Rethinking a Resource-Based Strategy

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Arleigh A. Burke Chair in Strategy

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The DoD FY2012 View of Strategic Challenges

- U.S. Troops Remain Deployed
- WMD Proliferation
- Violent Extremists ↔ Non-State Actors
- Rising Peer Competitors
- Security of Global Commons (Piracy / Cyber)
- World-Wide Natural Disasters

An uncertain and dynamic environment that spans the Range of Military Operations

Source: Department of Defense, B02-11-101 v 2.2FY 2012 Budget
Resource-Based Challenges

- Dealing with the immediate budget and financial crisis.
- Bringing entitlements, defense discretionary spending, other discretionary spending — and revenues — into a stable, affordable balance.
- Creating a functional system for tying strategic planning to a working PPBS and force planning system actually executed on time, at the promised level, and at the promised cost.
- Structuring US strategy to create an affordable, evolving, civil-military, national security posture that meets critical needs.
- Facing the declining capability and will of traditional allies.
- Strengthening non-traditional alliances.
- Dealing with emerging powers with regional economic -- and eventually technological and military -- parity.
- Finding the balance between irregular/asymmetric, conventional, and WMD warfare in a period of constant technological change.
- Coping with ideological and non-state actors at the political and civil as well as the combat and counterterrorism levels.
DoD Estimate of Budget Deficit

(Federal Deficit in Billions of Dollars)

Source: Department of Defense, B02-11-101 v 2.2FY 2012 Budget
CBO Estimate of Impact of Budget Deficit: 1971-2021

Total Revenues and Outlays
(Percentage of gross domestic product)

Source: Congressional Budget Office. (Figure corrected on February 15, 2011.)

(Percentage of gross domestic product)

Source: Congressional Budget Office.
CBO Estimate of Impact of Federal Debt: 1940-2021

(Percentage of gross domestic product)

Source: Congressional Budget Office.

Note: The projected debt with the continuation of certain policies is based on several assumptions: First, that provisions of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (Public Law 111-312) that originally were enacted in 2001, 2003, or 2009, or that modified estate and gift taxation do not expire on December 31, 2012, but instead continue; second, that the alternative minimum tax is indexed for inflation after 2011; and third, that Medicare's payment rates for physicians are held constant at their 2011 level.
Bringing Entitlements, Defense Discretionary Spending, Other Discretionary Spending – and revenues – into a stable, affordable balance

- Requires hard social choices about mandatory spending
  - Raise age limits, force efficiency and triage, increase revenues.
  - Aging population, rising real medical costs pose major national threat.
  - So does any failure in economic growth.

- Discretionary spending can be cut, but does not solve budget problem.

- Real burden of defense on US economy is not a driving factor in historical terms. But,
  - Wars are unpopular and projections assume “victory” in 2014.
  - Perceptions of waste and mismanagement are critical.
  - Assumes present, a one major regional contingency force structure is enough.
In CBO’s baseline projections, mandatory spending averages 13.2 percent of GDP over the coming 10 years, in contrast to the 9.9 percent of GDP it averaged from 1971 to 2010. That higher level of spending is mostly a result of outlays for Social Security, Medicare, Medicaid, and other health programs, which are projected to grow from 10.3 percent of GDP in 2012 to 12.7 percent in 2021.
CBO Estimate of Percentage Rise in the Cost of Mandatory Programs

CBO Estimate of the Impact of Mandatory Programs on GDP versus Defense and Other Spending

Aging Impact on the US Population


12% in 2000
13% in 2010
16% in 2020
19% in 2030
20% in 2040
20% in 2050
Economic Survival by Latino/Hispanic and Asian
(Percent of Total Population)


3/23/2011
Is Health Care the Worst Threat to US National Security?

Despite the most severe economic downturn in 80 years, healthcare spending in the U.S. rose an estimated 5.7 percent to $2.5 trillion in 2009, according to Medicare’s actuaries.

