The views expressed in this paper are those of the author and do not necessarily reflect the views of the Department of Defense or any of its agencies. This document may not be released for open publication until it has been cleared by the appropriate military service or government agency.

STRATEGIC RISK ASSESSMENT: WHERE WE ARE AND HOW WE GOT THERE

BY

LIEUTENANT COLONEL JOHN B. McDOUGLE, SC

DISTRIBUTION STATEMENT A: Approved for public release; distribution is unlimited.

6 APRIL 1990

U.S. ARMY WAR COLLEGE, CARLISLE BARRACKS, PA 17013-5050
DISCLAIMER NOTICE

THIS DOCUMENT IS BEST QUALITY AVAILABLE. THE COPY FURNISHED TO DTIC CONTAINED A SIGNIFICANT NUMBER OF PAGES WHICH DO NOT REPRODUCE LEGIBLY.
The concept of risk is one which is prevalent throughout our society. We are constantly faced with the necessity to evaluate risks in areas such as economics, health, and government policy making, only to name a few. The decisions we make today, based on our assessment of these risks, will continue to have an impact, sometimes positive - sometime negative, far into the future. The military association with risk is no different than that of the civilian sector. The military evaluates the risk(s) associated with the (continued on back)
structure and capabilities of the Armed Forces measured against the stated Strategic Objectives of the Nation. This study examines the Strategic Risk Assessment process as it has evolved in the last twenty years. It further examines the current methodology which is utilized in this Strategic Risk Assessment process. It concludes with some thoughts about the importance of Strategic Risk Assessment to the future of the Military and the Nation.
The views expressed in this paper are those of the author and do not necessarily reflect the views of the Department of Defense or any of its agencies. This document may not be released for open publication until it has been cleared by the appropriate military service or government agency.

STRATEGIC RISK ASSESSMENT: WHERE WE ARE AND HOW WE GOT THERE

AN INDIVIDUAL STUDY PROJECT

by

Lieutenant Colonel John B. McDougle, SC

Colonel Duane E. Williams
Project Adviser

DISTRIBUTION STATEMENT A: Approved for public release; distribution is unlimited.

U.S. Army War College
Carlisle Barracks, Pennsylvania 17013
6 April 1990

UNCLASSIFIED
The concept of risk is one which is prevalent throughout our society. We are constantly faced with the necessity to evaluate risks in areas such as economics, health, and government policy making, only to name a few. The decisions we make today, based on our assessment of these risks, will continue to have an impact, sometimes positive and sometimes negative, far into the future. The military association with risk is no different than that of the civilian sector. The military evaluates the risk(s) associated with the structure and capabilities of the Armed Forces measured against the stated Strategic Objectives of the Nation. This study examines the Strategic Risk Assessment process as it has evolved in the last twenty years. It further examines the current methodology which is utilized in this Strategic Risk Assessment process. It concludes with some thoughts about the importance of Strategic Risk Assessment to the future of the Military and the Nation.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABSTRACT</td>
<td>ii</td>
</tr>
<tr>
<td>CHAPTER I. INTRODUCTION</td>
<td>1</td>
</tr>
<tr>
<td>II. HISTORY OF THE RISK ASSESSMENT PROCESS</td>
<td>5</td>
</tr>
<tr>
<td>III. THE PROCESS OF RISK ASSESSMENT</td>
<td>14</td>
</tr>
<tr>
<td>IV. CONCLUSIONS/RECOMMENDATIONS</td>
<td>30</td>
</tr>
<tr>
<td>BIBLIOGRAPHY</td>
<td>37</td>
</tr>
</tbody>
</table>

---

Accession For

<table>
<thead>
<tr>
<th>NTIS GRA&amp;I</th>
<th>DTIC TAB</th>
<th>Unannounced</th>
<th>Justification</th>
</tr>
</thead>
</table>

By

Distribution/

Availability Codes

A-1

Dist | Special
STRATEGIC RISK ASSESSMENT:  
WHERE WE ARE AND HOW WE GOT THERE  

CHAPTER I  
INTRODUCTION  

The Random House Dictionary of the English Language defines "risk" as "exposure to the chance of injury or loss; or, a hazard or dangerous chance." As the definition of the word - risk - states, any situation for which the outcome is unknown contains an element of risk. The concept of risk is inherent in a number of different areas in our society. Statistics, economics, health, government policy making, are only a few of the areas which must consider risks. When faced with decisions, leaders in the business community, the government and the military are constantly confronted with the necessity to assess risks when seeking solutions to problems.

