



# **COUNTERBALANCE**

## **Red Teaming the Rebalance in the Asia-Pacific**

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## About the Asia-Pacific Security Program

The Asia-Pacific Security program seeks to inform the exercise of U.S. leadership in Asia by analyzing how the United States can rebalance its priorities; shape a rules-based regional order; modernize traditional alliances; build the capacity of new partners; and strengthen multilateral institutions and respect for the rule of law. From exploring rising maritime tensions in the region, to crafting ways to renew key alliances and partnerships, to articulating strategies to extend and enhance America's influence, the program leverages the diverse experience and background of its team, deep relationships in the region and in Washington, and CNAS' convening power to shape and elevate the conversation on U.S. policy across a changing Asia.

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# **EXECUTIVE SUMMARY**

**S**ince the Pivot to Asia was announced on November 17, 2011, President Barack Obama has sought to refocus American diplomatic, economic, and military attention to the Asia-Pacific region. Now known as the Rebalance to Asia, the effort remains designed to refocus American policymaking on the world's fastest growing and most populous region, following long wars in the Middle East and the 2008 financial crisis. The fundamental premise of the Rebalance is that the history of the twenty-first century will be written in Asia. How the United States protects its allies and interests, contributes to institution building and security provision, and helps to manage a rising China will determine whether it can maintain a twenty-first century regional leadership role. This strategic turn has a central, but by no means exclusive, role for the Department of Defense. This study seeks to assess some of the Pentagon's leading Rebalance initiatives to date, with an eye to helping a new administration to strengthen these efforts.

In its Asia-Pacific Maritime Strategy, the Department of Defense (DoD) has described three fundamental U.S. interests in the Asia-Pacific region: securing the freedom of the seas, deterring conflict and coercion, and promoting adherence to international laws and standards.<sup>1</sup> The Pentagon's initiatives are directed toward securing continued access to the seas and skies of the Western Pacific despite growing anti-access/area denial (A2/AD) challenges from China. The Department has begun to implement four distinct initiatives to that effect, which this report addresses in turn.

First, the Department of Defense has sought to reinforce its military *force posture*. Free movement throughout the Asia-Pacific maritime theatre, supported by forward-deployed troops and platforms, has underwritten regional security there for decades, but is due for a post-Cold War update to confront modern challenges. Next, the United States is pursuing new *security assistance* initiatives aimed at building partner capacity in the region. This line of effort seeks to reshape (and reform) traditional Cold War or counterterrorism-inspired relationships to confront contemporary challenges. Third, the United States is pursuing a *Third Offset* military modernization effort. Following in the tradition of the two prior offset strategies – efforts to balance Soviet quantitative military advantages with superior qualitative ones – the Third Offset strategy seeks to reassert American technological dominance for a new era. Finally, the Pentagon is developing new *operational concepts* by which it can fight and prevail in conflict using the capabilities and personnel to which it has access today.

This study aims to assess and provide prescriptions that may strengthen these initiatives. It scrutinizes the Pentagon's assumptions about the Rebalance, offers alternative analyses, and attempts to anticipate how China might respond to U.S. efforts. Our study employed a Red Team method: a structured process of discussion and analysis designed to challenge traditional assumptions among policymakers and experts and to identify and overcome preexisting cognitive biases. Over the course of five workshops in 2016, teams of leading regional and functional experts examined the Pentagon's four lines of effort, as well as how the four would interact in a scenario exercise based in the year 2020. These sessions, combined with the authors' extensive research and interviews with policymakers leading the Pentagon's Rebalance efforts, informed this report's analyses and recommendations.

### **Force Posture**

The fundamental assumption animating the force posture elements of the Rebalance is that a greater U.S. presence will reduce or blunt the impact of Chinese assertiveness. The United States has sought to achieve this through the conclusion of new rotational access agreements, which accommodate temporary U.S. deployments abroad, tailored as needed for specific places and circumstances.<sup>2</sup> This force posture assumption may be true, but should be scrutinized in light of the tradeoffs inherent in an enhanced U.S. force posture in the Asia-Pacific. A more visible *presence* is not the same as a more effective *posture*. Large forward operating bases and local platform rotations may appear reassuring, but could also be less effective in a high-intensity conflict than distributed platforms based over-the-horizon. However a U.S. force posture upgrade is pursued, Chinese planners may interpret this line of effort as a validation of their own efforts: namely, that the United States sees its position in the region as slipping in the face of Chinese military modernization and anti-access investments. A new administration should commence a global force posture review that acknowledges the need to retain substantial forward forces in Asia, and should assess whether existing rotational agreements meet DoD needs; it should conduct a new annual exercise that demonstrates the capability and the capacity at its disposal from new access arrangements; and it should consider cluster basing, by which multiple, proximate, outposts serve similar functions, for the purposes of resilience.

## Security Assistance

In contrast to the assumptions underpinning force posture upgrades, which are clear, if untested, those shaping U.S. security assistance programs and strategy are numerous and indistinct. Security assistance programs vary significantly across agencies and countries: they are sometimes aimed at improving a partner's defensive capabilities, sometimes at improving U.S. regional access by way of that country, and at times perhaps merely a means of managing the relationship. U.S. policymakers have struggled to align security assistance efforts under unified strategic objectives, although the new Pentagon-based Maritime Security Initiative (MSI), a partner capacity building program for Southeast Asia, could begin to change that. However, China could reap outsized benefits if it undertook its own competing effort to provide hardware assistance, such as by provisioning basic radio communications equipment. Instead, it will likely benefit more from shaping the political cost calculations of countries that receive U.S. assistance. China has shown a willingness to wield economic pressure as a weapon, and may seek to inflict harm upon or woo away perceived or potential U.S. partners. To counter this, the Pentagon should institute an annual assessment that explicitly coordinates security assistance programs with strategic goals; it should work with MSI countries to develop their own plans and proposals for maritime domain awareness (MDA); it should enlist regional armies in maritime domain awareness development efforts; it should encourage near-term cooperative projects such as coast guard academies; it should coordinate the MSI with International Military Education and Training (IMET) and Foreign Military Financing (FMF) programs; and it should adopt lessons from past successful programs like the Partnership for Peace.

## Third Offset

Faced with the prospects of the proliferation of precision-guided munitions (PGMs) and the return of near-peer military competition, the Pentagon's nascent Third Offset strategy acknowledges that the American way of war faces fundamental challenges. Our Red Team analysis found that the Third Offset held promise, but requires far more definition to confront the obstacles posed by China's military modernization. The Third Offset differs from the prior two strategies in several fundamental ways. First, China is an uncommon challenge as the "pacing threat," with its ability to field large quantities of "good enough" capabilities. It will be no easy feat for Washington to innovate its way out of competition. Both Beijing and Washington, however, recognize that

China is more likely to pursue targeted efforts at balancing against specific individual platforms, rather than to attempt a broader confrontation with U.S. technological superiority. U.S. defense planners should define the Third Offset carefully to send calibrated signals of intent to China and to partners; they should include efforts beyond traditional innovation, to harness existing technologies and to slow the pace of fast-followers; they should publicly emphasize those capabilities that will be funded and produced in short order; they should explain to allies their role in this initiative; and they should seek to put China at a disadvantage by encouraging Beijing to spend where it is relatively weak and improvements would be costly.

## Operational Concepts

By investing in new operational concepts such as Air-Sea Battle (ASB), the Pentagon has signaled its belief that legacy operational concepts may no longer be adequate in the event of a war with China. Recent operational concepts for the Pacific have centered around legacy platforms and capabilities which may allow the Department of Defense to wield them in new and inventive ways. Chinese strategists have seized upon publicly available evidence about new U.S. concepts and used this to justify their own ongoing modernization efforts. When new guidance is made public about the concept known as Joint Access and Maneuver in the Global Commons, it should acknowledge but not concede that access is contested; it should attempt cost imposition by encouraging China to spend on its areas of weakness; it should increase stability by emphasizing resilience; and it should produce multiple concepts of operations, including concepts for lower-intensity conflicts that originate in maritime and territorial disputes.