The percentage of the GDP spent on healthcare jumped to 17.3 percent from 16.2 percent in 2008—the largest one-year increase since 1960. At the current rate of growth, healthcare costs are predicted to nearly double to $4.5 trillion in 2019. At that point, they will account for 19.3 percent—almost a fifth—of our GDP.
CBO Estimate of Cost of Military Medical Care

(Billions of 2011 dollars)

<table>
<thead>
<tr>
<th>Year</th>
<th>Actual</th>
<th>FYDP Period</th>
<th>Beyond the FYDP Period</th>
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<tbody>
<tr>
<td>1980</td>
<td>10</td>
<td>20</td>
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<td>2024</td>
<td>150</td>
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<td>2028</td>
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Source: Congressional Budget Office.

Notes: Each category shows the CBO projection of the base budget, which incorporates costs that are consistent with the Department of Defense's (DoD's) past experience. Base-budget data include supplemental funding prior to 2002.

Before 2001, pharmaceutical costs were not separately identifiable but were embedded in the costs of two categories: "Purchased Care and Contracts" and "Direct Care and Other." Starting in 2001, most pharmaceutical costs are separately identifiable, but some of those costs may be embedded in the category "TRICARE for Life Accrual."

The amounts shown for the Future Years Defense Program (FYDP) and the extension of the FYDP are the totals for all categories. FYDP period = 2011 to 2015, the years for which the Department of Defense's (DoD's) plans are fully specified.

a. The extension of the FYDP extends DoD's plans and uses DoD's estimates of costs if they are available and cost factors based on the broader U.S. economy if estimates by DoD are not available.

CBO, Long Term Implications of 2011 Future Years Defense Program, February 2011, p. 15
CBO Estimate of Impact of Defense on Discretionary Spending: 1971-2021

Defense, Nondefense, and Total Discretionary Spending

(Percentage of gross domestic product)

Source: Congressional Budget Office.
Creating a Functional System for Tying Strategic Planning to a Working PPBS and Force Planning System Actually Executed on Time, at the Promised Level, and at the Promised Cost

- Must force system to actually execute plans at projected cost.
- High cost programs have to work. Must stop confusing force multipliers with force degraders.
- Top Down Accountability: “Fish rot from the head down.”
- Need real strategies and not concepts: Force plans, personnel plans, modernization plans, timescales, and costs.
- Need to make hard trade-offs, and by mission – not by service.
- Plan annually in rolling five year (ten? fifteen?) periods.
- Shift PPBS system away from services to major commands.
DoD Topline Budget: FY2001-FY2016

Notes:
- FY 2012 – FY 2016 reflects levels included in the President’s FY 2012 Budget Request; FY 2009 Non-War Supplemental was appropriated through the American Recovery and Reinvestment Act of 2009
- FY 2011 reflects the addition of the annualized 2011 Continuing Resolution and an adjustment to the President’s FY 2012 Budget Request

CBO Estimate of Real Cost of Defense Plans

Source: Congressional Budget Office.

Notes: Base-budget data include supplemental funding prior to 2002. Additional funding for overseas contingency operations (OCO) may be requested in 2011.

FYDP = Future Years Defense Program; FYDP period = 2011 to 2015, the years for which the Department of Defense’s (DoD’s) plans are fully specified.

a. The CBO projection of the base budget incorporates costs that are consistent with DoD’s past experience.

b. The extension of the FYDP extends DoD’s plans and uses DoD’s estimates of costs if they are available and cost factors based on the broader U.S. economy if estimates by DoD are not available.

CBO Estimate of Economic Burden of Defense

Source: Congressional Budget Office.

Notes: Base-budget data include supplemental funding prior to 2002. Additional funding for overseas contingency operations (OCO) may be requested in 2011.