The purpose of this paper however, is not to examine the broad spectrum of risk in our society. Instead, the purpose is to isolate on the concept of risk as it relates to the military and then to briefly examine how the process has evolved through the years. More specifically, what is strategic risk and how does the U.S. Military establishment go about the task of measuring these strategic risks?
The first task that must be accomplished when examining the process of risk assessment is to reach an agreement of what is risk assessment. In an attempt to answer that question I would like to first offer an operational definition of the military aspect of risk assessment. In the summer of 1989 a group of Army Officers at the U.S. Army War College participated in a series of discussions about the military aspect of risk assessment. Some of their thoughts are offered here to provide a common ground from which to base an examination of the strategic risk assessment process.

- First, risks must always be measured against a threat. These threats may be known, based on prior knowledge of an enemy, or they may be based on the perceptions of the intentions of a potential adversary. Once these threats have been identified, then the risk assessment process will attempt to measure the imbalance among the ends, ways, and means of obtaining our strategic objectives and then make a value judgment on the amount of risk involved.

- The process of assessing risks occurs at the strategic, operational, and tactical levels. With this in mind, it is evident that military leaders are involved in the task of risk assessment and analysis from the lowest tactical levels through to the level of the Joint Chiefs of Staff.
- Risk assessment involves both planning and operations.

- At the strategic level, the process of assessing risks occurs throughout the planning, programming and budgeting process with assessments made for both the near term and mid-range.

- The risk assessment process consists of the use of a combination of analytical tools and the application of military judgment.

Another way of thinking about military threat and risk analysis was recently surfaced during a discussion with a group of NATO Officers. One officer made the observation that threat has two relevant tenets. First, the capabilities which an adversary or potential adversary possesses. Second, the intentions of that adversary with regard to the use of those capabilities.

Risk, on the other hand, must also consider the capabilities of an adversary. However, in order to fully examine risk, he points out that one must consider the likelihood that the adversary or potential adversary will use these identified capabilities.

To summarize these observations, threat deals with the intentions of an adversary, and risk deals with the likelihood that an adversary will use whatever capabilities are possessed. In both threat and risk however, there is a
requirement for the identification and assessment of capabilities.

These thoughts follow closely the observations previously presented on the military aspect of risk assessment and together they provide an excellent starting point from which to begin our examination of the military application of the concept of risk assessment. Once again, our examination is further narrowed to examination of the Strategic Risk Assessment Process.
CHAPTER II
HISTORY OF THE RISK ASSESSMENT PROCESS

Military leaders throughout history have been concerned with the concept of risk and the subsequent measurement of that risk. In his book, On War, Clausewitz makes the following observation:

"Let us admit that boldness in war even has its own prerogatives. It must be granted a certain power over and above successful calculations involving space, time, and magnitude of forces for wherever it is superior, it takes advantage of the opponent's weakness."1

When viewed through the eyes of a twentieth century battlefield commander, the risk assessment process of Clausewitz is of the most basic form. In Clausewitz's time the assessment of risks was based on the mathematical calculations of space, time, and numbers. In addition, it was recognized that leaders were different and consequently, when examining the risks associated with a particular campaign one must assess the added dimension of judgment, which Clausewitz terms boldness, in order to arrive at a calculated decision about the risks associated with a particular military operation.
This simplistic risk assessment process in which risks were primarily assessed based on sheer numbers of men and materiel on opposing sides continued to be the principle method of risk assessment until the turn of the twentieth century.

Beginning with the turn of the century technological advancement caused the "face" of warfare to change. No longer were calculations of space, time, men, and materiel sufficient to examine risks associated with military operations. Now an examination of the technological advances of the potential antagonists was likewise necessary in order to effectively make a qualitative assessment of risk. These risk assessments however, were still primarily centered on the tactical and operational levels. During the period prior to World War I there was little thought given to the strategic environment as we know it today consequently, little attention was given to the concept of the identification and examination of risks at the strategic level.

