

# Report of the Quadrennial Defense Review

By WILLIAM S. COHEN

**D**uring most of the Cold War the United States pursued a strategy of containing the Soviet Union. In 1985, America appropriated about \$400 billion for DOD (in constant FY97 dollars), which constituted 28 percent of our national budget and 7 percent of our gross national product. We had more than 2.2 million men and women under arms, with about 500,000 overseas, 1.1 million in the Reserve forces, and 1.1 million DOD civilians. Defense companies employed 3.7 million more, and about \$120 billion of our budget went to procurement contracts.

Since 1985, America has responded to vast global changes by reducing its defense budget by some 38 percent, its force structure by 33 percent, and its procurement programs by 63 percent. Today, the DOD budget is \$250 billion, 15 percent of the national budget, and an estimated 3.2 percent of our gross national product. We now have 1.45 million men and women under arms, 200,000 overseas, 900,000 in the Reserves, and 800,000 DOD civilians. Today, \$44 billion is devoted to acquisition from a smaller defense industrial base employing 2.2 million workers.

In making these reductions, we have carefully protected the readiness of our military to carry out its currently assigned missions. But it has become clear that we are failing to acquire

the modern technology and systems that will be essential for our forces to successfully protect our national security interests in the future.

## Where We Are Going

Work on the Quadrennial Defense Review followed a path that led from threat, to strategy, to implementation, and finally to resource issues.

We started with a fresh, unblinking look at the world today and over the temporal horizon to identify the threats, risks, and opportunities for national security. In addition, we recognized that the world continues to change rapidly. We cannot expect to comprehend fully or predict the challenges that might emerge from beyond the time lines covered in defense planning and budgets. Our strategy accepts such uncertainties and will prepare the Armed Forces to deal with them.

From that analysis, we developed an overarching defense strategy to deal with the world today and tomorrow, identify required military capabilities, and define programs and policies needed to support them. Building on national security strategy, we determined that defense strategy for the near and long term must continue to shape the strategic environment to advance U.S. interests, maintain the capability to respond to the full spectrum of threats, and prepare now for the threats and dangers of tomorrow and beyond. Underlying this strategy is the inescapable reality that as a global power with global interests to protect, the United States must remain engaged with the world diplomatically, economically, and militarily.

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The Honorable William S. Cohen is the twentieth Secretary of Defense and previously served three terms in the U.S. Senate.

After developing the strategy, we anchored its implementation in the fundamentals of military power today and in the future: quality people, ready forces, and superior organization, doctrine, and technology. We need quality people to operate more complex technology and undertake more complex joint operations. We need ready forces in a world of sudden events that often will demand that our forces come “as you are” on a moment’s notice. The information revolution is creating a revolution in military affairs that will fundamentally change the way U.S. forces fight. We must exploit these and other technologies to dominate in battle. Our template for seizing on these technologies and ensuring military dominance is *Joint Vision 2010*, the plan set forth by the Chairman for military operations of the future.

A spectrum of feasible approaches is available to sustain our current ability to shape and respond to the world as we see it now, while preparing the future force for the world of tomorrow. The Quadrennial Defense Review examined three alternative paths that differed in where they accepted risks and emphasized investment over the near term, mid term, and long term.

One path is to focus more on current dangers and opportunities. This path does not ignore the future but sees today’s threats demanding more attention and tomorrow’s threats far

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enough away to give us ample time to respond. This option would maintain the current force structure exactly as is. But it would also result in less investment in

modernization—that is, a greater aging in major platforms, few new systems, and a delay in fully exploiting the revolution in military affairs.

Another path is to focus more on future dangers and opportunities. This path does not ignore the present but sees greater dangers over the horizon, including the possible emergence of a regional great power. This path would devote more resources to building the future force. But to do so would also require significant reductions in the current force. This would sharply reduce our ability to shape the international environment and undermine our security commitments to our allies while potentially encouraging aggressors. And most importantly, it would erode our military capability, stress the troops, and put them at more risk in battle in the near term and mid term.

The path we have chosen strikes a balance between the present and the future, recognizing that our interests and responsibilities in the world do not permit us to choose between the two. This approach retains sufficient force structure to sustain American global leadership and meet the full

range of today’s requirements. At the same time, it invests in the future force with a focused modernization plan that embraces the revolution in military affairs and introduces new systems and technologies at the right pace.