## Strengthening Strategy in the Asia-Pacific Region

The four defense Rebalance initiatives this report examines hold a great deal of promise, but the Pentagon would be well advised to examine the assumptions underpinning them, as well as how China is likely to respond when planning its future. These lines of effort do not exist in a vacuum: they each intersect with one another and could be mutually reinforcing, or instead might work at cross-purposes. China is likely to respond to these initiatives in a calculated manner. While it is difficult to point to instances in which specific U.S. programs have inspired direct Chinese countervailing efforts, it is also clear that most U.S. defense initiatives feed China's larger narrative that it is threatened by

containment or encirclement. U.S. initiatives seem to make the most significant impression on Chinese planners when they seek to discern U.S. intentions from capabilities. While the United States thinks of its regional defense posture largely in traditional military terms, China's responses to each of these lines of effort may rely on political counteractions, such as coalition splitting or the use of economic coercion. China's most likely responses make apparent the need for careful, top-down Rebalance coordination as a new administration takes office in 2017.

A new National Security Council (NSC) staff should issue classified strategic and agency-specific guidance early in 2017 that charts the course for the next phase of the Rebalance. It should task the Pentagon, State Department, Treasury Department, and others agencies with preparing an annual Rebalance report. The Pentagon should evaluate the utility of adopting a concrete defensive objective – namely, the defense of the First Island Chain – and of focusing its lines of effort toward this end, even if only in private.<sup>3</sup> A new administration will also want to craft a counter-coercion concept to accompany the Pentagon's new operational concepts; prioritize those Third Offset capabilities that may have near-term applications; and think through some fundamental strategic questions in advance of crisis or conflict: what exactly does the United States seek to deter and defend in the waterways of Asia, and to what lengths will it go to do so?

The Pentagon has made substantial progress in implementing four of its most prominent regional defense initiatives. But these initiatives are based on premises and assumptions that may not always hold true, and China has ample tools to respond, some of which exist outside of the defense domain. China has consistently assumed the worst about U.S. defense initiatives in East Asia, and is likely to continue to view these initiatives through a containment or encirclement lens, however they take shape. China's prospective responses suggest that the Department can best strengthen the Rebalance if it begins from the top down, with careful and concerted coordination across offices and agencies. The success or failure of U.S. efforts will be determined in large part by how nimbly they respond to China's inevitable counter-vailing actions.

# **INTRODUCTION**

## **Counterbalance**



An November 2011, President Barack Obama delivered a major speech describing the “deliberate and strategic” U.S. decision to refocus attention on Asia after two protracted wars in Iraq and Afghanistan and a harrowing domestic financial crisis.<sup>4</sup> Eventually termed the “Rebalance,” the initiative comprises diplomatic, economic, and military efforts to reinforce, in consistent and predictable ways, U.S. leadership in the world’s fastest growing region. This renewed focus directly engages some of the most fundamental geostrategic questions of the twenty-first century: namely, how the United States will maintain a leadership role in Asia and protect its allies and its interests as China rises.<sup>5</sup>

Since the Rebalance was announced, the Department of Defense has declared its fundamental objectives for the region to be securing freedom of the seas, deterring conflict and coercion, and promoting adherence to international laws and standards in Asia.<sup>6</sup> Top Pentagon leaders have increasingly pointed to the defense challenge posed by China’s anti-access systems.<sup>7</sup> These capabilities aim to deter or defeat third-party intervention in a large-scale conflict close to China. They comprise ballistic (including anti-ship) missiles, anti-ship and land-attack cruise missiles, cyber and electronic warfare (EW) capabilities, space and counter-space, ballistic missile defense, air defense, surface and undersea, and Intelligence, Surveillance and Reconnaissance (ISR)

significant challenges to post–World War II U.S. assumptions about the ability to project U.S. power in East Asia. This environment is particularly challenging, as military planners must consider contingencies across the conflict spectrum, ranging from competition in the grey zone, which fall below traditional conflict thresholds, and outright military clashes in high-end, near-peer conflict. They must also prepare to compete in the near term and the long term, and must grapple with how the near-term and longer-term dimensions of that competition may influence one another.

Force posture upgrades aim to improve U.S. access to bases, particularly in and around Southeast Asia, with a lighter footprint and in a more distributed manner than has been true of past U.S. military presence in Northeast Asia. More base access is meant to ensure that the U.S. military can respond to a crisis or conflict quickly and from within the region, rather than trying to access flashpoints from afar when the seas and skies may be contested. It also seeks to improve deterrence in the southern part of the region. Force posture initiatives may improve the U.S. ability to respond across the conflict spectrum with short-term and longer-term effects.

U.S. security assistance, which has generally focused more on the Middle East and Europe than on East Asia, aims to ensure that U.S. partners in the Asia-Pacific region are more capable of responding to China in a

## **How China intends to use its emerging military prowess is difficult to know, but Beijing’s growing capabilities pose significant challenges to post–World War II U.S. assumptions about the ability to project U.S. power in East Asia.**

investments.<sup>8</sup> To protect its regional objectives, the Pentagon has pursued at least four major defense initiatives since 2011. These include upgrading U.S. regional force posture; modernizing U.S. defense technology as part of the “Third Offset” strategy (described below); partner capacity-building with regional states through security assistance programs; and the development of new concepts of military operations, such as Joint Access and Maneuver in the Global Commons and Air-Sea Battle (both described below).

Each of these defense initiatives seeks to secure U.S. access to Asia’s waterways despite the increasingly contested environment that China’s so-called anti-access and area-denial (A2/AD) capabilities may present. How China intends to use its emerging military prowess is difficult to know, but Beijing’s growing capabilities pose

lower-level crisis or conflict of their own, and to improve their ability to operate with the United States and with each other, improving U.S. accessibility and maneuverability in the region. Security assistance efforts seek to influence competition at the lower end of the conflict spectrum in the medium term.

The Third Offset strategy responds to the widespread proliferation of precision-guided munitions and their effects on the American way of war, and aims to leverage U.S. advantages in high technology and innovation in an anti-access environment. This initiative aims to improve the U.S. ability to engage in long-term, high-end competition.

New operational concepts assume that Chinese advances in A2/AD would make it extremely difficult for the United States to fight and prevail in a conflict in

the Western Pacific through the quick establishment of air and sea superiority and reliance on long-range strike. Instead, they seek to approach warfare in a manner than exploits and retains U.S. advantages, to influence the result of high-end conflict over the short and medium term. Yet while each of these initiatives takes as a premise the emergence of a near-peer competitor in China who may be able to impede or impose high costs on U.S. defense operations in the Western Pacific, each has been conceived and implemented largely independently of the others. The Rebalance is still relatively new, and there have been few analytic studies that question the fundamental assumptions that underlie each one of these lines of effort, their possible unintended consequences, or the ways in which each may interact with other defense components of the Rebalance. Moreover, little work has explored how China might react to them either individually, or in aggregate. This study aims to begin to fill these analytic gaps.

There is widespread consensus in Washington and among regional partners and allies that the defense Rebalance is necessary to keep the region secure and stable in the twenty-first century. This effort represents

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a significant investment of American resources, and the stakes riding on its success are high. Yet despite the financial and human-resource costs and the political and economic stakes involved, there have been relatively few critical assessments of the Rebalance's implementation

and strategic underpinnings. This study – entitled Counterbalance to reflect the fact that regional actors, particularly China, will influence whether or not U.S. defense strategy succeeds in Asia – employs alternative analysis and makes recommendations with an eye to helping a new administration improve its security policies in Asia beginning in 2017.

