Strategic Adjustment: Assessing Risk Tradeoffs

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The Challenge

- Declining Budgets
- Rising Powers
  - China in Particular
- Exploding Personnel Costs
  - Health Care in Particular

Answers

- Retrench
  - Though some would argue there are some positive sum options here.
- Refocus
  - Pivot to Asia?
- Risk
  - Accepting more or different kinds of risk.

Risk

- Each option is really about accepting different kinds of risk.
  - Geopolitical risk
    - Discouraging allies
    - Emboldening adversaries
  - Military risk
  - Personnel risk

Military Risk

- Assesses how costly military operations are likely to be.
  - Cost in lives
  - Cost in equipment
  - Cost in time
- Is our current level of military risk appropriate?

Diminishing Returns on Risk Mitigation

- U.S. military dominance is currently unparalleled. Manifests itself variously:
  - U.S. faces no peer competitors.
  - There are few (if any) plausible military missions that U.S. is incapable of accomplishing quickly and at low cost in lives and equipment.
  - We are now operating in a 99.99% uptime scenario. Can we afford to be in a 95%?

Costs of Overshooting Risk Mitigation

- Commitment to across-the-board qualitative superiority is prohibitively expensive and is driving an out of control requirements spiral.
  - U.S. is competing against itself.
- Military risk is so low that it encourages feckless uses of force.
- U.S. capacity/throughput is lower than predicted by expenditures.

Options for Adjustment

- Focus on most likely scenarios rather than worst case. Plan capability to deal with cases like Iran and North Korea rather than China.
  - Resultant force will be cheaper, but not noticeably less capable in those scenarios.
- Accept that U.S. military action will require more lead time in some cases.
- Plan for mobilization in cases of major conflicts.

The Rise of China

- China is United States' second biggest trading partner. In 1985, USSR was 29th.
- China relies on global commons as much as U.S.
- Plausible causes of conflict are quite limited.
- If major conflict does arise, it will not be won or lost by forces in being.
  - There is nothing equivalent to Soviet thrust to the Atlantic to transform conflict quickly.

Health Care

- Either we fix it or we don't.
- If we don't, then no amount of strategic innovation solves the problem.

Restraint

- There are also opportunities for U.S. position rather than merely threats.
- Globalization, democratization, rise of new potential partners like India, Indonesia, and Brazil make plausible a U.S. posture based on enabling allies rather than providing public goods directly.
- But we should adjust out of desire to secure benefits, not because of supposed demands of austerity.

Conclusions

- America's strategic challenges are largely a function of unexplored assumptions about risk.
- By accepting relatively small amounts of additional military and personnel risk, U.S. can limit the need for hasty resource-driven retrenchment.
- There are, however, compelling affirmative reasons for greater restraint.