This approach reallocates resources and priorities to achieve the best balance of capabilities for shaping, responding, and preparing over the full period covered by the review. As part of that reallocation of resources, we will trim current forces—primarily in the tail (support structure) and modestly in the tooth (combat power). The result will be a force capable of carrying out today’s missions with acceptable strategic risk, while allowing us to stabilize our investment program in order to achieve the future joint force capabilities described in *JV 2010*. Our plan puts us on a steady and realistically executable trajectory toward that force. We preserved funding for the next generation of systems—such as information systems, strike systems, mobility forces, and missile defense systems—that will ensure our domination of the battlespace in 2010 and beyond.

Finally, DOD plans are fiscally responsible. They are built on the premise that, barring a major crisis, spending is likely to remain relatively constant. There is a bipartisan consensus in America to balance the Federal budget by the year 2002 to ensure the Nation’s economic health, which in turn is central to our fundamental national strength and security. The direct implication of this fiscal reality is that Congress and the American people expect DOD to implement its defense program within a constrained resource environment. The fiscal reality did not drive the defense strategy we adopted, but it did affect our choices for its implementation and focused our attention on the need to reform our organization and methods of conducting business.

### What’s New?

First, the shape-respond-prepare strategy builds on the strategic foundation of past reviews and our experience since the end of the Cold War. We have determined that U.S. forces must be capable of fighting and winning two major theater wars nearly simultaneously. However, while the Bottom-Up Review focused primarily on that difficult task, we have also carefully evaluated other factors, including placing greater emphasis on the continuing need to maintain continuous overseas presence in order to shape the international environment and to be better able to respond to a variety of smaller-scale contingencies and asymmetric threats.



U.S. Air Force (Ken Hammond)

The Quadrennial Defense Review has also placed much greater emphasis on the need to prepare for the future, in which hostile and potentially hostile states will acquire new capabilities. This demands increased and stable investment in modernization in order to exploit the revolution in technology and to transform the force towards *JV 2010*. We must fundamentally reengineer our infrastructure and streamline support structures by taking advantage of the revolution in business affairs that has occurred in the commercial world. We must focus on the future and not the past. Only through such efforts can we realize the cost efficiencies necessary to recapitalize the force.

Second, future forces will be different in character. The programs we are undertaking now to exploit the potential of information technologies and leverage other advancing opportunities will transform warfighting. New operational concepts and organizational arrangements will enable joint

forces to achieve new levels of effectiveness across the range of conflict scenarios. We want our men and women to be masters of any situation. In combat, we do not want a fair fight—we want capabilities that will give us a decisive advantage.

*JV 2010* describes four operational concepts. Together they promise significant advantages in any operation or environment, something we call “full spectrum dominance.” At the heart of the vision is information superiority—the ability to collect and distribute to U.S. forces throughout the battlefield an uninterrupted flow of information while denying an enemy’s ability to do the same.

*Dominant maneuver.* Having a full picture of the battlefield, advanced mobility platforms, and agile organizations, U.S. forces will be able to attack enemy weak points directly throughout the full depth of the battlefield.

*Precision engagement.* Precision engagement will enable U.S. forces to deliver the desired effects at the right time and place on any target. Having near real-time information about the target, a common awareness of the battlespace for responsive command and control, and the flexibility to reengage with precision, U.S. forces will be able to destroy key nodes of enemy systems at great distances with fewer munitions and less collateral damage.

*Full-dimensional protection.* Multiple layers of protection for U.S. forces and facilities at all levels will enable U.S. forces to maintain freedom of action during deployment, maneuver, and engagement. To achieve this goal, full-dimensional protection requires a joint architecture that is built upon information superiority and employs a full array of active and passive measures.

*Focused logistics.* By fusing information, logistics, and transportation technologies, U.S. forces will be able to deliver the right support at the right place on the battlefield at the right time. This will enable more effective delivery of tailored sustainment packages to strategic, operational, and tactical echelons. The overall effect will be to reduce the amount of logistics support while ensuring a more capable combat force.

In sum, we will continue to seek the best people our Nation can offer and equip them with the best technology our scientists and engineers can

produce. This technology will transform the way our forces fight, ensuring they can dominate the battlefield with a decisive advantage at all times across the full spectrum of operations from

peacekeeping and smaller scale contingencies to theater war. The key to success is an integrated system of systems that will give them superior battlespace awareness, permitting them to dramatically reduce the fog of war.

This system of systems will integrate intelligence collection and assessment, command and control, weapons systems, and support elements. It will connect the commanders to the shooters and suppliers and make available the full range of information to both decisionmakers in the rear and the forces at the point of the spear.