The remainder of this introduction briefly reviews recent studies that have analyzed force posture, military modernization, security assistance, and new operational concepts. It also explains our study's Red Team methodology, highlighting the benefits and the limits of Red Team tools in policy analysis. The study then examines each of the Pentagon's major lines of effort, devoting one full chapter each to force posture, to military modernization through the Third Offset, to security assistance, and to new operational concepts. Each chapter begins by taking stock of the effort, giving an overview of pertinent policy changes and debates since the Rebalance was first announced in 2011. A "Red Team" section then presents the assumptions, hypotheses, and challenges for each line of effort revealed by our Red Team analysts, most notably, their views on how China is most likely to respond to each initiative. Each chapter offers analysis and recommendations on how a new administration might strengthen this initiative in the coming years. The fifth and final chapter offers some additional recommendations on how these lines of effort might interact if fully implemented. It also offers some broader recommendations on how the Pentagon could strengthen its defense approach to Asia as a whole in a new administration. In so doing, the authors hope to help the Department of Defense capitalize on some of its early successes under the Rebalance and to avoid some potential stumbling blocks that could arise as Beijing continues its own military modernization efforts and looks to consolidate its own anti-access gains.

## Four Routes to Maintaining U.S. Access in the Asia-Pacific Region

The Rebalance is a relatively new initiative, but notable studies have begun to evaluate its four major lines of effort. This section reviews recent work on the Rebalance and its defense initiatives.

### Force Posture

Over the past 60 years, the United States has underwritten regional security and protected free movement in the Asia-Pacific maritime theatre by means of forward-deployed troops and platforms. Modern American force posture has come to include U.S. access to bases, the partners and frequency with which it performs training and exercises, and the nature of its operational orientation.<sup>9</sup> This posture largely still reflects the legacy of the Cold War. As the Congressional Research Service has observed, the U.S. forward posture is robust and provides deterrence of adversaries and assurance of allies, but it has not been fully updated to reflect twenty-first century challenges.<sup>10</sup>

Particularly since initiating the Rebalance, the United States has made significant efforts to update its regional posture, primarily through rotational access agreements with new partners. These have largely been focused on Southeast Asia and Oceania, where Washington previously did not have regular base access. A more regular and geographically distributed presence of U.S. forces has been especially demanding of the Navy and Marines, worrying some analysts that they are stretched thin, and at risk of

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long-term damage to readiness.<sup>11</sup> Others have questioned whether American force posture decisions and progress were consistent with their strategic objectives. Substantial progress in force posture improvements has been made under the Rebalance, but weaknesses remain, particularly when it comes to defense funding.<sup>12</sup> Indeed, our study found reason to believe that the U.S. government needs to

align its strategy better with its allies and partners; focus on partner capacity, resilience, and interoperability; extend its force posture in the region; and develop new concepts and capabilities to protect U.S. forces.

### The Third Offset

The Third Offset is a military modernization effort to renew U.S. technological superiority in a global environment where that superiority would otherwise rapidly erode, due particularly to the proliferation of precision-guided munitions around the world. The two prior offset strategies realized asymmetric qualitative advantages over Soviet quantitative military advantages. The First Offset strategy proposed using nuclear weapons to counter Soviet land forces, while the Second Offset strategy combined multiple technologies to create precision-guided munitions that could strike Soviet forces accurately from a distance. This quality-over-quantity approach has long defined the U.S. approach to war; it will need to be updated for the modern era if American superiority is to be reliably maintained.

In 2014, Robert Work and Shawn Brimley documented the strategic underpinnings of what became DoD's "Third Offset" strategy. Until relatively recently, defense technologies were mostly developed in large national laboratories or by government-funded defense contractors; adversaries lacking similarly substantial infrastructure could not duplicate these technologies. Consequently, the comparative advantages they bestowed could be expected to endure for some time. The Second Offset was so potent in part because its innovations were so sophisticated: together, networked computing, global positioning system (GPS), stealth, ISR, and precision ordnance allowed the United States to overcome the historic tradeoffs between range and accuracy.<sup>13</sup>

Work and Brimley point out that the magnitude of the U.S. battlefield advantage is diminishing, especially because technological innovation has become more widely accessible. The breakthroughs that made precision-guided munitions possible in the 1980s are now widely available.<sup>14</sup> Precision-guided weapons, and related technologies, can threaten core U.S. security assets and concepts as they were never threatened before. Forward regional bases could, similarly, become vulnerable to a more distant and broader set of actors; carriers and surface ships could become easier targets for stand-off strikes; non-stealthy aircraft could be more easily shot down; and even space-based assets may no longer be safe from attack. With many fundamental components of traditional American force projection at risk by this technological diffusion, the need arises for a new offset strategy.<sup>15</sup>

### Operational Concepts

In response to China's growing anti-access capabilities, the United States has sought to develop new operational concepts that will allow it to enter and prevail in conflicts using capabilities it already possesses. By 2010, the Pentagon acknowledged it was developing a "joint air-sea battle concept" oriented toward confronting A2/AD capabilities. When unclassified details remained scarce, Jan Van Tol, Mark Gunzinger, Andrew Krepinevich, and Jim Thomas proposed a vision for the concept, which became a stand-in for the classified DoD concept in public debate.<sup>16</sup> This vision, dubbed Air-Sea Battle, named China as an adversary and received considerable attention at home and abroad for its emphasis on penetrating strikes against the Chinese mainland. While the authors accurately diagnosed the gravity of the A2/AD threat (such as the vulnerability of the many forward-deployed American soldiers in the Western Pacific), and while their work had more nuances than just the kinetic strikes that drew so much attention, it posed a public relations headache for Pentagon planners. Military leaders, including then-Chief of Naval Operations Admiral Jonathan Greenert and Air Force Chief of Staff General Norton Schwartz, defended Air-Sea Battle as a geopolitically neutral concept aimed at service integration and at evolution toward preserving traditional U.S. force projection, not a plan for war with China.<sup>17</sup> Some critics of the concept offered alternatives of their own, such as distant blockades or other schemes for the defense of Asian archipelagos.<sup>18</sup> As the Pentagon now prepares to unveil the public guidance around a successor concept, known as the Joint Concept for Access and Maneuver in the Global Commons (JAM-GC), there has still been relatively little analytic work published on the role of this and other new operational concepts in broader U.S. strategy.

### Security Assistance

Security assistance and partner capacity-building initiatives have shifted significantly in motivation and objective since World War II. Despite a focus on counterterrorism over the last fifteen years, many such programs have historically been associated with geostrategic competition, especially during the Cold War. The recent growth of Chinese A2/AD capabilities has renewed interest in security assistance efforts, particularly because the countries of the Asia-Pacific region have historically been the recipients of only a small fraction of U.S. security assistance funding. Recent scholarship, however, has raised questions about how effective these programs are at defining and realizing even modest

goals, much less broad strategic effects. Dafna Rand and Stephen Tankel have warned that security assistance initiatives are frequently at risk of becoming ends in and of themselves, rather than means to clear objectives in the U.S. national interest.<sup>19</sup> Such mission drift comes from a number of different pressures. For example, a longstanding security assistance program can easily become a stand-in for relationship maintenance, and train-and-equip efforts have sometimes been used instead of politically unsustainable deployments of large numbers of U.S. forces in unstable areas. Such pressures have created a proliferation of authorities under which security assistance is implemented; these authorities may have conflicting goals or different fundamental assumptions about how American power can and should be used.

