



TESTIMONY BEFORE THE SENATE ARMED SERVICES COMMITTEE

HEARING ON GLOBAL SECURITY CHALLENGES AND STRATEGY

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Chairman Reed, Ranking Member Wicker, and distinguished members of the Committee, thank you for inviting me to testify today on global security challenges and strategy.

Less than a year ago I had the honor of testifying before this committee on a similar subject. At the time, as many of you will recall, Russia had invaded Ukraine days earlier; the Biden administration previously had attempted to exercise “deterrence by disclosure” as the world witnessed the massive military convoy assembled on the road to Kiev. One year later, that convoy of armor and steel is no more, the Russian military failed to seize Kiev, and Ukrainians are valiantly fighting to preserve their freedom and sovereignty.

We have learned a lot in a year, some of which is worth reviewing as we consider the state of our national security and the efficacy of our national defense strategy.

1. **Ukraine is worthy of our support:** While Russia's military invasion of Ukraine, and the failure of deterrence in Europe more broadly, underscored the reality that great power competition is not limited to the Indo-Pacific, we have also witnessed the power of a free people willing to fight to preserve that freedom. Their determination, combined with Western technology, including encrypted command and control, the High Mobility Artillery Rocket System (HIMARS), infantry fighting vehicles, air defense systems, drone and counter-drone systems, have arrested Russian advances and rolled back some of Russia's gains.
2. **Support a Ukrainian Counteroffensive:** We've learned that supporting Ukraine with military capabilities necessary to defend their sovereign territory will not lead to escalation or spillover. Instead Western support has helped transform the battlefield, badly damaging Russia's military capabilities and moderated – for now – Putin's military objectives. Going forward, our support to Ukraine – be it with tanks, drones, aircraft or missiles – should be tailored to executing a counter offensive that rolls back Russian gains and restores Ukraine's sovereign territory.
3. **Tech protects small states from domination, but it does not rollback great powers:** The war in Ukraine has revealed how the digital age is leveling the playing field between great powers and smaller countries. Ukraine has skillfully deployed precision munitions, drone technology, and sophisticated encrypted software to gain the upper hand against Russia's invading conventional military. But...
4. **Conventional forces still matter:** While Russia's conventional force is badly damaged, it is not defeated. We stand at the precipice of a new stage in the war where Ukraine will need tanks and other conventional offensive platforms in order to dislodge entrenched Russian forces. Russia's war on Ukraine demonstrates that conventional forces still matter: submarines, tanks, fighters, bombers, munitions, and end strength cannot be sacrificed in favor of a future capability that merely exists on a powerpoint slide. We need to sustain our conventional capability to prevail in today's conflicts.
5. **Industrial capacity:** Ukraine is the latest reminder that Industrial capacity may be America's Achilles heel as we implement our national defense strategy. Just in Time (JIT) manufacturing, in which products are made only to meet existing, immediate demand, may make business sense for big box stores and their suppliers, but the war in Ukraine makes clear that JIT is a recipe for disaster on the battlefield. The effort to deploy, arm,

feed, and supply forces is a monumental task, and the massive consumption of equipment, systems, vehicles, and munitions requires a large-scale industrial base for resupply.¹ Whether it is building more Virginia class submarines, increasing munitions production, or scaling up missile and rocket inventory, “Just in Time” would mean “Just Out of Time.” Significant investments are needed along the lines of the provisions in the FY 2023 NDAA – the U.S. needs to spend more on production capacity, sign multiyear contracts, and remove more onerous contracting requirements. We likely need generational investments in large portions of our defense infrastructure.²

These takeaways – especially the final point on industrial capacity– lead to the more general observation that realizing the objectives of our National Defense Strategy (NDS) requires a builder’s mindset – now is the time to build a force capable of winning today and tomorrow.

Continuity: The NDS in the Trump and Biden Administrations

There is remarkable continuity across the Trump and Biden defense strategies.³ Each would have the United States lead in three primary regions of the world: the Indo-Pacific, Europe, and the Middle East. Each would seek to win — not simply manage — the competition against China and Russia. Each would also seek to deter Iran, North Korea, and terrorist groups. Delving into the details of each defense strategy such as the force planning construct and global posture priorities reveals both the Trump and Biden administrations constructed strategies that demand a U.S. military postured globally and capable of deterring, and if necessary, defeating China while also deterring other adversaries.