FYDP = Future Years Defense Program; FYDP period = 2011 to 2015, the years for which the Department of Defense’s (DoD’s) plans are fully specified.

a. The CBO projection of the base budget incorporates costs that are consistent with DoD’s past experience.
b. The extension of the FYDP extends DoD’s plans and uses DoD’s estimates of costs if they available and cost factors based on the broader U.S. economy if estimates by DoD are not available.
c. Proposal from the National Committee on Fiscal Responsibility and Reform, The Moment of Truth (December 2010).

CBO, Long Term Implications of 2011 Future Years Defense Program, February 2011, p. 7
Semi-Affordable Acquisition, Maybe

Source: Congressional Budget Office.

Notes: Base-budget data include supplemental funding prior to 2002. Additional funding for overseas contingency operations (OCO) may be requested in 2011.

FYDP = Future Years Defense Program; FYDP period = 2011 to 2015, the years for which the Department of Defense's (DoD's) plans are fully specified.

a. The CBO projection of the base budget incorporates costs that are consistent with DoD's past experience.

b. The extension of the FYDP extends DoD's plans and uses DoD's estimates of costs if they available and cost factors based on the broader U.S. economy if estimates by DoD are not available.

CBO, Long Term Implications of 2011 Future Years Defense Program, February 2011, p. 13
CBO Estimate of Cost per Active Duty Service Member

(Thousands of 2011 dollars)

Source: Congressional Budget Office.

Notes: Base-budget data include supplemental funding prior to 2002. Additional funding for overseas contingency operations (OCO) may be requested in 2011.

FYDP = Future Years Defense Program; FYDP period = 2011 to 2015, the years for which the Department of Defense’s (DoD’s) plans are fully specified.

a. The CBO projection of the base budget incorporates costs that are consistent with DoD’s past experience.
b. The extension of the FYDP extends DoD’s plans and uses DoD’s estimates of costs if they are available and cost factors based on the broader U.S. economy if estimates by DoD are not available.

CBO, Long Term Implications of 2011 Future Years Defense Program, February 2011, p. 13
CBO Estimate of Squeeze on Procurement and RDT&E
CBO Estimate of DoD Spending by Category

Source: Congressional Budget Office.

Notes: For 2011 to 2028, the upper line for each category shows the CBO projection of the base budget, which incorporates costs that are consistent with the Department of Defense's (DoD's) past experience. The lower line represents DoD's Future Years Defense Program (FYDP) for 2011 to 2015 (the solid portion of the line), for which plans are fully specified, and an extension of the FYDP (the dashed portion of the line) that uses DoD's estimates of costs if they are available and cost factors based on the broader U.S. economy if estimates by DoD are not available.

For Military Personnel, Military Construction, and Family Housing, the solid and dashed lines coincide.

Base-budget data include supplemental funding prior to 2002.

CBO, Long Term Implications of 2011 Future Years Defense Program, February 2011, p. 6
Creating a Functional PPBS/QDR/QDDR

Six commanders have specific mission objectives for their geographical areas of responsibility:

- United States Northern Command
- United States Pacific Command
- United States European Command
- United States Southern Command
- United States Africa Command
- United States Central Command

Three commanders have worldwide mission responsibilities, each focused on a particular function:

- United States Strategic Command
- United States Transportation Command
- United States Special Operations Command

- After ten years of war, still do not have meaningful integrated efforts, or clear definition of “hold, build, and transition.”
- Challenge of Withdrawal in Iraq and Transition to State is prelude to Afghanistan.
- Turmoil in Middle East shows risk of overdependence on security sector.
- Failure of QDDR illustrates the challenge. So does delay in civilian “surge” in Afghanistan. (1,100 military in 2009 vs. several hundred civilians now.)
- Need for integrated strategy and PPBS for OCOS and regional/national operations.
- Not simply a matter of State, USAID, and civilian partners abroad. Key trade offs involve some $77 billion in Homeland Security and GWOT.
Political Challenge Raised by Rising Cost of US Military Operations and ANSF Development
(In Current US$ Billions)

As of June 30, 2010, nearly $25.23 billion had been appropriated to the U.S. Department of Defense (DoD) for building the ANSF- almost 49.0% of total U.S. reconstruction assistance in Afghanistan. DoD reported that of this amount, more than $21.83 billion had been obligated, of which nearly $20.79 billion had been disbursed. As of June 30, 2010, DoD had disbursed nearly $20.79 billion for ANSF initiatives. Of this amount, nearly $13.62 billion was disbursed for the ANA and nearly $7.08 billion for the ANP; the remaining $0.09 billion was directed to related activities. 