Achieving such capabilities is not an easy task and cannot be done in one leap. It is a step-by-step process involving the development of new technologies, investment in new platforms and systems, new concepts, training and doctrine, and formation of new organizational structures. But these are not just ideas—we have already started down the road and we have tangible results.

The third new element is that our program is going to be fiscally executable. For several years our defense program has suffered from unrealized expectations with regard to modernization. Failure to address such problems would undermine our ability to execute the strategy. For reasons described in the report, projected increases in funding for modernization have continually been delayed as modernization funds migrated to operations and support accounts to pay current bills. While contingency operations have contributed to the problem, they have not been the chief cause. Failure to address fiscal problems would undermine our ability to execute the strategy. Therefore, an important corollary to the strategy and force choices in the review was a focus on rebalancing our overall defense program, improving stability in that program, and fixing deficiencies in service and defense-wide budgets to ensure that modernization targets are met.

### What's Next?

The first and most visible aspects of our plan to rebalance our programs are necessary modest reductions in military end strength and force structure. These reductions are offset in part by enhanced capabilities of new systems and streamlined support structures. The savings that will result, combined with the program stability we can achieve from realistic expectations, will enable us to pay for the transformation of forces required by the strategy. To preserve combat capability and readiness, the services have targeted reductions by streamlining infrastructure and outsourcing nonmilitary-essential functions. The result is a balanced, flexible force that has sufficient depth to support the strategy, that matches structure to end strength so that hollowness does not set in, and that will continue to evolve toward *JV 2010* capabilities.

Highlights of QDR decisions include:

- The Army will retain 10 active, combat-ready divisions. It will also accelerate its Force XXI modernization plan, which will revolutionize combat capability by enhancing battlefield awareness through modern information technology. A reduction of some 15,000 active duty personnel will be carried out by deactivation, consolidation, and realignment of headquarters and support facilities to improve overall support to the combat organizations.

- The Army will restructure its Reserve component. It will shed some combat structure that provided for strategic depth during the Cold War which is now excess. It will also accelerate conversion of units from combat to combat support and combat service support roles, relieving an important warfighting shortfall and enhancing the ability to support state missions. Adjustments will result in a Reserve component end strength reduction of some 45,000 personnel.

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■ The Navy will retain 12 carrier battle groups and 12 amphibious ready groups but will reduce the number of surface combatants from 128 to 116. The reduced size of the surface fleet will be offset by newer and more capable systems coming on line. The Navy will reduce the number of attack submarines from 73 to 50, reflecting changes in requirements. It will reduce the number of F/A-18E/F aircraft to be procured from 1,000 to 548; transition to the joint strike fighter as soon as possible, with the goal of initial Navy production in fiscal year 2008; and retain the option to procure additional F/A-18 E/F up to a maximum of 785 if joint strike fighter development requires more time. Fleet reductions, combined with streamlining overseas infrastructure and the transfer of some combat logistics ships and functions to the Military Sealift Command, will allow the Navy to reduce active and Reserve end strength by 18,000 and 4,100 personnel respectively.

■ The Air Force will consolidate fighter and bomber units to streamline command structure and shift one active fighter wing to the Reserve. It will pursue an aggressive outsourcing plan that accelerates competition of support functions. The Air Force will reduce its structure for continental air defense and handle the U.S. air sovereignty missions with other forces. The fighter forces available for deployment to support the strategy will be 12 active and eight Reserve fighter wing equivalents. These initiatives will allow the Air Force to realize a reduction of approximately 27,000 active duty personnel. The Air Force will proceed with the F-22 aircraft program to replace the F-15 C/D air superiority capability and perform air-to-ground missions. Consistent with its greater capability, the total number to be procured will be reduced from 438 to 339.

■ The Marine Corps will take modest reductions in end strength through a restructuring of support responsibilities. The Corps will maintain a three Marine expeditionary force capability to support the strategy. MV-22 tiltrotor aircraft procurement will be accelerated to meet the urgent need to replace aging medium-lift capability, while the total number procured will be reduced to 360, consistent with the system's superior capability.

■ The total active duty end strength will be reduced to 1,360,000 (down 36 percent from 1989), with 835,000 in the Reserve (down 29 percent from 1989). Civilian personnel will decline to 640,000 (down 42 percent from 1989).