Winning Today: Countering China

¹ Seth Jones, “Empty Bins in a Wartime Environment: The Challenge to the U.S. Defense Industrial Base,” *Report: CSIS International Security Program*, January 2023, 8. https://csis-website-prod.s3.amazonaws.com/s3fs-public/2023-01/230119_Jones_Empty_Bins.pdf?VersionId=mW3Ongwul8V2nR2EHKBYxkpiOzMiS88.

² Connor O’Brien, “GOP Senators Look to Add \$50B for Defense into Critical Infrastructure Bill,” *Politico*, August 5, 2021. <https://www.politico.com/news/2021/08/05/gop-senators-look-to-add-50b-for-defense-into-infrastructure-bill-502622>.

³ Department of Defense, *Summary of the 2018 National Defense Strategy of the United States of America* (Washington, DC: Department of Defense, 2018), 2. <https://dod.defense.gov/Portals/1/Documents/pubs/2018-National-Defense-Strategy-Summary.pdf>; Department of Defense, *2022 National Defense Strategy of the United States of America* (Washington, DC: Department of Defense, 2022), 4-6. <https://media.defense.gov/2022/Oct/27/2003103845/-1/-1/1/2022-NATIONAL-DEFENSE-STRATEGY-NPR-MDR.PDF>.

The primary test for the NDS is whether we will be able to deter China from seizing control of Taiwan, and arrest its pursuit of hegemony in the Indo-Pacific. China's aggressive and provocative actions in the Taiwan Strait and elsewhere combined with its robust military modernization program suggests Beijing is considering such a move sooner rather than later.⁴ Of immediate concern is fixing the backlog of Foreign Military Sales awaiting delivery to Taiwan while simultaneously exercising the \$1 billion of authority provided by the Taiwan Enhanced Resilience Act, even as Congress continues to work on appropriations for Foreign Military Financing .

As this committee knows well, industrial capacity limitations are most acute in key areas of warfighting that are highly relevant to a Taiwan scenario. While more work remains, the Army and Congress have made significant progress drastically expanding production of 155mm shells, GMLRS, HIMARS, Javelins, and Stingers. Progress is needed in other key munitions such as Standard Missiles, Long-Range Anti-Ship Missiles, Patriot missiles, and other high-end munitions relevant in the Western Pacific. As one analyst has written, the question for the future of warfare post-Ukraine "becomes less who has the silver bullet and more simply who has more bullets." Without generating more capacity, our deterrence posture in the Indo-Pacific is vulnerable.⁵

As the U.S. military manages its capacity constraints, the Chinese Communist Party's military modernization is robust and focused. The PLA Navy (PLAN) is the world's largest navy with 340 modern, multi-mission ships and submarines. With Taiwan in its sights, the PLAN recently commissioned two amphibious assault ships, and has enhanced its power projection with long range precision strike capabilities. To offset the U.S. Navy's undersea advantage, China continues to procure conventional subs.⁶ The PLAN's expansion in undersea capability contrasts with the U.S. Navy's declining inventory of fast boats where, due to industrial capacity constraints and retirements, it is expected to have fewer total SSNs in the coming years than it has today.⁷ It is a similar

⁴ Dustin Walker, "America and China: Whose Timeline is it Anyway?," *Breaking Defense*, February 6, 2023. <https://breakingdefense.com/2023/02/america-and-china-whose-timeline-is-it-anyway/>.

⁵Raphael S. Cohen and Gian Gentile, "Is the U.S. Military Capable of Learning from the War in Ukraine?," *Foreign Policy Magazine*, February 2, 2023. https://foreignpolicy.com/2023/02/02/us-military-lessons-war-ukraine-russia-weapons-tactics/?utm_source=PostUp&utm_medium=email&utm_campaign=Editors%20Picks%20OC&utm_term=66974&tpcc=Editors%20Picks%20OC.