Analysts point out that security assistance programs and authorities need to be designed from the beginning with greater attention to and evaluation of U.S. goals, as well as their national and regional contexts. A RAND study by Christopher Paul and others sets out criteria to assess how and when security assistance programs are most likely to be effective.<sup>20</sup> It is critical that the recipient country wants the same capability that the United States hopes to impart, and has the ability to absorb it. The determinants of absorptive capacity may be as simple as having enough sailors to man a new vessel, or as intangible as having the institutions needed to propagate a new practice. Thus these programs require a clear understanding of the political contexts within which recipient countries operate. U.S. security assistance can anticipate numerous deep and diverse constraints as it focuses on Southeast Asian partners. Without accounting for these elements at the heart of security assistance programs,



Annual training exercises, such as Balikatan, are one component of U.S. security assistance in the Asia-Pacific region. (Cpl. Matthew J. Bragg /U.S. Marine Corps)

the United States might produce “better dressed soldiers who shoot straighter,” wrote Thomas Ross, but still have a partner who is no more capable or willing to help achieve shared strategic goals.<sup>21</sup>

Each of these lines of effort is a direct response to China’s anti-access initiatives, but research has not thoroughly explored how these initiatives intersect. There is relatively little acknowledgment that all of these programs are ways and means to secure the same strategic ends: assured U.S. access to and maneuver in the Western Pacific. If policymakers hope to wield these tools effectively, there is a clear need to evaluate what they may be able to accomplish, and where these initiatives may encounter obstacles to their implementation, particularly as China responds to them.

## Red Teaming the Rebalance

This study aims to assess and strengthen the Pentagon’s lines of effort under the Rebalance by questioning the underlying assumptions, offering alternative analysis, and thinking through how China, in particular, might respond to U.S. efforts. Our study team adopted a Red Team method: a structured process that seeks to understand the interests, intentions, and capabilities of an institution or a potential competitor through simulations, vulnerability probes, and alternative analyses.<sup>22</sup> In this study, the authors seek to understand both the Pentagon’s decisionmaking and Beijing’s possible reactions. We rely primarily on alternative analysis to reveal unstated assumptions, to identify blind spots and unintended consequences, and to find ways to improve the Pentagon’s performance under the Rebalance in a new administration.<sup>23</sup>

*Why Red Team?* Most policy analysis is inhibited by natural human and environmental constraints. In general, when analysts cannot rely exclusively on factual evidence to analyze the implications of a set of policy choices, they are forced to rely on their own mental models or heuristics. This is particularly true when policy decisions are complex, when policymakers may not have full access to all information germane to their decisions, and when there is pressure to produce positive results. Under these conditions, biased thinking may prevent analysts from accurately assessing the probabilities of success or the potential adverse consequences of the policies on which they are working.<sup>24</sup>

One common cognitive bias is “mirror imaging,” in which analysts assume their adversary would think in a similar way to that of the analysts.<sup>25</sup> Another bias is

“availability,” in which the ease of imagining an instance influences estimates of its probability. Policymakers may also be subject to “anchoring,” where they cannot shift away from a judgment rooted in an understanding that is based on initial information or impressions. With the “representativeness” bias, probability is judged based on the degree to which the analyst believes the outcome resembles the cause.<sup>26</sup> Analysts may be overly confident in an area in which they have particular substantive expertise.<sup>27</sup>

## In general, when analysts cannot rely exclusively on factual evidence to analyze the implications of a set of policy choices, they are forced to rely on their own mental models or heuristics.

Perceptual biases also make it harder to achieve accurate analyses. With “confirmation bias,” analysts favor findings that support their personal theories or beliefs. A bias of “ambiguities” means that analysts find it difficult to accurately understand the situation due to initial exposure to ambiguous information, even after clearer information is obtained. “Resistance” bias occurs when change is opposed even in the face of new and inconsistent information.<sup>28</sup> Biases also exist in evaluating evidence: analysts may feel more confident about conclusions drawn from a small sample of consistent data than they are about conclusions drawn from a large sample of less consistent data. Where data is simply unavailable, it is hard to assess its impact, if the information gap is even recognized. Analysts may be slow to change their perception when new evidence disproves the original conclusion.<sup>29</sup> Analysts experience biases in perceiving causality accurately: observers tend to organize events into a causal pattern, and to reject explanations of simple randomness. Observers are also subject to the attribution bias, by which they will tend to attribute behavior of others, such as a country or its leader, to the actor’s fundamental nature, while ascribing their own behavior to the particular context or situation.<sup>30</sup>

Such biases may cause policymakers to perceive what they expect to perceive, or become resistant to change after they have reached conclusions. They may fit new information into existing mental models, sometimes incorrectly, or dismiss new information if it conflicts with existing conclusions.<sup>31</sup> The longer analysts and

policymakers work on a particular problem set, the more susceptible to these risks they become, as they rely on their expertise and past success to make judgments.

Under these circumstances a Red Team method can be a useful corrective. Red Team methods help analysts break out of potentially biased mindsets by use of structured techniques.<sup>32</sup> The Central Intelligence Agency handbook and the Army's *Applied Critical Thinking* handbook recommend diagnostic, contrarian, and imaginative thinking techniques, including assumption checks, analysis of competing hypotheses, devil's advocacy exercises, and "What If?" thinking modules.<sup>33</sup> Micah Zenko's pioneering work on this analytic technique, *Red Team*, suggests some best practices and offers insight on the specific value of the method as well as its limits.<sup>34</sup>

Even the best alternative analysis of ongoing policies has its limits: given sufficient time and resources, a determined Red Team could creatively dissect every

undermine current or proposed policies.<sup>36</sup> An ideal Red Team exists in an environment with suspended disbelief and incorporates team members highly capable of critical thinking. Given that the Rebalance comprises relatively new, costly, human resource-intensive policies that aim to protect fundamental U.S. national security interests, our study team believes that analysis by Red Team experts can help to strengthen the Rebalance in the coming years.

This Red Team analysis was conducted through a series of workshops held at the Center for a New American Security (CNAS) in the spring and summer of 2016. Our Red Teams comprised leading specialists with regional and functional expertise focused on China, broader Asia, defense, and national security. Each workshop session convened eight to fifteen experts for a morning or afternoon of exercises in small-group analytics. Each session focused on one of the Pentagon's

## **Red Team methods help analysts break out of potentially biased mindsets by use of structured techniques.**

assumption underlying each Pentagon initiative, but that would not necessarily reveal how to strengthen the policy. Moreover, even diverse, open-minded collections of Red Teamers could fall victim to groupthink, circumscribing their own ability to view a problem set accurately.<sup>35</sup>

Ultimately, the purpose of Red Teaming a potential competitor's response to U.S. foreign policies is not to craft predictions on which policymakers could rely with high confidence. Rather, a Red Team seeks to dissect our own analysis and to make explicit the preferences and other forms of bias that shape it. An ideal Red Team will reveal problematic assumptions, policy trade-offs, and potential unexpected developments that could

four major lines of effort under study: force posture, security assistance, the Third Offset, and new operational concepts. Red Team techniques were largely drawn from *The Applied Critical Thinking Handbook*.<sup>37</sup> Our fifth and final workshop, which sought to envision how these lines of effort might interact in the year 2020, was organized around a scenario exercise. These Red Team sessions, coupled with our other research and with extensive conversations with the policymakers who sit at the helm of these initiatives, have informed the recommendations we make throughout this report. We hope that our recommendations will help a new U.S. defense team strengthen and streamline its lines of effort as it continues to craft a defense strategy for the Asia-Pacific.