■ We have decided to slow the Army theater high altitude area defense system because of serious technical problems. Shifting the deployment date from 2004 to 2006 improves the stability of the program, lowers risk, and allows us to explore using common components with the Navy theater-wide missile defense program. Other theater missile defense programs remain on track.

■ National missile defense remains a high priority. The administration and Congress have agreed to keep this program on an accelerated research and development path aimed at creating the option to make a decision on deployment possible as early as fiscal year 2000, if the threat warrants. The goal of the program is to be able to deploy an initial capability within three years after the decision on deployment is made. QDR analysis

concluded that the fiscal year 2000 target could not be met within the current program budget. We are directing additional funds to missile defense, but even with additional funds, national missile defense will remain a program of high schedule and technical risk.

■ The Quadrennial Defense Review highlighted the danger of asymmetric threats, ranging from nuclear, biological, and chemical weapons to attacks via information warfare and terrorism. We will give increased focus and funding to countering such threats.

■ The Quadrennial Defense Review studied a number of options regarding strategic nuclear forces. The review concluded that the policy and strategy to maintain nuclear forces are still correct and needed. In line with congressional instructions we will maintain the START I force posture in the current budget while the Russian Duma considers ratification of START II. To continue this in FY99 would require an additional \$64 million. We remain committed to START II and negotiating further reductions in a START III agreement after START II is ratified. Savings from deeper strategic nuclear force reductions could free resources for national missile defense.

■ Based on QDR analysis of our future needs versus our remaining infrastructure, DOD will request authority for two additional rounds of base realignment and closure and for restructuring laboratories, research, development, and test facilities. We will look for additional opportunities to outsource many functions and work with Congress to radically reengineer and deregulate DOD business practices.

■ Finally, a series of defense-wide program adjustments will free up funds for increased investment in key programs.

Modernization depends upon command, control, communications, computers, intelligence, surveillance, and reconnaissance (C<sup>4</sup>ISR) systems. The important, central role of these systems, and the large resources that must be devoted to them, inspired a hard, sweeping look at our entire effort. The general focus and amount of resources were determined to be appropriate. We made a similar study of munitions programs and found that there is a high payoff for the large investment we are making in precision weapons and that the focus and the scale of effort are appropriate.

The transformation of our forces is an ongoing process. *JV 2010* provides a conceptual umbrella for long-range visions and plans developed by the services and other DOD components, which are outlined in the QDR report. The U.S. military is committed to realizing joint and service visions of modern warfare and is already taking a number of steps to do so. It is a total force effort, involving both active and Reserve component forces. By undertaking efforts ranging from studies and wargames to advanced concept technology demonstrations and experiments, the Armed Forces are developing and testing concepts and capabilities that will ensure their ability to transform for the future. Brief summaries of these efforts are included in the report.

The final steps in preparing for the future, essential to putting our program on a fiscally sound basis, are to shed excess infrastructure and fundamentally reengineer business processes.

Downsizing infrastructure has fallen behind downsizing of force structure in spite of four base realignment and closure rounds. Since the first base closure round, force structure has come down by 33 percent and will have declined by a total of 36 percent when we finish the reductions under the Quadrennial Defense Review. During the same period, we will have reduced domestic infrastructure by 21 percent measured by the replacement value of physical facilities. In essence, our combat forces are headed towards the 21<sup>st</sup> century, but our infrastructure is stuck in the past. We cannot afford this waste of resources in an environment of tough choices and fiscal constraint. We must shed more weight.

Although the savings from base realignment and closure come slowly and require up-front costs, the savings are significant. Last year, we

I have established a task force to consolidate functions, eliminate duplication, and improve efficiency

began to receive annual savings beyond the annual costs for the first four base closure rounds, and by 2001 recurring savings will exceed \$5 billion every year. The review found that we have enough ex-

cess infrastructure to require two additional rounds of base closures for which we will seek authority. Included in the reduction must also be our research and development and test facilities, laboratories, and ranges.

We also need to take advantage of business process improvements pioneered in the private sector. Over the past decade, the commercial sector has reorganized, restructured, and adopted revolutionary new business and management practices in order to ensure its competitive edge in the rapidly changing global marketplace. It has worked. Now DOD must adopt and adapt the lessons of the private sector if the Armed Forces are to maintain a competitive edge in the rapidly changing global security arena.

DOD has made much progress already in overhauling the defense acquisition system—with full support from Congress. Those efforts are paying significant dividends, permitting us to get far more for each dollar spent previously. We have also achieved savings through streamlining our organizations and business practices; for example, replacing cumbersome and expensive systems for minor purchases with simple credit card operations. However, we need to go much further and deeper, and we need congressional support.