World Wars I and II would drastically change our political and military orientations. The United States was now required to consider threats from a global perspective. As a consequence, the concept of strategic risk assessment began to receive more attention from both military and political leaders. Even so, little direction was given regarding the specific mechanics of how best to accomplish this complex task. Because of the technological changes
that had taken place during the first half of the 20th Century, an almost endless list of variables requiring assessment could be proposed. To further complicate the matter, there was no central point from which to provide guidance regarding how to go about the process of assessing risks.

Why was there a lack of central control? Following the end of World War II, the United States enjoyed the status of the dominate military force in the world. Regardless of the threat a nation may pose to the United States, the atomic bomb was seen as the sole deterrent required to counter that threat. Since these threats were primarily of a military nature, political leaders saw little reason to involve themselves in this "military" process. The emergence of other nuclear capable nations began to change the focus of the United States from a previously informal risk assessment process to a more formal process.

In December 1971 the first step toward a central direction and focus of the risk assessment process was taken with the establishment of the Director of Net Assessments within the Department of Defense. DOD Directive 5105.39 established this first formal Department of Defense position solely for the purpose of performing strategic risk assessments. The directive specified the number and types of net assessments the Director would develop.

In 1973, at the direction of the President, the responsibility for the performance of net assessments was
specifically assigned to the Secretary of Defense. "The revised DOD Directive 5105.39 set forth the responsibilities, functions, and authority of the Director of Net Assessments. Included in those functions was the requirement for the Director of Net Assessments to: Coordinate and review net assessment efforts throughout the Department of Defense."3

The preliminary report of the Packard Commission (President's Blue Ribbon Commission on Defense Management) in December 1985 recommended that "the Chairman, Joint Chiefs of Staff, with the assistance of the other members of the Joint Chiefs of Staff, and in consultation with the Director of Central Intelligence, prepare a military net assessment of the capabilities of the United States and allied forces as compared to those of potential adversaries."4

On 1 April 1986 National Security Decision Directive 219 was published which directed the Secretary of Defense to develop a plan which would implement certain initial recommendations of the Packard Commission. Among those initial recommendations was the requirement for the plan developed by the Secretary of Defense to include provisions for the preparation of "a net assessment of United States and Allied Forces as compared with those of potential adversaries. This net assessment will be used to evaluate the risks associated with various strategic options."5
In June 1986 the Final Report of the Packard Commission was published. Included in this final report was the following:

"At the direction of the Secretary of Defense, the Chairman of the JCS, with the assistance of the other members of the JCS and the CINCs, and in consultation with the Director of Central Intelligence, should also prepare a military net assessment that would:

- Provide comparisons of the capabilities and effectiveness of U.S. Military forces with those of potential adversaries for the Chairman's recommended national military strategy and other strategy options;

- Reflect the military contributions of Allied Forces where appropriate;

- Evaluate the risks of the Chairman's recommended national military strategy and any strategy options that he develops for the Secretary of Defense and the President, and;

- Cover the entire five-year planning period."\(^6\)

The Goldwater - Nichols Department of Defense Reorganization Act of 1986 (Public Law 99 - 433) required the Chairman, Joint Chiefs of Staff "subject to the authority, direction, and control of the President and the
Secretary of Defense, to perform net assessments to determine the capabilities of the armed forces of the United States and its allies as compared with those of their potential adversaries.

Section 113(j) - Title 10 United States Code was amended to read:

"(1) The Secretary of Defense shall transmit to Congress each year a report that contains a comprehensive net assessment of the Defense capabilities and programs of the Armed Forces of the United States and its allies as compared with those of their potential adversaries.

(2) Each such report shall -

(a) Include a comparison of the defense capabilities and programs of the armed forces of the United States and its allies with the armed forces of potential adversaries of the United States and allies of the United States;

(b) Include an examination of the trends experienced in those capabilities and programs during the five years immediately preceding the year in which the report is transmitted and an examination of the expected trends in those capabilities and programs during the five years covered by the Five-Year Defense Program submitted to Congress during that year pursuant
to section 114 (g) of this title;

(c) Reflect, in the overall assessment and in the strategic regional assessments, the defense capabilities and programs of the armed forces of the United States specified in the budget submitted to Congress under section 1105 of title 31 in the year in which the report is submitted and in the five-year defense program submitted in such year; and

(d) Identify the deficiencies in the defense capabilities of the armed forces of the United States in such budget and such five-year defense program.

