U.S. strategic aims but still have transactional value (e.g., Egypt).
A number of limitations will hinder the Secretary. First, solutions to most challenges in the Middle East will require a whole-of-government approach and take time to gain traction, both with regional partners and within Congress. Second, enduring gains in Iraq and Syria against ISIL depend on political solutions owned by Iraqis and Syrians. Finally, budget uncertainty undermines the ability to assess where to assume risk to support near-term operations without sacrificing capability investments and the health of the force to protect U.S. interests over the long term.
Reinvigorating the Transatlantic Security Relationship
T.J. Cipoletti, Associate Director, International Security Program

The next Secretary of Defense inherits myriad challenges vis-à-vis Europe and should devote a significant amount of attention to the transatlantic security relationship during his or her tenure. Russia’s annexation of Crimea and ongoing support of rebel groups in eastern Ukraine continues to destabilize Europe’s post-Cold War security architecture. The next Secretary of Defense should play a visible leadership role in enhancing the Obama administration’s $118 million commitment to Ukraine in the form of equipment and training to Ukraine’s security forces to combat Russian provocations there. A clear signal of support for Ukraine is a necessary first step to reassuring Allies and partners throughout Europe of long-term U.S. commitment to Europe’s continued security.

The Obama administration would be smart to continue its efforts to reassure nervous Central and Eastern European allies and partners. Its $1 billion request to Congress for a European Reassurance Initiative to further enhance recent steps to increase land force, maritime, and air deployments in the region was a major step in the right direction. These U.S. measures are a key component of NATO’s Readiness Action Plan to augment allied presence and exercises in the region, steps which have been welcomed by officials in Warsaw, Tallinn, and elsewhere. The next Secretary should build on this momentum and carefully consider tailored improvements to U.S. force posture in Europe.

While the U.S. should provide such reassurance measures in response to Russian revanchism in Europe’s backyard, the next Secretary should also not shy away from pushing Europeans to live up to their own commitments. European allies’ spending as a percentage of GDP has declined steadily from an average of 2.5 percent in the 1990-1994 timeframe to just 1.6 percent in 2013. At the Wales Summit in September, NATO allies reaffirmed their commitment to spending two percent of GDP on defense – a mutually agreed-upon target only currently being met by Estonia, Greece, and the United Kingdom among European allies. The next Secretary should continue to publicly pressure Europe to live up to security commitments in the form of defense investment as his predecessors have done in recent years. Perhaps most concerning is European reluctance to contribute to out of area operations as the ISAF combat mission in Afghanistan winds down. European contributions to the fight against ISIS pale in comparison to what allies were willing or able to provide just three years ago in Libya.

If the United States cannot manage to convince Europeans to invest in the resources required and/or demonstrate a willingness to meet serious security challenges on its doorstep, history’s most successful military alliance risks becoming irrelevant. Without U.S. leadership personified in part by an effective Secretary of Defense committed to the wellbeing of the transatlantic security relationship, this risk grows exponentially.
Managing Rising Powers in Asia
John Schaus, Fellow, International Security Program
@schaus_csis

The next Secretary will take office three years into the Administration’s policy to “rebalance” to the Asia-Pacific. With Secretary Kerry deeply enmeshed in U.S. activities in the Middle East, and dim hope for the passage of the Trans-Pacific Partnership trade pact during this term, Secretary Hagel has been the standard bearer of the rebalance policy, with the Defense Department providing nearly all of the concrete achievements. Sustaining this effort to craft a security order in Asia that makes room for a rising China without crowding out rising countries in Southeast and South Asia will fall to the next Defense Secretary. He or she will need to re-assure Asian allies, deepen partnerships, and sustain dialogue with China.

The volume of trade and size of the economies of the Asia-Pacific will ensure the U.S. remains focused on, and its prosperity tied to, the Asia-Pacific for decades to come. Rapid economic growth throughout the region—most notably by China, but also by many countries in Southeast and South Asia—has enabled equally rapid growth in defense budgets. Expanding investments in naval and coast guard capabilities are leading to increased encounters at sea in contested areas which contribute to heightened tensions and the risk of conflict over the numerous maritime disputes through the East and South China Seas. U.S. prosperity is put at risk when tensions in the region threaten to turn to violence. The next Secretary will have the challenge of leading U.S. efforts to build ally and partner defense capability to adequately contest their claims, while at the same time assisting countries in Southeast Asia to develop a meaningful political framework for moderating (or solving) disputes.

Over the mid- and long-term, U.S. partnership with countries to enhance their capabilities will shape and undergird security in the region. However, those investments will be less effective if the U.S. is not seen as an active and present partner over the near term. At a minimum, Allies and partners in the Asia-Pacific will expect the same pace of travel and high-level meetings from the next Secretary. To maximize impact, the next Secretary should push the department to develop a series of proposals and deliverables—with the target to bring it all together at the fall 2015 meeting of the ASEAN Defense Ministers’ Meeting-Plus. Major efforts could focus on maritime domain awareness, a more deliberately building military exercise program, and establishing cooperative technology R&D or co-production efforts with countries throughout the region.

Sustaining a focus on the Asia-Pacific will be difficult when crises in other regions constantly pull attention away—especially when Asia largely “works.” Building a shared view of U.S. priorities in the Asia-Pacific with key members of Congress will also contribute to maintaining policy focus, and ensuring consistent messaging from Washington to the region. The basis of this shared view should be: ensuring an open and inclusive approach to security in the region—including China; continuing to engage China on areas of cooperation, even as the U.S. and China continue to disagree about near-fundamental elements of what constitutes appropriate or safe behavior; and, supporting ASEAN as it takes small steps (ideally numerous and frequent) toward a more robust security framework for Southeast Asia.