As shown in Figure 3.6, of the funds disbursed for the ANA, the largest portion -- nearly $6.25 billion -- supported Equipment and Transportation. Of the funds disbursed for the ANP, the largest portion -- nearly $1.94 billion -- also supported Equipment and Transportation.

Source: SIGAR, Quarterly Report, July 2010, p. 46
The Rising Cost of ANSF Development
(In Current SUS Billions)

And, in Key Trainer Skills

<table>
<thead>
<tr>
<th>Prioritized Capabilities</th>
<th>Start Date</th>
<th>Suggested Manning</th>
<th>Pledges</th>
<th>In-Place</th>
<th>Progress Since SEP’10</th>
<th>Shortfall After Pledges</th>
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<tr>
<td>ALP Training Sustainment Sites (Shaeen, Costafi)</td>
<td>APR 10</td>
<td>16, 19</td>
<td>SME(9)</td>
<td>EST(4)</td>
<td>RCU(10)</td>
<td>7, 5</td>
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<tr>
<td>ANTCP Training Center (Mullah Lami)</td>
<td>APR 10</td>
<td>40</td>
<td>JCR(17)</td>
<td></td>
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<tr>
<td>ANTCP Consolidated Fielding Center (Kabul)</td>
<td>DEC 10</td>
<td>70</td>
<td></td>
<td></td>
<td></td>
<td>70</td>
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<td>ALP Regional Training Centers (Bamyan, Jalalabad, Ghoraz)</td>
<td>APR 10</td>
<td>6, 38, 21</td>
<td>JCR(38), USA(4)</td>
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<td></td>
<td>6, 12, 0</td>
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<td>AEP Training Centers (Spin Boldak, Shouz, Sheberghan)</td>
<td>JUL 10</td>
<td>35, 15, 15</td>
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<td></td>
<td>RCU(28)</td>
<td>7, 15, 15</td>
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<td>M-17 Air Mentor Team (Kandahar, Shindand, Jelalabad, Kabul, Herat, MoS)</td>
<td>MAY 10</td>
<td>23, 23, 19, 7, 19, 23</td>
<td>LTU(8), LVA(2), UHR(2), HUN(16), ESP(8)</td>
<td>HUN(7), ITA(17), CGL(17)</td>
<td>11, 0, 19, 7, 0, 0</td>
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<tr>
<td>C27 Air Mentor Team (Kabul, Kandahar)</td>
<td>MAY 10</td>
<td>17, 17</td>
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<td>GRC(7)</td>
<td>10, 17</td>
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<tr>
<td>CAPTF Advance Fixed Wing A/V (Shindand)</td>
<td>SEP 11</td>
<td>5</td>
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<td>ITA(5)</td>
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<td>Armed Forces Medical Academy (AFAMS) (Kabul)</td>
<td>OCT 10</td>
<td>28</td>
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<td>FRA(12)</td>
<td>16</td>
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<td>ANSF National Military Hospital (Kabul)</td>
<td>OCT 10</td>
<td>28</td>
<td>GRC(16)</td>
<td></td>
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<td>12</td>
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<td>Regional Military Hospitals (Kandahar, MoS, Herat)</td>
<td>FEB 10</td>
<td>18, 18, 18</td>
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<td>BGR(10)</td>
<td>8, 18, 18</td>
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<td>Signal School (Kabul)</td>
<td>JUN 10</td>
<td>44</td>
<td>NDR(3), SME(2), FIN(2)</td>
<td>SAE(2), NDR(2)</td>
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<td>RMFIC-CD Senior Advisor Teams (Kabul, Shorabek, Ghoraz, MoS)</td>
<td>SEP 10</td>
<td>7, 7, 7, 7</td>
<td>HUN(3)</td>
<td>USA(13)</td>
<td>HUN(1), GBR(7), TLR(3)</td>
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<td>RMFIC Trainers (Kabul, Shorabek, Shindand, MoS)</td>
<td>JAN 11</td>
<td>38, 38, 38, 38</td>
<td>USA(1)</td>
<td>GBR(20), TLR(1), HUN(20)</td>
<td>36, 18, 38, 18</td>
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<td>COMA Academy (Kabul)</td>
<td>FEB 10</td>
<td>57</td>
<td>ITA(3), ALU(2), FRA(4), GBR(1)</td>
<td>ALU(4), ITA(2), USA(4), FRA(1), GBR(1)</td>
<td>CGL(10)</td>
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<td>Total</td>
<td></td>
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<td>819</td>
<td>65</td>
<td>180</td>
<td>442</td>
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Source: NTM-A, *Year in Review, November 2009 to November 2010*, p. 27.
### The Low Ratio of US Civil Aid to Military Effort: FY2001-FY2011