⁶ PRC is expected to produce 25 or more YUAN class subs by 2025 see, Department of Defense, *Military and Security Developments Involving the People's Republic of China: 2022* (Washington, DC: Department of Defense 2022), 52. <https://media.defense.gov/2022/Nov/29/2003122279/-1/-1/1/2022-MILITARY-AND-SECURITY-DEVELOPMENTS-INVOLVING-THE-PEOPLES-REPUBLIC-OF-CHINA.PDF>.

⁷ "The United States must expand its submarine fleet", National Defense Strategy Commission, *Providing for the Common Defense*, 36;

Megan Eckstein, "Workforce Development, Process Improvements Will Make or Break the Virginia Class Submarine Program," *Defense News*, January 6, 2022.

story with the Chinese Air Force which boasts the largest air force in the region and third largest in the world,⁸ while the United States' total inventory of air power is declining along with its qualitative advantage.

Winning Tomorrow

While our force must be capable of deterring adventurism in the present competition with China it must also be prepared for any future 21st century conflict. The NDS demands sustained and increased investments in new technologies critical to winning tomorrow's wars. Both the 2018 and 2022 National Defense Strategies delineate the technologies and capabilities critical to the future force.⁹ Integrating artificial intelligence and best-in-class software into current and future platforms, moving command and control to the edge of the battlefield, integrating space assets into military operations¹⁰, and deploying cheaper autonomous systems in the force are the *sine qua non* of tomorrow's force. Here, the challenge resides not just with developing new technologies but also with transitioning these technologies from research, development, testing, and evaluation projects into programs of record ready for production.¹¹ The double-digit real growth enjoyed by DOD's space programs in recent years serves as a template for what simultaneously investing in the capabilities of today and tomorrow looks like.

A survey of the Pentagon's budget materials reveals the dearth of funding dedicated to transition of critical technologies from R&D to the warfighter.¹² Investment in the DOD's fourteen critical technologies combined with its funding of advanced component

<https://www.defensenews.com/naval/2022/01/06/workforce-development-process-improvements-will-make-or-break-the-virginia-class-submarine-program/>;

⁸ 2800 aircraft and 2250 are combat aircraft. PLAAF fields larger numbers of fourth gen fighters (more than 800 of 1800) and operationally fielded the J-20, its fifth gen stealth aircraft with upgrades in progress. See, Department of Defense, *Military and Security Developments Involving the People's Republic of China: 2022*, 59.

⁹ Department of Defense, *2022 National Defense Strategy*, 6. "New applications of artificial intelligence, quantum science, autonomy, biotechnology, and space technologies have the potential not just to change kinetic conflict, but also to disrupt day-to-day U.S. supply chain and logistics operations." See also DoD list of 14 critical technology areas.

Office of the Under Secretary of Defense Comptroller, *Defense Budget Overview: FY23*, 4-5. https://comptroller.defense.gov/Portals/45/Documents/defbudget/FY2023/FY2023_Budget_Request_Overview_Book.pdf.

¹⁰ Doug Cameron and Micah Maidenburg, "Space Launches Should Withstand Chinese Challenge, Pentagon Mandate Says," *The Wall Street Journal*, January 10, 2023. <https://www.wsj.com/articles/space-launches-should-withstand-chinese-challenge-pentagon-mandate-says-11673324393>. See New DOD requirements that new U.S. spy satellites must be capable of fending off Chinese and Russian interference, change from previous standards strictly concerned with cost and reliability.

¹¹ For more on this topic see Eric Lofgren, "Sources of Defense Tech Transition Funding," *Acquisition Talk*, October 27, 2022. <https://acquisitiontalk.com/2022/10/sources-of-defense-tech-transition-funding/>.