# 01 CHAPTER

## Evolving U.S. Force Posture in the Asia-Pacific

America's strategic influence in Asia relies on credible power-projection capabilities. U.S. armed forces can operate at will throughout the Western Pacific. Yet China's military modernization is casting doubt on this assumption. Within a few years, the United States will no longer enjoy uncontested access in the seas between the Asian mainland and East Asian maritime states. Moreover, because most of the U.S. forces in Asia are stationed in Northeast Asia, it would be more difficult for the United States to deter or enter a conflict in Southeast Asia. As China continues to rise and to develop significant sea and air power-projection capabilities, the United States must consider how to modernize its own force posture to protect its interests in the Asia-Pacific.

For sixty years, the United States has enjoyed the ability to move freely through the Asia-Pacific maritime theatre. It has underwritten the security of the region in part through the persistent presence of its forward-deployed troops and systems. As regional powers – most notably, China – develop their anti-access and area-denial (A2/AD) capabilities, the United States is seeking new ways to maintain its capacity to project power so it can achieve its three maritime objectives in the Asia-Pacific region: to safeguard the freedom of the seas; to deter conflict and coercion; and to promote adherence to international law and standards.<sup>38</sup> Enhanced U.S. force posture is one means to achieve these objectives.

**FORCE POSTURE DEFINED**

Force posture can be defined as the location and primary operational orientation of the nation's military personnel and the military facilities to which its troops have access.<sup>39</sup> It may also be defined more broadly to include many aspects of war planning, including patrolling schedules, the timing and locations of multilateral exercises, refueling and maintenance timetables, acquisition constraints, and more.<sup>40</sup> In the Asia-Pacific context, a new approach to basing has been a prominent focus of U.S. force posture upgrades and is therefore the focus of this chapter.

**New Threats, Renewed Posture**

Since the Second World War, the United States has maintained a robust forward posture of defense in depth. After the Soviet Union dissolved, the United States overhauled that posture by closing many of its bases abroad, although it maintained a presence deemed sufficient to deter aggression and encourage stability. In the 1990s, defense planners focused primarily on regional adversaries, and on such threats as the proliferation of weapons of mass destruction. This was accompanied by a shift to capabilities-based planning centered on expeditionary postures, focused on forward presence to engage regional threats, rather than global threats and forward defense.<sup>41</sup>

During his first term, President George W. Bush directed Secretary of Defense Donald M. Rumsfeld to launch a comprehensive review of U.S. forces and basing abroad; it was known as the Global Defense Posture Review (GDPR). The 2004 GDPR report to Congress emphasized that the increasingly uncertain threat environment created a need for U.S. forces to be deployed in an operationally flexible manner using lighter, more expeditionary units.<sup>42</sup> The GDPR was influenced by the U.S. experience of the September 11, 2001, attacks and the subsequent U.S. wars in Afghanistan and Iran. It was also one of the first major Pentagon studies to acknowledge emerging A2/AD challenges in regional contexts, including in Asia.<sup>43</sup>

The GDPR led to the congressional mandate to the 2005 Base Realignment and Closure Commission (BRAC) to plan for the relocation of about 70,000 U.S. military personnel back to the United States. It also led to the shuttering of about 35 percent of overseas bases; their number declined from 850 to 550 over the subsequent decade.<sup>44</sup> While the movement of personnel and assets resulting from the BRAC process was historically modest compared to movement during or after major wars, it reflected a real change in thinking about the dangers affecting national security.<sup>45</sup>

Since the 2005 BRAC process, many new U.S. military locations outside the United States are Forward Operating Sites (FOS). These are facilities with little or no U.S. military presence, which are maintained through host-nation support or private contractors; they can be scaled in size and capacity when needed. These entail a substantially lighter footprint, both fiscally and logistically, compared to Main Operating Bases, which are hardened bases that can host dependents and command and control (C2) facilities along with a significant number of U.S. personnel.<sup>46</sup> Washington has also increasingly relied on Cooperative Security Locations (CSLs), which have no permanent U.S. personnel presence but facilitate security cooperation activities.

Forward presence in Asia is intended to deter regional conflict and coercion and to allow the United States to respond rapidly to maritime crises. The Pentagon has accordingly prioritized the development of a “more distributed, resilient, and sustainable posture.”<sup>47</sup> A more distributed force posture implies a need for access to new bases; resilience implies positioning in such a way as to minimize vulnerability in crisis or conflict; sustainability implies a force posture that can be maintained despite fiscal, political, or logistical constraints. It is clear that the Pentagon is departing from the historical Cold War patterns that defined force posture thinking until the early 2000s. Nonetheless, much of the physical and political infrastructure remaining in the Asia-Pacific region is still shaped by last century's threat landscape.

**It is clear that the Pentagon is departing from the historical Cold War patterns that defined force posture thinking until the early 2000s.**



## Historical U.S. Regional Force Posture: An Imbalanced Heritage

Most of the 85,000 U.S. forces based in Asia are concentrated in Japan and the Republic of Korea (ROK).<sup>48</sup> This posture was appropriate during the Cold War, when the primary alliance threats were the Soviet Union and North Korea, with China as a lesser-included case.<sup>49</sup> Today, Japan hosts more U.S. forces – approximately 53,000 military personnel – than any other foreign country.<sup>50</sup> U.S. Forces Korea (USFK) includes about 28,500 active personnel.<sup>51</sup>

Despite these considerable numbers, basing American troops in Japan and the ROK is significantly cheaper for the United States than if they were based domestically, thanks to significant host nation support.<sup>52</sup> Historically, however, the United States has had no regular base access in Southeast Asia. Its nearest main operating base south of Okinawa is Diego Garcia in the Indian Ocean. With a broader range of potential adversaries and contingencies than during the Cold War, however, this posture is anachronistic, as the Obama administration has acknowledged.<sup>53</sup> In seeking a more distributed and flexible posture, the United States has begun to prioritize access and platforms further south.

### Evolving Geographic Priorities

Singapore has long been used as a logistical hub for U.S. Navy operations, particularly since the United States closed bases in the Philippines in 1992. It is of increasing strategic interest thanks to its proximity to the Malacca Straits, a crucial chokepoint for 70 percent of oil

transiting to Asia and 80 percent of oil products transiting to China.<sup>54</sup> A four-ship rotation is now based out of Singapore to provide a constant peacetime positioning of naval assets near the critical waterway (although the U.S. Navy's new littoral combat ship has been criticized as insufficiently combat-oriented).<sup>55</sup>