(3) The Secretary shall transmit to Congress the report required for each year under paragraph (1) at the same time that the President submits the budget to Congress under section 1105 of title 31 in that year. Such report shall be transmitted in both classified and unclassified form. 8

With the identification of the requirement for the performance of risk assessment formally established and the responsibility for the central control and direction of these assessments now assigned, the remaining task, and quite possibly the most difficult, was the development of a
process, a methodology by which these assessments could be accomplished.
ENDNOTES


3. Ibid.


7. U.S. Laws, Statutes, etc., *Public Law 99 - 433*.

CHAPTER III
THE PROCESS OF RISK ASSESSMENT

In a world of advanced technologies and sophisticated weapons systems, what is the most effective way to go about the task of assessing risks? The previous "tried and true" methods were clearly not as useful as they had been in the past. A new process which took into account the multiple of variables present in today's world was what was required.

In late 1987 the Senate Armed Services Subcommittee on Conventional Forces and Alliance Defense under the chairmanship of Senator Carl Levin (D - Mich), conducted an analysis of the military balance in Europe. Senator Levin's subcommittee conducted this analysis through a series of intelligence briefings, meetings with U.S. and allied officials, and through the review of a range of written materials. The study rejected the traditional process by which the United States had gone about force comparisons in order to accomplish risk assessments. This traditional process - termed the "bean count" - focused solely on the numerical disparities between the United States and its allies and the forces of potential adversaries. The study came to a number of key conclusions regarding the use of the
"bean count" method for the assessment of capabilities and risks. Among those conclusions were:

1) Sterile quantitative analyses are an inadequate measure of the relative military capabilities of opposing forces.;

2) A realistic assessment of the balance must take into account many more factors than the sheer numbers of men and arms the two sides can field. These forces should be assessed in the context of their respective missions.;

3) Focusing solely on the bean count method could cause decision makers to overlook exploitable opponent weaknesses, or lead to a decision that could cause a nation to squander its defense resources on efforts to redress numerical imbalances, when the most serious deficiencies may lie elsewhere.;

4) A comprehensive and realistic assessment of the conventional balance is thus a prerequisite for proper security policy making."1

The report concluded by recommending thirteen criteria which must be analyzed in order to arrive at a realistic assessment of the balance of forces. The thirteen criteria recommended for analysis were:

"1) Deployment of Forces - Capability for surprise
attack and effective defense.;

2) Quantity of Major Weapons Systems - The bean count.;

3) Quality of Major Weapons Systems.;

4) Force Readiness.;

5) Force Sustainability.;

6) Number of Active and Reserve Component Personnel.;

7) Quality of Personnel.;

8) Interoperability of Forces.;

9) Command, Control, Communications and Intelligence.;

10) Reliability of Allies.;

11) Economic and Industrial Strength.;

12) Geographic Factors.; and

13) Ability to make a Rapid Transition to War."

As this study illustrates, the process of force comparisons, analysis, and the subsequent assessment of risks is an involved process consisting of a series of complex variables. Another important aspect to be considered is that processes that are solely objective
oriented are not necessarily the only means by which to assess risks.

In order to arrive at an informed conclusion "there must be a balance of risk assessment utilizing formal methods and analytic tools and a subjective assessment based on individual knowledge of the problem or situation. Alternative ways of examining problems should be encouraged instead of looking for that 'single' best answer. Judgment and intuition are the ultimate sources of understanding an ill-defined problem."3

The challenge for the designers of a risk assessment methodology was that the process selected must consider the objective aspects of quantity and quality as well as the subjective aspects of military judgment and intuition. With these thoughts in mind, how then do we go about depicting the risk we are trying to measure. As previously stated, risk assessments occur throughout the PPBS process. Consequently, the first concept for depicting risk is found in the Force Sizing Process of PPBS. (Figure 1) "The force sizing process begins with the establishment of the Risk Evaluation Force. This Risk Evaluation Force is utilized to provide a theoretical yardstick for measuring the relative risks of other force levels. The Risk Evaluation Force comprises both the active and mobilized reserves, is developed from force structure recommendations from the CINCs, the services, and the members of the Joint Chiefs of Staff, is not fiscally constrained and states the force
FORCE SIZING

FIGURE 1
levels required to achieve U.S. national military objectives with a 'reasonable assurance of success.' The Risk Evaluation Force is then continually downsized through the program force to the current force based primarily on resource constraints. The downsizing process is accomplished through the reduction of forces, the reduction of major weapons systems, the elimination of proposed acquisition programs or a combination of all of the above. Each time there is a reduction in the capability of the force from the level required to achieve the national military objectives, there is a corresponding degree of risk which must be added.