¹² See https://comptroller.defense.gov/Portals/45/Documents/defbudget/FY2023/FY2023_Budget_Request_Overview_Book.pdf at p. 4-2

development and prototypes amounts to \$45 billion in fiscal year 2023. This includes \$10 billion toward hypersonics, a unique military capability which the United States has successfully tested once only and which DOD cannot rely on the commercial sector to innovate and deliver solutions. Meanwhile, China has conducted numerous hypersonic missile tests and Russia has used them in combat.¹³ Put in context, the \$45 billion investment is around five percent of the total Pentagon budget and about a third of the Pentagon's Research, Development, Test, and Evaluation (RDT&E) budget.¹⁴

In short, we are far below the scale of investment required to replace air, land, and sea platforms with AI-infused autonomous systems.¹⁵ In comparison, China is leveraging its civil-military fusion to rapidly incorporate the achievements of its commercial sector into its military modernization,¹⁶ allowing China to quickly integrate revolutionary technologies that will shape the future of warfare.

The Demands of the National Defense Strategy

The demands of winning today and tomorrow along with building an industrial and innovation base capable of sustaining such a force are substantial. Not since the Reagan administration has our country committed itself to a sustained, multiyear rebuilding of our military. At that time the impact was transformative: it proved pivotal in winning the Cold War and continued to deliver capabilities decades after President Reagan left office. Of the five administrations that followed President Reagan, all have either deployed the force in armed conflict or sought a peace dividend by reducing the size of and investment in the military. In other words, it has been over four decades since the military has seen sustained investment and growth outside the context of armed conflict.

Today, we are at another pivotal moment; unless we invest in our national defense, any effort to sustain U.S. military preeminence and realize the goals of the NDS will fail. The essential choice in executing the NDS is choosing to make a sustained, robust financial investment in the military. Yet, we have failed to resource the strategy. The Trump administration's so-called "military rebuild" turned out to be a one-year defense

¹³ Oren Liebermann, "US Air Force Carries Out First Fully Successful Test of Air-Launched Hypersonic Missile," CNN, December 12, 2022. <https://www.cnn.com/2022/12/12/politics/air-force-hypersonic-test/index.html>.

¹⁴ See also Eric Chewning et. al, "How Will US Funding for Defense Technology Innovation Evolve?," *McKinsey & Company*, November 4, 2022. <https://www.mckinsey.com/industries/aerospace-and-defense/our-insights/how-will-us-funding-for-defense-technology-innovation-evolve>

¹⁵ Id. Noting, "for defense start-ups seeking to raise funds or live up to lofty valuations, the relatively small portion of the DOD budget allocated to defense technology transition may not be sufficient to attain scale unless they carefully consider their options."

¹⁶ Department of Defense, "2021 Military and Security Developments Involving the People's Republic of China," (Washington, DC: Department of Defense, 2021), 147, <https://media.defense.gov/2021/Nov/03/2002885874/-1/-1/0/2021-CMPR-FINAL.PDF>.

bump that rightfully prioritized improving the readiness of the force following years of combat operations in Iraq and Afghanistan, but never made the sustained investments in growth and modernization.¹⁷ By the end of the Trump administration, the defense budget barely kept pace with inflation and the gap between the strategy and reality widened.¹⁸

It has been a similar story during the first two years of the Biden administration: an ambitious strategy accompanied by an insufficient defense budget request. The Biden budget outlook is flat and has all the markings of a defense program designed by the Office of Management and Budget — a political product divorced from the administration's strategy, which will result in a shrinking and less capable force. Making matters worse, spiraling inflation has effectively eliminated any real growth in the budget request. This has placed Biden defense officials in the impossible position of trying to build an under-resourced force in service to a broad and expansive strategy.¹⁹ This glaring gap between strategy and resources was so apparent that this Committee felt it necessary to increase the defense budget over and above the administration's request each of the past two years. Congress deserves credit for authorizing and appropriating increases that gave the Department of Defense three percent real growth in fiscal year 2022 and five percent real growth in 2023, a total additional investment of around \$70 billion.