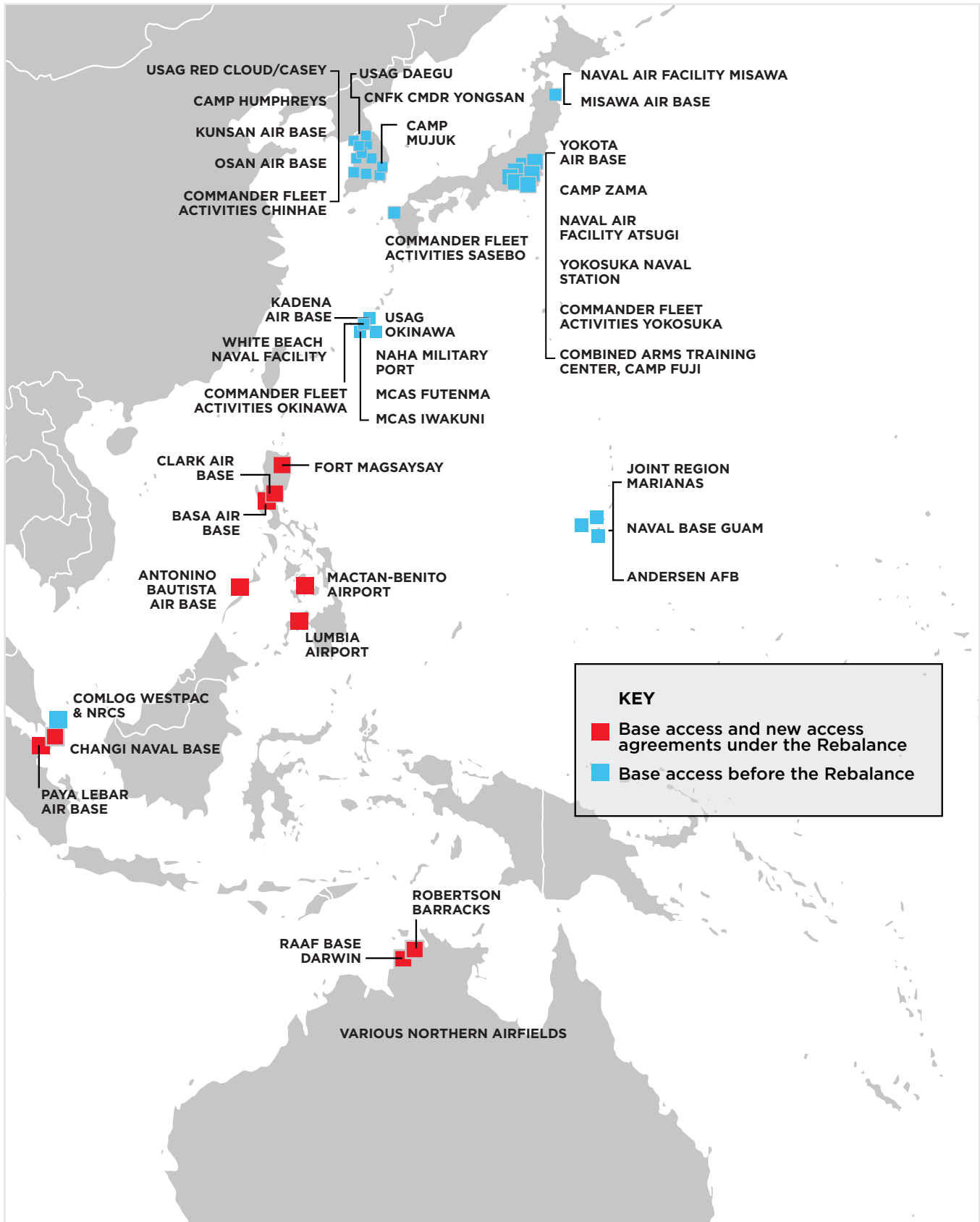
Under a 2011 agreement with Australia, up to 2,500 U.S. Marines as well as U.S. Air Force platforms rotate through Darwin and smaller Northern Australian airfields. The Marines use only pre-existing Australian facilities, avoiding the significant costs and time associated with building and hardening new facilities. Although of limited utility in a major conflict because of the relatively light troop presence and limited lift capabilities, these Marines will serve as a ready and deployable Pacific asset while participating regional exercises, engagement, and disaster response.<sup>56</sup> The rotation of U.S. Air Force B-52 bombers, fighter jets, and air-to-air refueling aircraft may be the beginning of a more solid power projection presence, although this agreement has not yet been formalized with Australia.<sup>57</sup>

The United States gained rotational base access in the Philippines under the 2014 Enhanced Defense Cooperation Agreement (EDCA), following a lengthy deliberation by the Philippines Supreme Court.<sup>58</sup> Thus far, EDCA gives the United States access to five geographically dispersed bases throughout the Philippines for ten years.<sup>59</sup> Manila has also granted provisional U.S. access to Clark Air Base and the Subic Bay naval facility. It is likely that any U.S. forces deployed to the Philippines will be small and temporary, including rotations of Marine and Naval aviation units and perhaps a bomber squadron.<sup>60</sup> Other U.S. forces in the Philippines will



The LCS USS Fort Worth arrives in Singapore as part of the U.S. effort to expand its regional defense footprint. (Mass Communication Specialist 1st Class Jay C. Pugh/U.S. Navy)

U.S. Force Posture out to the Second Island Chain and Australia



Historical U.S. base access in the region and new access agreements under the Rebalance.

include 200 airmen, including Special Operations Forces, who will remain at Clark Air Base, along with a number of attack aircraft, helicopters, and surveillance P-8 surveillance craft.<sup>61</sup> If fully implemented, these new access arrangements would situate U.S. forces with quick access to the South China Sea and also within striking range of the Chinese mainland's land-attack or anti-ship missiles.<sup>62</sup> The Philippines' 2016 election of the unpredictable and nationalistic President Rodrigo Duterte, however, makes it unclear whether the future of this defense relationship will look anything like its last six years. If the security relationship is scaled back, EDCA base access may be a casualty.

### **The Second Island Chain**

Guam and the Northern Mariana Territories, together dubbed the Second Island Chain, are far enough from China to be less vulnerable to it but close enough to be strategically significant to the United States. The time to steam or fly from Guam to Manila is a fraction of the time it would take from anywhere else in U.S. territory. This was demonstrated in August 2016 by the B-1, B-2, and B-52 show-of-force joint flight out of Guam and over the South China Sea.<sup>63</sup> A submarine based on Guam can have approximately triple the number of mission days – to one hundred per year – compared to its counterpart based in the continental United States (CONUS).<sup>64</sup> Guam's strategic value is not lost on the Chinese government; it sees the island as the "anchor" of U.S. "encroachment" in the region. Beijing has rushed the development of its DF-26 intermediate-range ballistic missile (IRBM), the first conventionally-armed ballistic missile capable of reaching Guam.<sup>65</sup> U.S. Air Force and Naval bases on Guam, meanwhile, are undergoing hardening, renovation, and expansion projects to make them more resilient. They will undoubtedly play a major role in future U.S. strategy. Naval Base Guam hosts four *Los Angeles*-class nuclear attack submarines, special operations units, and an expeditionary air wing.<sup>66</sup> It has a Terminal High-Altitude Area Defense (THAAD) ballistic missile defense battery. Concerns remain, however, that the island's increasing strategic value will make it a more likely (and highly escalatory) target.

### **Future Force Posture**

As China continues to assert its territorial claims in the East and South China Seas, previously unfeasible access agreements may be realized between the United States and emerging partners in Southeast Asia. Vietnam may be one such partner, in a historical volte-face: Hanoi has stated clearly that it would not join military alliances or give other countries access to its military bases.<sup>67</sup> However, it views Chinese expansion in the South China Sea as

a profound and proximate threat. In 2016, Hanoi opened Cam Ranh Bay's international deep-water port with great fanfare, rejoiced at the lifting of the U.S. ban on lethal arms exports and, in a gesture toward potential future security ties, has agreed to host U.S. humanitarian assistance and disaster relief (HA/DR) equipment caches.<sup>68</sup> The U.S.-Malaysia security relationship has seen similar but less noted improvements. Malaysian security cooperation with the United States is mostly focused on counterterrorism and counter-piracy operations, but since 2010 it has grown to include significant maritime training and engagement, such as participating in the U.S.-led "Rim of the Pacific" (RIMPAC) multilateral exercise. It has also offered to host a U.S. P-8 surveillance aircraft. Although Malaysia's internal politics and bilateral tensions over alleged corruption, as well as its "special relations" with China, may constrain deeper U.S.-Malaysian ties, both countries continue to discuss the routine rotational basing of maritime surveillance craft, and U.S. ships still routinely make port calls in Malaysia for maintenance and refueling.<sup>69</sup>

The Philippines and Australia are both hosts to relatively new basing and access expansions; both will also likely be central to future U.S. posture developments. The United States must reassure its Philippine ally that current plans to have U.S. forces operate out of multiple bases in the Philippines are in the interests of both countries. The ten-year EDCA plan requires the Philippine Armed Forces to spend money to upgrade these facilities; However, both financial and political difficulties could slow down implementation. In addition, there is some concern that President Duterte might use the Philippines' acceptance of U.S. military access as a bargaining chip in negotiations with China over disputes in the South China Sea.