We are examining the best opportunities to outsource and privatize non-core activities, but many opportunities are restrained by regulations and practices built up during the Cold War. We need to deregulate defense just as we have deregulated many industries so we can reap the cost and creativity benefits of competition. A guiding principle is that the government should not perform private sector-type functions, and this should also be true of the defense sector unless a compelling military need is demonstrated.

I have established a defense reform task force to review the Office of the Secretary of Defense, defense agencies, DOD field activities, and military departments, and look for ways to consolidate functions, eliminate duplication of effort, and improve efficiency. The task force will consult with Congress and business executives who have successfully streamlined their corporations in recent years. It will also work closely with the National Defense Panel, the independent, congressionally mandated board that is reviewing the Quadrennial Defense Review, and with the Vice President's National Performance Review. I have directed the task force to submit its report and findings to me by November 30, and I will act on its interim findings as appropriate.

Many current DOD institutions and infrastructures enjoy significant political support for their local economic contributions. However, the primary test must be their contribution to overall military effectiveness. We must act now if we are to have the resources to invest in modernization in the mid term and support capabilities to keep pace with military capabilities in the long term.

This approach reflects administration efforts to reinvent government and the commitment of Congress to focus government on core functions. As a former elected official who has witnessed the difficult transformation in communities affected by base closures, I fully appreciate the trauma that often is involved. But ultimately, we need to decide what is more important:

- keeping a maintenance depot in government hands or putting advanced technology in soldiers' hands
- protecting a facility or protecting our forces
- preserving local defense contracts or promoting solid enlistment contracts.

These are stark choices—and while we must make changes wisely and with compassion for civilians who have given years of faithful service, we must also keep faith with the men and women of the military. Over half of them have known only an armed force steadily shrinking in size. There is great uncertainty about the future. Yet, they perform magnificently as they serve our country abroad and at home. We must take care of them and their families and ensure that we have



DOD (R.D. Ward)

John J. Hamre briefing creation of the Defense Reform Task Force, May 14, 1997.

given them the best tools to do the jobs we ask. If we take care of them, they will take care of us.

The report describes in detail the process we followed, choices we made, our reasons for making them, and the benefits and risks inherent in each. The report is laid out exactly as the review progressed, beginning with a description of the global environment. It reaches conclusions on the best strategy for achieving our national goals, and it describes a series of integrated options by which that strategy could be executed. It also analyzes the fiscal environment in which those options had to be considered. From our choice among those options flowed a series of structural and programmatic decisions required to implement the strategy.

The strategy and the plan presented in this report will give us the military capability and forces we need throughout the 1997–2015 time frame and beyond. The plan balances the needs of the present with challenges of the future. Our program provides for the force to deal with present threats while also making available the resources to transform that force to one capable of seizing the opportunities and dealing with the threats of 2015. That transformation already has begun as outlined in joint and service vision plans and is being tested in warfighting experiments.

The plan we have outlined is an integrated whole. It is based on a strategy, but we cannot carry it out without sufficient resources. Those resources exist in the DOD budget if we use them wisely. Doing so requires tough choices and changing the way we do business. It will require legislation in some areas and congressional support. Most of all, it requires a joint effort, focused on the goal of protecting our Nation as a whole and not the interests of any region, industry, or special interest. If we are not willing to do business in new ways, we need to face that fact and be prepared to pay more for less impact. Or we can decide to do less and be less as a nation.

The Greek rhetorician Gorgias spoke of the great challenge of choosing, when choosing is most difficult, “to speak or not to speak, to do or leave undone,” and do so with “the indispensable virtues—prudence and firmness—one for choosing a course, the other for pursuing it.”

America begins the new millennium as the sole superpower, the indispensable nation. The responsibilities are heavy and choices difficult. But with those responsibilities and choices come enormous benefits and opportunities. The QDR report sets forth a vision of what lies ahead as our Nation embarks on a new century—the dangers and possibilities—as endorsed by the President as commander in chief. It is not enough for us to speak; it is time to decide. The next generation will judge us for our actions, not our words. Working with Congress and by extension the American people, we have chosen this course with prudence. We must now pursue it with firmness. **JFQ**

This article represents an edited and abridged version of “The Secretary’s Message” that prefaced the *Report of the Quadrennial Defense Review* issued in May 1997.