The back of the envelope budget that the 2018 bipartisan National Defense Strategy Commission endorsed called for three to five percent growth annually. According to the Commission, the 3-5% benchmark was “indicative of the level of investment needed to meet the ends” established in the 2018 NDS.²⁰

In the seven year period since the start of the Trump administration, this threshold was achieved four times – fiscal years (FY) 2017, 2020, as well fiscal years 2022 and 2023

¹⁷ *Hearing On Global Security Challenges and Strategy, Before the Senate Armed Services Committee, 117th Cong. 3 (2022)* (statement of Roger Zakheim, Director of the Ronald Reagan Institute). <https://www.armed-services.senate.gov/imo/media/doc/SASC%20Testimony%20Zakheim%20-27%20FINAL.pdf>;

¹⁸ Department of Defense, *Fiscal Year 2020 Budget Request*, 4. <https://media.defense.gov/2019/Mar/12/2002099931/-1/-1/1/FY-2020-BUDGET-ROLLOUT-BRIEF.PDF>.

¹⁹ Dov S. Zakheim, “Biden’s National Security Strategy: A Vision More Aspirational than Realistic,” *The Hill*, October 21, 2022. <https://thehill.com/opinion/national-security/3698227-bidens-national-security-strategy-a-vision-that-is-more-aspirational-than-realistic/>.

²⁰ National Defense Strategy Commission, *Providing for the Common Defense: The Assessment and Recommendations of the National Defense Strategy Commission*, Washington DC, 2018. XII. <https://www.usip.org/sites/default/files/2018-11/providing-for-the-common-defense.pdf>. Ironically, this baseline, first advanced by former Secretary of Defense Jim Mattis and Chairman of the Joint Chiefs of Staff Joe Dunford, was tied to a defense program that preceded the 2017 National Defense Strategy and had not fully absorbed the breadth and reach of the new strategy.

– and only when Congress stepped in to appropriate above the threshold in FY 2022 and 2023. The remaining years saw effectively flat or declining budgets.²¹ Had the U.S. sustained 5% growth annually from FY18-23 the Pentagon would have had an additional \$375 billion to help place the military in a substantially more favorable position than it is in today.²²

In 1981, the defense budget jumped from 4.5% of GDP to 5.7% of GDP and 6.5% of GDP in 1982.²³ Executing the NDS requires a similar jump from today's spending levels of just over 3% GDP to around 5% of GDP. This would address the declining buying power of the Pentagon due to rising personnel costs and the expense of maintaining an aged force structure that hampers modernization.²⁴ It would allow the military departments to upgrade and utilize today's assets in the day-to-day military competition with China and Russia while allowing technology investments to mature and integrate into the force without an intervening capability gap. At the strategic level, these funds would allow the military to focus on the Indo-Pacific while also supporting our security interests in Europe and the Middle East. Additionally, funding at this level would provide the capital necessary to upgrade and expand industrial capacity for key military contingencies.

Reforms that Build the Force

So where do DoD reform efforts fit into all of this? To win today and tomorrow we need a healthy topline COMBINED with robust reform efforts. Each is necessary and neither is sufficient. The metric for reform efforts should be whether they directly contribute to a more capable and lethal force. Too often within the Beltway, reform is a euphemism for top line budget cuts. So called "reform efforts" legitimize efforts like the Budget Control Act and sequestration which lead only to inefficient financial management myopically focused on cutting budgets to an artificially mandated statutory cap that inevitably sacrifices readiness and modernization, thereby weakening our national defense. If reform leads to savings they should be redistributed to the military's areas of greatest needs, such as modernization and industrial capacity, not to deficit reduction.

²¹ Office of Management and Budget, "Budget Authority by Function and Subfunction: 1976-2027," (Washington DC: Office of Management and Budget, 2022), https://www.whitehouse.gov/wp-content/uploads/2022/03/hist05z1_fy2023.xlsx.

²² These calculations assume a 5% inflation factor for FY 22-23.

²³ Office of Management and Budget, "Budget Authority by Function and Subfunction 1976-2027," https://www.whitehouse.gov/wp-content/uploads/2022/03/hist05z1_fy2023.xlsx; Office of Management and Budget, "Gross Domestic Product and Deflators Used in the Historical Tables: 1940-2027," https://www.whitehouse.gov/wp-content/uploads/2022/03/hist10z1_fy2023.xlsx.

²⁴ Mackenzie Eaglen, "The Paradox of Scarcity in a Defense Budget of Largesse," *American Enterprise Institute*, July 2022, 4. <https://www.aei.org/wp-content/uploads/2022/07/The-Paradox-of-Scarcity-in-a-Defense-Budget-of-Largesse.pdf?x91208>.