Australia has not revealed its future basing plans, but Canberra's recent defense posture review highlights several promising locations for potential expansion.<sup>70</sup> The Australian mainland, due to its size and the proximity of its coasts to multiple strategically important maritime theaters, is home to many promising sites, such as Fleet Base West and its submarine facility.<sup>71</sup> Broome, Perth, and other ports would be ideal for surface vessels.<sup>72</sup> Australia's considerable island holdings, although lacking much usable landmass, also offer forward-operating potential.<sup>73</sup> The Philippines and Australia both hold great geostrategic potential for future U.S. force posture, although current political relations suggest that the next U.S. administration is more likely to find success in Canberra.

Throughout the region, political and financial constraints are likely to affect any major new access arrangement. As the Department of Defense adapts the Asia-Pacific force posture to twenty-first century challenges, the new approach also

brings new questions. First is the nature of the political relationships that support these access agreements, and the degree to which potential hosts also maintain close relationships with China. Japan and Korea are uncommon in the strength of their democracies and the degree of their industrialization (in contrast to the period when the United States first acquired access there). While Australia is a significant ally, it also has a close economic relationship with China and the security threat is less proximate. Vietnam, Malaysia, and Indonesia may be candidates for future access agreements, but they also have complex relationships with China; any future partnerships will not resemble traditional U.S. alliances. The U.S.-Philippine alliance has the potential to deepen over time, but it will take a long and active engagement to transform the U.S.-Philippine Military Defense Treaty into a full-fledged operational alliance. Further complicating the situation is that budgetary constraints will keep the United States from establishing access to as many sites as it might prefer.

As it considers the future of its force posture upgrades, Washington should consider Beijing's possible reactions to the force posture upgrades it has made, and those it may pursue in the future.

## Red Teaming Force Posture Modernization

### Assumptions and Hypotheses

Alternative analysis of U.S. force posture modernization efforts in Asia must begin with an evaluation of the assumptions that underlie them. One assumption is that the physical presence of U.S. armed forces has a positive effect on regional security and stability: that through its military presence, the United States will deter China's assertiveness so that it will not take destabilizing actions it would have otherwise pursued. U.S. force posture improvements are presumed to put the United States in a better position to respond to crises or conflict. Presence implies a willingness to use force. Because of this relationship between presence and security, U.S. allies and partners can be expected to welcome the U.S. footprint, because it provides reassurance. This positive relationship may also be enhanced because augmented U.S. presence leads to more interactions between the U.S. and Chinese militaries, which may provide each country with more information about the other's intentions, and thus lead to more predictable interactions in the future.

As with all deterrence efforts, however, the precise effects of the U.S. military presence are very difficult to

measure. It is possible that U.S. presence has an inconsequential or even a negative effect on Chinese behavior. The United States might augment its presence in Southeast Asia without also increasing its willingness to use force in the region; if so, it might add very little to the U.S. ability to respond in crisis or conflict. It could also augment its presence, but be constrained by host nation limits on the missions for which its bases could be used. This too could result in heightened tensions with China, without providing an adequate ability to intervene in crisis or conflict. For instance, if there were a South China Sea crisis and Manila called for but did not receive strong U.S. backing, this could effectively nullify the credibility of America's forward posture throughout Southeast Asia.

Alternatively, if U.S. presence inspires China to reposition its own forces or to take assertive actions that seek to offset or undermine the increased U.S. presence, U.S. posture modernization could have a negative relationship with regional security and stability. U.S. presence might appear to contribute to regional tensions rather than defuse them. U.S. partners and allies might be less likely to support augmented posture efforts if they appeared to accelerate major power competition in the region or to force a choice between the United States and China. While most Southeast Asian countries want the United States presence as a counterweight to Chinese power, they do not want that presence to sow instability that could lead to a hostile relationship or conflict with their major trading partner.

A related assumption is that China seeks to challenge U.S. dominance in the region. U.S. analysts generally believe that China seeks some form of regional hegemony, whereby it can operate freely in the seas and skies near its shores, unconstrained by the presence or potential intervention of other major powers (namely, the United States). According to this logic, China seeks a smaller U.S. regional presence. Some analysts have suggested China might want to push the United States out of the region entirely if it could.<sup>74</sup>

While there is little doubt that China has become increasingly assertive in the East and South China Seas in recent years, it is possible that China's objectives are limited to the realization of its territorial claims, rather than focused on regional hegemony broadly. It is possible that China would not actively contest U.S. regional military presence if this presence did not prevent it from achieving these territorial objectives. China is not, of course, militarily coercive in all of its security interactions, and it is an active participant in many global and regional institutions. If China's objectives are limited to its sovereignty claims and stop short of seeking effective

regional hegemony, this could change the way the United States approaches its own force posture upgrades. While experts debate this proposition, and China's future intentions are unknowable, most U.S. planners will err on the side of caution and assume that China wants to diminish U.S. military access to and capability in its near seas and beyond. China's behavior in the East and South China Seas is seen as a barometer of its likely future behavior more generally.

A third assumption behind U.S. force posture modernization efforts is that given China's growing capabilities, the United States can no longer maintain a sufficient level of deterrence or readiness with its existing Northeast Asia-heavy posture. Experts often point to China's so-called "salami slicing" strategy of incremental assertions in the South China Sea as evidence of a deficit in U.S. strategy. According to this narrative, the United States has not convinced China that it will pay significant costs for assertive behavior, and this has invited China to continue its opportunism. The relative lack of U.S. bases and presence in Southeast Asia has contributed to this lack of credibility. It is possible, however, that existing U.S. presence *is*, in fact, already deterring Chinese assertiveness from even higher levels of escalation, and constraining Chinese actions to incremental assertions of sovereignty. It is also possible that the presence of additional, high-end U.S. military assets would not meaningfully change the U.S. ability to deter lower-level Chinese actions. Indeed, over the past several years, China has appeared to favor maritime assertiveness in the face of growing U.S. regional presence and regard-

### Experts often point to China's so-called 'salami slicing' strategy of incremental assertions in the South China Sea as evidence of a deficit in U.S. strategy.

less of reputational costs. However, China also appears to want to avoid direct military confrontation with the United States. Beijing reconciles these two interests by undertaking actions that do not automatically trigger U.S. military responses (crossing declared U.S. "red lines"). Consequently, China's actions, from land reclamation and island building to military maneuvers and outpost fortification, tend to occur at a level to which U.S. force posture improvements are not of much relevance.

A fourth set of assumptions of the Obama administration's approach to force posture is that the United States

can meet its presence goals vis-à-vis China by means of rotational access agreements. The administration has prioritized the realization of distributed, flexible, and sustainable force posture, which in practice diminishes reliance on costly main operating bases that might strain political ties in host nations. If, however, this new approach to force posture were to make U.S. access more fragile – if, say, host nations significantly circumscribed the missions the United States could conduct from their soil, or later amended or reneged on their commitments for domestic political reasons or due to changed relations with China – then this more flexible, lighter-footprint force posture might actually undermine U.S. goals.

These basic assumptions add up to one central hypothesis that has helped to animate the force posture elements of the Rebalance: more U.S. presence via rotational access agreements will reduce Chinese assertiveness or blunt the impact of that assertiveness, and thereby reduce Chinese gains. This, in turn, will allow the United States to retain its militarily preeminent position in Asia. This force posture hypothesis may well be true, but it is not beyond question. However, its accuracy will ultimately be very difficult for policymakers to monitor over time or to confirm conclusively.