Another concept for the depiction of risk is throughout the range of the continuum of conflict (Figure 2). The assumptions and implications of this model are:

1) The probability of low intensity conflict is higher than the probability of mid or high intensity warfare.;

2) The risk associated with actually fighting a high intensity battle is higher than the risk associated with mid intensity warfare and low intensity conflict.5

With the problem of what was needed to be measured defined and an idea of the different process options which need to be considered, the next requirement was the design of a methodology which would satisfy the requirement of performing risk assessments. The Goldwater - Nichols
CONFLICT CONTINUUM

FIGURE 2
Department of Defense Reorganization Act of 1986 assigned the responsibility for the conduct of risk assessments to the Chairman, Joint Chiefs of Staff, and further created an organization within the JCS (The Force Structure, Resource and Assessment Division, J8) to accomplish this task. It then became the responsibility of the J-8 to design a methodology for the performance of risk assessments.

The first task at hand was to examine the risk assessment process of the past. As previously established, formal Strategic Risk Assessments have been performed within the Department of Defense since the early 1970s. What were the tools the analyst used to perform these risk assessments?

The risk assessment process of the past was a portion of what was called the Total Force Capability Assessment. The Total Force Capability Assessment was designed to support the preparation of the Joint Strategic Planning Document. The Total Force Capability Assessment process was based on a single scenario and only considered a single global threat. In addition it contained no analysis of nuclear or chemical capabilities. The assessments were conducted by members of the JCS staff with assistance provided by the services and the Unified and Specified Commands. One of the assessment methods, a scenario based wargame, was utilized to fully assess the risk associated with a particular force capability. Although the Unified
and Specified Commands participated in this process, their participation was primarily limited to that of an observer. A brief analysis of this process by the J-8 staff was all that was needed to determine that it had long since outlived its usefulness. The world of the previous ten to fifteen years had vastly changed and an extensive restructuring of the assessment process was required in order to keep pace with the ever changing world.

The task the J-8 was faced with was to design an assessment process which would take into account all of the relevant aspects of strategic risk. The process designed is termed the Joint War Game and Analysis - Conventional (JWAC). This process, even though new, will require constant revision in order to retain its relevance. Like its predecessor, the JWAC is designed to support products of the Joint Strategic Planning System (JSPS). The principle JSPS documents which the JWAC supports are the Joint Military Net Assessment (JMNA) and the Chairman's Program Assessment (CPA). The final risk assessment document, the Chairman's Net Assessment for Strategic Planning (CNASP), previously a part of the JSPS, has been removed from the JSPS and the assessments of the CNASP have been incorporated into the National Military Strategy Document.

The JWAC examines multiple scenarios. Global conflicts, regional conflicts, conflicts involving extended warning times or short warning times are all examined. The participation role of the Unified and Specified Commanders
has been changed from that of observer to that of active participant in the risk assessment process. Multiple threat levels are also examined. In addition, the JWAC examines nuclear and chemical capabilities.

Within the assessment process itself, the Chairman, JCS provides his guidance to the J8 for the development of a study plan. This study plan sets out the scenarios, methods and the measures of merit which will be examined within the framework of the assessment process. An example of some of the measures of merit considered in this process are provided in table 1.6

From the study plan a work plan is designed which outlines the details of the assessment process. A number of different variables are examined during this analysis/assessment process. Issues such as alternative strategies, force effectiveness, resources, and operations plans are examined through the use of simulations, JCS war games, professional writings of military scholars, and inputs from the CINCs and Services. Analyst then apply what J8 terms "disciplined thinking" (or collective military judgment) to the outcomes of the analyses. The overall result of this process is the actual risk assessment.