(In Current $US Billions)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Total</th>
<th>Diplomatic Operations and Foreign Aid</th>
<th>ANSF Development</th>
<th>Military Operations &amp; DoD activities</th>
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<tr>
<td>FY01/02</td>
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<td>FY01-FY11</td>
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Stabilization Efforts:
Through the use of the District Stability Framework, identify the root causes of instability and quickly apply resources to mitigate their effects.

- Support GIRoA Governance and Rule of Law at District Level
- Food Security and Subsistence Farming
- Short Term, Income Generating Activities
- Small Scale, Community Based Infrastructure Projects
- Establishment of Basic Services

Long-Term Development Efforts:
In secure areas, help the Afghan people prepare a sustainable development strategy and support their efforts to pursue it directly and through other donors & private investors.

- Implementation of Sub-National Governance Policy/Coordination of Formal and Informal Justice
- Commercial Agriculture Sector and Value Chains
- Business Climate that encourages Private Sector Investment
- Regional, Large-Scale Infrastructure Projects
- Connection of National Level Ministries to the District

The USAID “Surge”

Provinces with PRT Bases

Note: Map depicts PRT base locations; some PRTs manage projects for more than one province.
a. Balkh PRT also supports Jowzjan, Sar-e Pul, and Samangan provinces.
Coping With Impossible Goals

Anticipated funding and expected expenditures, 2008-2013

Cumulative budget shortfall $18.6

Dollars in billions

20 18 16 14 12 10 8 6 4 2 0

2008-09 2009-10 2010-11 2011-12 2012-13

Years

Source: Afghanistan National Development Strategy - 2008 (data); Defense Imagery (photo).

Source: GAO, 10-655R, June 15, 2010
Transitioning to Mission Impossible

GI RoA Spending Expectations Inconsistent with Future Budget Restrictions

- Requested ANDS Resource Ceiling**
- GI RoA Estimated Total Spending* 
  (On Budget NOT INCLUDING ANSF Spending)

Civilian Assistance

GI RoA Revenues

*Source GI RoA 1389 Budget, (Total Pending = Operational Budget + Development Budget)
** Source: Afghan National Development Strategy 2008-2013, (Budgeted Core + External Expenditure)

Dealing with Emerging powers With Regional Economic -- and Eventually Technological and Military – Parity

- Shrinking US share of global population and economy is not necessarily decline, but is a reality.
- US dependence on global economy grows, and with it dependence on key economic peer competitors. E.G. China
- We cannot define for ourselves what a post-industrial America really means, but we do see growing industrial dependence.
- Civil technology transfer, and diminishing returns steadily erode the US and “Western” (Japan and South Korea) lead.
- China already illustrates the case where any major conflict, and sustained military competition, would pose a massive national security burden. India, ????, will follow.
- Need to rethink regional interests: Central and South Asia? West Africa? Latin America? North America? Gulf?
US Share of World Military Spending