The following are a number of impactful reforms that would swiftly clean and upgrade the DoD engine:

- End Continuing Resolutions (CR) - CRs probably waste more money than any other DoD inefficiency. If that is a political impossibility, Congress should grant far more waivers for new starts during a CR and multi-year appropriations so the work of building the force can continue.²⁵
- Multiyears procurements – Authorizing and appropriating multi-year procurements saves money, allows industry to build at scale and enhances industrial capacity. Multi-years should be the rule – not the exception; Congress can realize this reform with the stroke of a pen.
- Contracting – Volumes have been written (and ignored) on ways the Defense Department needs to reform its contracting practices. At the top of the list are: more competition; more use of MTAs and OTAs; reduced time delays imposed by DCMA and DCAA actions; and ensuring contracting for software is not treated in the same manner as contracting for hardware.
- PPBE Reforms– The much anticipated PPBE Reform Commission this committee created is taking a comprehensive look at reforming DoD’s 1960s era budgeting system. Based on discussions with the commissioners, I am confident this commission will bring you a range of significant options that improve budgeting and congressional oversight. At the very least it should jettison the DoD’s two year long budget building cycle in favor of dynamic budgeting practices employed by Fortune 500 companies.
- Modernize – The faster DoD modernizes its software, systems and platforms the less capital it will need to maintain an older, less capable force structure. This is the only way to reverse the vicious cycle where operations and maintenance spending, the single largest category in the defense budget, crowds out funding for R&D and procurement.

The Debt Ceiling Debate

As Congress debates how to manage spending amidst debt ceiling negotiations, it should be mindful that cutting defense to FY 2022 spending levels – about a 10% cut to the topline – will disproportionately sacrifice military readiness and modernization and severely reduce the capability of the force. It would render the defense strategy envisioned by either Trump or Biden completely unachievable. We would only have the capabilities to lead in one region, certainly not three. . It would reduce the American

²⁵ See Mackenzie Eaglen, “The Paradox of Scarcity in a Defense Budget of Largesse,” 5. <https://www.aei.org/wp-content/uploads/2022/07/The-Paradox-of-Scarcity-in-a-Defense-Budget-of-Largesse.pdf?x91208>. In FY22 the CR slashed \$16.9B in DoD purchasing power.

military to nothing more than a regional power, paving the way for Chinese aggression or Russian expansionism.²⁶ As this committee knows, making the Department of Defense more efficient is not the same as cutting military spending: the former is essential to strengthening the military, while the latter will hollow out the force.

Conclusion and Margin of Safety

The NDS seeks to preserve American peace and prosperity by building and sustaining a U.S. military that maintains, what President Reagan called, our margin of safety. This margin constitutes the minimum force required to accomplish our strategic objectives. Notably, it is not the most ambitious strategy: it does not seek military dominance everywhere at once, nor does it call for a force capable of winning two conflicts simultaneously. Rather it is a strategy prudently tailored to address the security needs of the country – not the political calculus of the moment – ensuring that no foreign power threatens our interests.

In 1981, this meant restoring the margin of safety the U.S. had lost against the Soviet Union. Today's challenges are more complex, in large part because China poses both economic and security challenges. To meet this moment, we need a defense investment capable of winning today and tomorrow that preserves our military advantage in the Indo-Pacific, Europe, and the Middle East. To those who say we can not afford such a force without sacrificing our prosperity, Reagan's response from four decades ago still rings true: "Our government must stop pretending that it has a choice between promoting the general welfare and providing for the common defense. Today they are one and the same."

²⁶ See, Center for Strategic and Budgetary Assessments and the Ronald Reagan Institute, "America's Strategic Choices: Defense Spending in a Post Covid-19 World," *Report: CSBA-RRJ*, January 2021, 7-8. https://www.reaganfoundation.org/media/356490/rri_csba-americas-strategic-choices.pdf. A 10% cut jeopardizes DOD's force construct that can win one war while deterring another. The United States would be reduced to a regional power or be forced to accept astronomical risks in other vital regions should war erupt.