The risk assessment is then coordinated with the Joint Staff, the Services, the CINCs, and the Net Assessment Coordinating Committee. Once coordinated, the document is approved by the Joint Chiefs of Staff and forwarded to the
<table>
<thead>
<tr>
<th>STRATEGIC OPTION</th>
<th>TH NUC</th>
<th>GLOB NUC</th>
<th>REG CONV</th>
<th>LIC</th>
<th>TERR</th>
<th>OVER-ALL</th>
</tr>
</thead>
<tbody>
<tr>
<td>OVERFIGHTING</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FIRES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MOBILITY</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>INTELL C3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EW</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MANPOWER</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MOBILITY</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MOBILIZATION</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SPACE RESERVES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PILLARS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FORCE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>STRUCTURE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MODERNIZATION</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>READINESS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SUSTAINABILITY</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DETERRENCE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CAPABILITY</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PERCEPTION</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WILL IDEOLOGY</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GORBACHEV INITIATIVES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>POLITICAL FACTORS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ARMS CONTROL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ALLIANCES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OVERALL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**TABLE 1**

MEASURES OF MERIT
Secretary of Defense. The risk assessment documents and the assessment which each provide are:

1) Joint Military Net Assessment (JMNA).
   a. Underpins the President's Budget.
   b. A comparison of defense capabilities.
      (1) Current year force.
      (2) Forces specified in the budget.
      (3) Forces submitted in Five (six) Year Defense Program.
   c. Examination of trends.
      (1) Five years preceding.
      (2) Five (six) years covered by the program.
   d. Identification of deficiencies in capabilities of budget and program.

2) Chairman's Net Assessment for Strategic Planning (CNASP).
   b. Examines a fiscally constrained strategy.
   c. Identifies a force to execute the strategy.
   d. Includes broad military options.
   e. Examines the foundations of National Power.
f. Includes wargames, studies, and individual works.

3) Chairman's Program Assessment (CPA).

a. Assesses composite Program Objective Memorandum (POM) force.

b. Presents views of the Chairman, Joint Chiefs of Staff on the balance and capabilities of the POM force to support US national security objectives.

c. Assists the Chairman in fulfilling his statutory duty to:

   (1) Advise the Secretary of Defense on Program recommendations.

   (2) Submit alternative program recommendations and budget proposals to the Secretary of Defense.

   (3) Advise the Secretary of Defense on major manpower programs to meet strategic plans.

d. Serves as the key input to the Joint Strategic Review; begins the Joint Strategic Planning System cycle.

Figure 3 provides the target publication dates for the various JSPS and supporting documents. The two JSPS risk assessment documents (CPA and JMNA) and the target
publication dates for the years 1990, 1991, and 1992 are reflected.
JOINT STRATEGIC PLANNING SYSTEM

FIGURE 3 Planning Sequence

2. Ibid.


5. Ibid., p. 5.

CHAPTER IV

CONCLUSIONS / RECOMMENDATIONS

The contradictory nature of risk adds a dimension of uncertainty which must be considered by the leaders of our nation as they go about the process of forming our National Strategy and Objectives. The process of assessing risks is itself a dangerous venture. Assuming that a potential adversary will exhibit rational behavior and not undertake a policy that appears to have high costs and uncertain benefits may, in the end, prove to be an invalid assumption. Conversely, that same potential adversary may choose not to select a policy which has been assessed as having low risks and high benefits.

Historical examples serve to emphasize these points. "In the summer of 1962 the United States received numerous reports that the Soviet Union was installing offensive missiles in Cuba. The United States continually discounted these reports because they deemed it highly unlikely that the Soviet Union would pursue such a high risk policy." The result was a crisis situation of potential catastrophic proportions.
"In 1941, the Soviets felt confident that Germany would not attack because of the significant strength of the Soviet forces. What the Soviets did not know was that Germany had underestimated the strength of the Soviet forces by as much as one hundred divisions."2 The result was an operation executed by the Germans known as Barbarossa.

In the first example cited there is a failure of strategic risk assessment. In the second example the failure was one of operational risk assessment. The point to be made is that assessing risk is a complex task involving a number of significant variables, some of which must be measured subjectively. In these cases "estimating risks requires an intimate grasp of the potential adversaries culture and capabilities, his political and psychological frame of mind and above all, what he knows and feels about the nation he opposes. Such detailed knowledge of one's adversaries is rarely available, and even if obtained, it is easily distorted by many perceptual biases."3

In order to establish foreign policies that are militarily supportable, the United States must continue to go about the process of performing risk assessments. In addition, the U.S. must continue to "fine tune" the process of risk assessment to insure that all relevant factors are considered in this intricate process.