- US military spending accounts for 46.5 percent, or almost half, of the world’s total military spending.
- US military spending is 7 times more than China, 13 times more than Russia, and 73 times more than Iran.
- US military spending is some 44 times the spending on the six “rogue” states (Cuba, Iran, Libya, North Korea, Sudan and Syria) whose spending amounts to around $16 billion.
- US spending is more than the next top 14 countries at least.
- The United States and its strongest allies (the NATO countries, Japan, South Korea and Australia) spend something in the region of $1.1 trillion on their militaries combined, representing 72 percent of the world’s total.
- The six potential “enemies,” Russia, and China together account for about $169 billion or 24% of the US military budget.

US share of world GDP (nominal) peaked in 1985 with 32.74% of global GDP (nominal). The second highest share was 32.24% in 2001.

US share of world GDP (PPP) peaked in 1999 with 23.78% of global GDP (PPP). The share has been declining each year since then.

Percentage of World GDP: 1500-2000

Data from Angus Maddison, University of Groningen, graph from http://www.visualizingeconomics.com/2008/01/20/share-of-world-gdp/.
China Overtakes the US in GDP: 2019?

The relative paths of GDP in dollar terms in China and America depend not only on real growth rates but also on inflation and the yuan’s exchange rate against the dollar. Over the past decade real GDP growth averaged 10.5% a year in China and 1.7% in America; inflation averaged 3.8% and 2.2% respectively. Since Beijing scrapped its dollar peg in 2005, the yuan has risen by an annual average of 4.2%. Our best guess for the next decade is that annual real GDP growth averages 7.75% in China and 2.5% in America, inflation rates average 4% and 1.5%, and the yuan appreciates by 3% a year. Plug in these numbers and China will overtake America in 2019. But if China’s real growth rate slows to an annual average of only 5%, then (leaving the other assumptions unchanged) China would become number one in 2022.
Facing the Declining Capability and Will of Traditional Allies

- End of the Cold War removes key motives for countries with the same budget and social dynamics as ours.

- Impact of Iraq and Afghanistan on will, trust, and national caveats.

- New NATO strategy in direct contradiction to spending, force size, and probable willingness to execute.

- Key military threats now in Asia, Middle East, and “out of area.”

- Threats are often complex mixes of irregular forces, non-state actors, failed governance, and deep internal tensions.

- Need to rethink European allies, Japan, South Korea, Australia, Canada in terms of “alliances of the credible and effective.” Re-evaluate Taiwan.
## NATO Europe’s Declining Forces: 1990-2008

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<td>United Kingdom</td>
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<td>274,800</td>
<td>210,800</td>
<td>205,000</td>
<td>195,900</td>
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<td>France **</td>
<td>550,000</td>
<td>502,000</td>
<td>421,000</td>
<td>347,000</td>
<td>301,000 (2015)</td>
</tr>
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<td>Germany</td>
<td>545,000</td>
<td>352,000</td>
<td>322,000</td>
<td>258,000</td>
<td>245,000</td>
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<td>Spain **</td>
<td>263,000</td>
<td>210,000</td>
<td>155,000</td>
<td>124,000</td>
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<td>Italy **</td>
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<td>435,000</td>
<td>391,000</td>
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<td>298,000</td>
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<td>Netherlands</td>
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<td>67,000</td>
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<td>Belgium</td>
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<td>Greece</td>
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<td>805,000</td>
<td>797,000</td>
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<td>Total Force</td>
<td>3,509,000</td>
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<td>2,729,800</td>
<td>2,055,000</td>
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<td>Professional</td>
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<td></td>
<td>1,407,300</td>
<td>1,408,200</td>
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</table>

Jeffrey Simon, “NATO’s Uncertain Future: is Demographics Destiny?”, *Joint Forces Quarterly*, April 2009,
NATO and Europe Factoids

• Europe had one quarter of the world's population in 1900, around 15% in 1950 and has only 7% today.

