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Strategy Underpinnings:

• First step – establish strategic priorities and then make “strategy-driven” cuts to meet budget bogies of Move 1 and 2

• U.S. still a provider of international stability and rules-based order but at a restrained, sustainable level

• Maintains world’s most powerful military and uses it as a critical source of leverage
  – Hard power, used smartly

• Principal differences from 2012 DSG:
  – Strategic retreat from the Middle East, while maintaining the defense of Israel
  – BPC skeptic
**Highest priority missions:**

- Project power despite A2/AD
- Cyber / Space
  - Assured use of both domains & investment in cutting-edge capabilities
- Safe, secure, and effective nuclear deterrent
- Counter terrorism

**Lower priority missions:**

- Provide stabilizing presence
  - More burden-sharing with allies in Asia; European allies take the lead for stability in the Middle East; no building partnership capacity (BPC) except in ungoverned areas
- Counter WMD
- Homeland defense
- Stability ops and COIN
- Disaster relief and humanitarian ops

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Central rebalancing assumptions (adopted pre-exercise):

• Identify adds for key capabilities before making cuts

• Cuts in end-strength over reduced modernization
  – Take end-strength cuts early to maximize savings

• Move much capability for large ground operations to Guard and Reserves

• Tiered readiness across the services
  – Idea first heard by Murdock from Dan Goure

• Prioritize resilience, mobility, speed, agility – across domains
Operational rules developed during exercise: (1)

- Cut anything that had “BPC” on it
- Always go for next-generation development and deployment vs. buying more of existing capability
- Maximize S&T
- Develop and deploy nextgen GBI for NMD; maintain investment in theater MD systems for deployed U.S. forces; deploy Aegis Ashore in Poland & Romania if NATO allies pay for it
- Maintain and reshape SOF as a global man-hunting force
  - Take Marines and Army out of the SOF business
- Tiered Readiness Across the Services
  - Plus-up Marines, maintain AF and some Navy, cut Army
- Move Active BCTs into Reserves:
  - Cut 19 BCTS from Active in Move 1; added 10 to RC in Move 2
  - Also added some Reserves in Half BCA Scenario
- Invested in BRAC even though it cost us money
  - At some point, force structure cuts will make another round of BRAC inevitable
  - Exercise needs a BRAC option that minimizes up-front costs

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Operational rules developed during exercise: (2)

- Actual process for making full BCA cuts:
  - Adds first (usually at max): S&T, cyber, space, SOF, Marine readiness
  - Protected core areas that were not plussed-up: MD, USAF, etc.
  - Cut force structure in line with strategy: Army BCTs, 3 carriers
  - Make personnel cuts in line with force structure cuts, plus civilians (20%) and contractor service support (max)
  - Revisited adds to remove too-expensive adds (mostly in space)
  - Return to personnel and cut civilians deeper (5% more), then minor cuts to Guard and Reserves before resorting to more active duty cuts to make Move 1 bogie
  - Started Move 2 with about $150B to spend because of savings from Move 1 personnel cuts

  - Spent most of it on modernization, readiness, and RC force structure before restoring some active duty personnel
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<table>
<thead>
<tr>
<th>Priority Capabilities</th>
<th>Core Mission Area, Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cyber, offense and defense</td>
<td>Maintain qualitative edge in emerging and critical domain of warfare</td>
</tr>
<tr>
<td>S&amp;T</td>
<td>Technological advantage key national strength</td>
</tr>
<tr>
<td>Space</td>
<td>Same as cyber, but cost often prohibitive (e.g., SBR)</td>
</tr>
<tr>
<td>SOF</td>
<td>Reshaped for long-term CT mission to kill, capture or disrupt terrorists</td>
</tr>
<tr>
<td>Marines</td>
<td>Nation’s most ready land force, but not equipped for amphibious operations</td>
</tr>
<tr>
<td>Air Force</td>
<td>Needs to be ready (to operate with Marines) and modernized</td>
</tr>
<tr>
<td>National Missile Defense</td>
<td>Protecting homeland critical to ensure freedom to project power</td>
</tr>
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<table>
<thead>
<tr>
<th>Major Tradeoffs</th>
<th>Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Modernization over personnel</td>
<td>Key source of national strength</td>
</tr>
<tr>
<td>Readiness over personnel</td>
<td>Smaller, ready force preferred over any “hollowed-out” force structure</td>
</tr>
<tr>
<td>Investment in next-generation systems development vs. more deployment of</td>
<td>Pushing the pace of innovation to ensure U.S. technological dominance.</td>
</tr>
<tr>
<td>current systems</td>
<td>Exception that proves the rule: tactical aircraft (F-35s, F/A-18s)</td>
</tr>
<tr>
<td>Division of labor between the services vs. each service a “full-spectrum</td>
<td>Under a full BCA scenario, nation can’t afford not to face Roles and</td>
</tr>
<tr>
<td>force”</td>
<td>Missions issues</td>
</tr>
<tr>
<td>Real burden-sharing vs. BPC</td>
<td>Major allies won’t spend more on their own defense until they feel the</td>
</tr>
<tr>
<td></td>
<td>cold wind from a withdrawing U.S. security blanket</td>
</tr>
<tr>
<td>Hard Power vs. Soft Power</td>
<td>DoD provides the stick in coercive diplomacy; off-load soft power to</td>
</tr>
<tr>
<td></td>
<td>non-defense agencies</td>
</tr>
<tr>
<td>Stand-off bombers vs. penetrating bomber (LRS-B) and tactical fighters (F-35A)</td>
<td>Distances in the Asia-Pacific are too great for short-range assets;</td>
</tr>
<tr>
<td></td>
<td>LRS-B too expensive</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Areas to Accept Risk</th>
<th>Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Army force structure and personnel</td>
<td>That’s where the money is</td>
</tr>
<tr>
<td>DoD Civilian Manpower</td>
<td>Grew faster than it should during post-9/11 buildup and will go down faster now</td>
</tr>
<tr>
<td>Contractor Service Support</td>
<td>Would have cut even more if game had allowed it; same rationale as civilian manpower</td>
</tr>
<tr>
<td>BPC activities anywhere with limited exceptions of some ungoverned areas</td>
<td>In an era of constrained resources, U.S. can’t afford to carry “free-riders”</td>
</tr>
<tr>
<td>Tactical aviation</td>
<td>Driven by reduction of carriers and Air Force’s transition to UAVs/bombers</td>
</tr>
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</table>

There are clearly significant strategic risks associated with a retreat from the Middle East and a sharp reduction in Army force structure. This rebalancing exercise forces one to “allocate risk” but does not capture the “strategic costs” of selective engagement, either in the short- or longer-term.

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Final Remarks:

• CSBA rebalancing tool is very useful for thinking through priorities in resource-constrained environment
  – Very few anomalies (e.g., BRAC, cost of adding RC)
  – Express our thanks to CSBA for organizing this exercise and hosting us:
    • Jim Thomas
    • Todd Harrison
    • Mark Gunzinger
  – Repeat again the disclaimer: This is not a CSIS strategy. These are the implications of implementing the $500B BCA cuts with the strategic priorities outlined on Slide 2.

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