Strategic risk assessment as it is performed today is understood by few people. Military planners are much more
comfortable performing risk assessments at the tactical and operational levels where the process is more objective than subjective. It has often been said that trying to understand the concept of strategic risk assessment is like trying to lasso smoke. As difficult as the process may be and as frustrated as those performing the task may become, we must never stop in our attempt to accomplish this seemingly impossible task.

Significant challenges remain ahead. With the changes now taking place in the Soviet Union, how do we effectively assess the intent of the Soviets? What of the nations of Eastern Europe, will these nations, if and when they become democratic, align themselves with NATO or continue to align themselves with the Warsaw Pact? What of the nations of the Third World, as they continue to develop both politically and militarily, are there risks to the United States and its allies? As the attitudes and perceptions of the population of the United States begin to change with regard to the perceived threats to the nation, how might this change in attitude effect the structure and missions of the U.S. Military? What of one of the biggest questions of all - do we have the adequate assessment tools with which to measure these and other factors?

In the last five years the United States has made great strides in developing and implementing an effective program of strategic risk assessment. The staff officers involved in the day to day assessment process are knowledgeable in
the current methodology and are proactive in the design of new systems which will carry the nation forward into the twenty-first century. The concept is complex, the process itself involved, but the last five years has taught us that the ultimate objective of a viable assessment of strategic risk is attainable.

Few officers in the military today have an understanding of, or an appreciation for, the strategic risk assessment process. This is not to say that military officers do not understand risk assessments. They do—but, the assessments they understand are tactical risk assessments. Tactical risk assessments involve the comparison of the combat ratios of opposing forces on a battlefield. Tactical risk assessments provide an objective assessment of such elements as the numbers of combatants, the numbers of tanks, and the numbers of different weapons systems. The only subjectivity involved in this process could possibly be an assessment of the capabilities (if known) of the opposing force commander. As can be seen, this process involves the measurement and assessment of knowns. Military officers are more comfortable with a process that is strongly reliant upon the measurement of knowns.

Strategic Risk Assessments, on the other hand, involve the assessments of unknowns as well as knowns. Assessments of such aspects as the will of the populace, the strength of an alliance with another nation, political unrest within a
nation, and the political strength of the leader of a nation are but a few of the additional aspects which must be considered in the strategic risk assessment process. These factors, although difficult to measure, can be measured, at least to some degree. The military officers of today must have an understanding of how to assess the unknown and the difficult to measure, as well as they understand the measurement of the knowns applicable to the tactical risk assessment process. Military schools must include, as a part of their curriculum, an examination of the strategic risk assessment process. An explanation and examination of this process can be added to the curriculum at the Command and General Staff College level. As military officers become more informed in the process, their confidence and competence in the process will improve to the level currently attained in the tactical risk assessment process.

Those responsible for the performance of risk assessments must continue in their efforts to refine the process. As past experience has demonstrated, the continuum along which risk assessments are measured is ever changing. As the world around us changes, so must our processes for assessing that changing world. This concept is essential to the maintenance of a creditable military force for the deterrence of possible aggressions. Risk assessments drive decisions about the size, stationing, balance, and modernization of our military forces. If our decisions on these matters are based on obsolete data or risk assessments
that no longer reflect the true threat, then our decisions will be equally as flawed as the irrelevant data upon which these decisions were based.

Political figures, likewise, understand that the world is changing. Consequently, they are likely to be more interested in the manner in which the military arrives at its recommended force levels. The challenge for the military planner is to insure that such decisions are firmly based in relevant risk assessments.

Changes in the political and economic conditions of the nations of the world will continue to necessitate the requirement to once again assess risks. The political leadership of the United States must understand that threat is based on capabilities and intentions. The capabilities of a nation may change, but its' hostile intentions may remain the same. Likewise, the apparent intentions of a nation may appear to be less hostile, but its' capabilities to wage war remains significant. Regardless of the world situation, the necessity to perform strategic risk assessments will continue to be a critical element of our strategic planning process.
ENDNOTES


2. Ibid.

3. Ibid. p. 243.
BIBLIOGRAPHY