• Its share is expected to go down to 5% by 2050.

• The EU's GDP as a percentage of global GDP has shrunk from 28% in 1950 to 21% today, and may be as little as 18% in 2050.

• Only 4 of the 12 Allies maintain budgets meeting the generally accepted 2 percent of GDP threshold: the United Kingdom and France, with all-volunteer and expeditionary capabilities and experience, and Greece and Turkey, with large conscript forces and mutual defense concerns.

• France pledges to hold its defense budget constant at 2 percent until 2012 but will reduce its defense establishment by 54,000 over the next 7 years. Belgium, Denmark, Germany, and Spain have defense budgets that have declined to 1.3 percent or lower.

• During the post-Cold War period, NATO added 10 new members (in 1999 and 2004). In 1999, the 10 militaries counted 230,000 professionals among their 618,000 troops. By 2004, their total force declined to 409,000 troops, but their professional strength increased to 270,000. By 2008, 8 of the 10 new members had become totally professional (with only Lithuania and Estonia retaining conscription for a small part of their armed forces). As a result, 314,000 of their 317,000 troops were professional soldiers and could be counted toward augmenting European NATO's potential deployable force.

• Among NATO's Cold War European members, the declining cohort and aging problem will be felt most acutely in Italy and Spain, where overall declines of 21 to 25 percent in population are projected. As a result, between 2005 and 2050, Italy's population over the age of 60 will increase substantially from 25.5 to 41.6 percent, and Spain's from 21.4 to 39.7 percent. Although Germany, Greece, and Portugal have overall projected population declines of 10 to 15 percent, they also will experience an aging challenge. Between 2005 and 2050, the 60-and-over population will increase in Greece from 23 to 36.8 percent; in Portugal from 22.3 to 36.3 percent; and in Germany from 25.1 to 35 percent.
Strengthening Non-Traditional Alliances

- Greater Middle East, most of Asia, Latin America, Africa, Pacific.
- Afghanistan and Iraq show critical role of local forces; role of US advisory and aid efforts.
- Critical to strategic communications, dealing with different cultures, faiths, and complex national sensitivities.
- Far cheaper and better use of US capabilities to help them do it, when strategic interests coincide.
  - FMS, MAP/FMF, IMET, USMTM/SANG, SOF trainers key military force multipliers.
  - State, INL, USAID, counterterrorism agencies key civil partners.
- Easier for traditional allies to play a key role.
- Key means to prevent, preempt, and contain, and avoid conflicts.
Global Dependence on Gulf oil is steadily rising

EIA, IEO 2010, p. 2
Net Import Share of U.S. Liquid Fuels Consumption, 1990-2035 (2010 Estimate) in Percentages

DOE-IEA, Annual Energy Outlook 2010, p. 77
The Globalism of Military Spending

Census Bureau Estimate of US and World Population

Now:
- World 6,902,423,601
- U.S. 310,894,056 = 4.5%

2050:
- World 9,309,051,539
- U.S. 419,850,000 = 4.5%

Source: http://www.census.gov/ipc/www/idb/worldpopgraph.php
Europe vs. Asia Demographics

• In 1950, the world population stood at 2.519 billion; shortly after NATO's 50th anniversary in 2000, the world population stood at 6.057 billion. Over those 50 years, the North American (including Canada) share of world population of 172 million (or 6.8 percent share) grew to 314 million (or 5.2 percent).

• In marked contrast to North America, although the population of the 25 member nations of the EU (the EU 25 as of 2004) -- 350 million (at 13.9 percent) -- had grown to 452 million, this represented a decline to 7.5 percent of the world population. In effect, Europe registered a significant demographic marginalization within the world. (23)

• Over the next decades, Europe's demographic marginalization will become more rapid and will result in relative economic decline. If NATO still exists in 2050, it will do so in a world with a population projected to be 9.322 billion.

• The North American population is projected at 438 million (or 4.7 percent) with a 26 percent share of GWP; the EU 25, forecast as down from 452 million to 431 million (or 4.6 percent), is projected to only share slightly more than 12 percent of the GWP.

• Significantly, thanks to an increasingly non-European diaspora, U.S. political attention will shift away from Europe and toward Latin America and Asia as these areas become more important. The population of Latin America and the Caribbean, which stood at 519 million in 2000 (up from 167 million in 1950), is projected to surpass Europe by more than 30 percent in 2050, with a population of 806 million (or 8.6 percent).

• In Asia, China counted 1.275 billion in 2000 (up from 554.8 million in 1950) and is projected to be at 1.462 billion in 2050 (or 15.7 percent). During the same period, India's population of 1 billion in 2000 (up from 357.6 million in 1950) is projected to be 1.57 billion (or 16.8 percent of the world population) in 2050. (24) The two countries together will comprise 32.5 percent of the total world population and will play a larger role in the world economy.

• China's 25 percent share of GWP in 2050 will be roughly equal to that of the United States and twice that of the EU 15. Internal demographic factors and external global shifts increasingly will draw the attention of the United States away from its traditional European focus. Europe's rapid demographic marginalization and diminishing social, economic, and political weight will mean that it will no longer be the "center" of the world or of U.S. attention.
Census Bureau Estimate of World Population Change

Source: http://www.census.gov/ipc/www/idb/worldpopchchggraph.php
Finding the Balance Between Irregular/Asymmetric, Conventional, and WMD Warfare in a Period of Constant Technological Change

“Hybrid Warfare” is mindless if not tied to force posture and resource choices.

Nuclear, cyber, biotechnology, weapons of mass effectiveness, increases in strike range, and unconventional delivery all change the map and nature of military power.

- Counterproliferation can simply shift the activity to covert and/or alternative means.
- Same with missile defense, preemptive/preventive strikes.

- Every key US and allied capability, resource dependence, and critical facility redefines the target mix.
- If you can’t ban the crossbow, you have to find an affordable way to live with it.
Coping with Ideological and Non-State Actors at the Political and Civil as Well as the Combat and Counterterrorism levels.

- Middle East crises are a warning that no population is passive or can be continuously repressed.

- Face at least two decades of demographic pressure, inadequate governance, religious and ideological challenges to come.

- Struggle for the future of Islam is internal, not a clash between civilizations, but shows the scale of the spillover effect.

- Impacts on key imports of resources, global economy (which steadily equals our economy.)

- Immigration, travel, speed and complexity of global transport, communications/Internet, financial training systems, and IT add to the problem.

- Steadily increases need to see through other’s eyes, define security to meet their interests and values.
Creating a Functional PPBS/QDR/QDDR

Six commanders have specific mission objectives for their geographical areas of responsibility:

- United States Northern Command
- United States Pacific Command
- United States European Command
- United States Southern Command
- United States Africa Command
- United States Central Command

Three commanders have worldwide mission responsibilities, each focused on a particular function:

- United States Strategic Command
- United States Transportation Command
- United States Special Operations Command
Back Up Slides
AfPak vs. Iraq: FY2009-FY2012

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<tr>
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<th>FY 2009</th>
<th>FY 2010</th>
<th>FY 2011</th>
<th>FY 2012</th>
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<tr>
<td>OEF</td>
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<tr>
<td>OIF</td>
<td>94</td>
<td>62</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>146</strong></td>
<td><strong>162</strong></td>
<td><strong>159</strong></td>
<td><strong>118</strong></td>
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Numbers may not add due to rounding.
U.S. forces will be deployed in Iraq only for the first quarter of FY 2012. In accordance with the U.S.-Iraq Security Agreement, all U.S. forces in Iraq will withdraw by December 31, 2011.