### Force Posture Tradeoffs

As the United States contemplates future force posture upgrades, policymakers must scrutinize the tradeoffs they will face in light of the hypothesis that U.S. presence, by means of rotational access agreement, will reduce Chinese assertiveness. Forward presence may be most effective if it is primarily intended to maximize warfighting potential, but even with this in mind, defense policymakers face tradeoffs.<sup>75</sup> First, the United States is likely to face choices between *posture* and *presence*. Additional access agreements may allow the United States to base troops and major platforms closer to potential flashpoints, but the same personnel and material could instead be kept over-the-horizon, and greater attention and resources devoted instead to long-term readiness for potential conflict. Put differently, investments in presence for the purposes of deterrence, dissuasion, and reassurance might divert resources from preparations for high-intensity major-power war.<sup>76</sup> Precisely because we cannot measure how much forward presence is sufficient to deter unwanted actions, or whether incremental increases would provide additional benefits, there is no algorithm to determine how much investment should be made in forward presence versus longer-term posture.

The United States will also face tradeoffs in the way it distributes its force posture in the future. *Distributed* force posture is a U.S. goal, which implies that a new administration may continue to seek rotational access agreements that allow it to base relatively modest numbers of personnel and platforms in forward positions. A distributed force posture may also be more resilient, that is, able to recover more quickly from adverse conditions: when bases are distributed and each houses a limited amount of materiel, damage to one location is less damaging to U.S. posture as a whole.<sup>77</sup> Moreover, distributed bases may complicate Chinese planning by giving the Chinese military multiple targets and by engaging the political and defense interests of other regional states. But there are numerous operational and strategic advantages from larger forward bases, including operational, logistics, and maintenance efficiencies, as well as the greater combat power that may be brought to bear from larger bases. Larger forward stations may permit a different form of resilience, if concentrating investment on fewer bases means that they can be hardened more substantially to withstand damage in case of attack.<sup>78</sup> Again, it is difficult, if not impossible,

**If rotational access comes with a minimal footprint, the United States may increase the likelihood that it will become entangled in conflicts without necessarily improving its ability to respond to the contingencies that most threaten its interests.**

to measure which approach would send stronger deterrence signals: a few larger forward bases, or smaller but more numerous, distributed, and resilient bases. Given the goal of a distributed force posture, then, a critical question is how to maximize efficiencies from a more distributed network of bases.

Another U.S. force posture goal – *sustainability* – also comes with its own set of tradeoffs. A more sustainable U.S. base presence may be one that is more acceptable to the host government. This may mean a lighter footprint in terms of U.S. personnel and platforms. It could also mean a more circumscribed mission set (humanitarian assistance/disaster relief missions only, for example). The Pentagon does not necessarily see all available locations as equally crucial to its ability to prosecute a conflict. In

some cases, the primary purpose of the access agreement is rather to provide enhanced training opportunities between the United States and the partner military. In acquiring additional access, however, the United States necessarily expands its defense interests and engages its credibility: it is more likely to intervene in a conflict if it has troops and platforms nearby. If rotational access comes with a minimal footprint, the United States may increase the likelihood that it will become entangled in conflicts without necessarily improving its ability to respond to the contingencies that most threaten its interests.

### **China's Response to U.S. Force Posture Modernization**

From a Chinese perspective, U.S. force posture upgrades indicate several important things. First, they demonstrate that the United States believes that its military presence has a positive influence on the security and stability of the region. Second, they are an acknowledgement by the United States that it does not believe it has yet achieved sufficient levels of presence and access without these upgrades. Third, this, in turn, indicates that the United States believes it is losing ground to China. Fourth, the nature of U.S. force posture upgrades indicates to China that Washington believes that, while additional access is necessary, it can be achieved with a nimble, expeditionary approach to forward presence.

Chinese planners and strategists most likely interpret U.S. force posture modernization as a sign that China's own anti-access and military modernization strategies are succeeding at undermining the U.S. position. By this logic, China's best response to U.S. posture upgrades is to stay the course: to continue its own military modernization efforts and to demonstrate that capability through exercises, tests, and defense diplomacy with regional militaries. Additionally, China may see that it would do better to reduce those behaviors that are most likely to produce regional counterbalancing, such as South China Sea activities that put pressure on other claimants or that increase the risk of direct military or paramilitary confrontations with other regional states. If it limits activities such as these, China can press ahead with its strategy, while reducing the likelihood that regional actors will turn to the United States to help offset China's advances.

If China actively seeks to undermine U.S. force posture modernization efforts, this may be an attempt to demonstrate to regional states that more U.S. presence does not provide more security. It might not respond by repositioning forces of its own. Rather, it could more easily disrupt U.S. force posture through an attack on the political or economic relationships essential to base access. Beijing could, for

example, seek to derail U.S. force posture upgrades through a limited use of force against a U.S. partner. Such a relatively low-level provocation would aim to demonstrate to regional countries that U.S. rotational base access and presence operations do not meaningfully increase U.S. willingness to push back against limited Chinese incursions. Beijing also might use economic coercion against a host nation, or offer it economic benefits, to induce it to limit U.S. access. If the U.S.-Philippines relationship continues to degrade it may be largely attributable to President Duterte's interest in Chinese economic aid and could come at the expense of U.S. access.

## Recommendations

Improved U.S. access to the Asia-Pacific region may indeed improve the U.S. ability to deter and defend against China but, as our Red Team found, this relationship does not suggest that more access directly produces more security. If the United States wants to ensure consistent and reliable access in peacetime and in case of crisis or conflict, the next administration should take some additional steps.

### Conduct a Global Force Posture Review

The 2004 posture review took as both a premise and a conclusion that the United States was facing uncertain and unpredictable threats around the globe that required a flexible force posture. In 2016, however, some challenges are quite predictable indeed, and assuring access in the Asia-Pacific region is one of them. A central question in a new global force posture review should be whether distributed access for expeditionary forces is sufficient to support U.S. combat needs in possible contingencies that may arise in Southeast Asia. It may be that U.S. force posture interests are not fully supported by establishing more light-footprint agreements in additional countries; instead, the United States may need to deepen its cooperation with Australia and other allies to yield a more robust presence in certain countries.

### Consider Cluster Basing

The flexible nature and light footprint of rotational access agreements may make them more politically viable in peacetime, but less robust in wartime, if host nations restrict the ends to which those bases can be used. A force posture study should investigate the merits of cluster basing, an approach that spreads facilities across multiple nations, aiming for operational resilience. Our Red Team suggests that cluster basing would also send the message to China that it cannot, by scuttling the U.S. relationship with any one particular partner, meaningfully undercut access. This approach has downsides, namely that it requires that the U.S. military

support major redundancies of munitions and supplies. With many competing near and long-term investments to make, the Pentagon budget may not support this. Nonetheless, the prospect is worth further study as part of a larger review.

### Implement and Exercise

To maximize the deterrent effects of its recent force posture upgrades, the United States should focus on fully implementing existing access agreements and using them to demonstrate its capabilities. It should conduct large-scale regional military exercises with partner nations in which it demonstrates the capacity to respond to a crisis from its various access points. During the Cold War, the United States used its annual REFORGER exercise to demonstrate its ability to move forces rapidly into Central Europe; it should consider a similar exercise for Southeast Asia.<sup>79</sup> The Pentagon should also consider creating a joint task force or a Surface Action Group, a temporary deployment of combat ships, through which the United States would deploy alongside close allies. Such Surface Action Groups would be based in the region, deploy for several months at a time, and remain on constant standby in case of a crisis.

### Couple Presence with Political Will

Calls for further bolstering U.S. force presence through, for instance, the forward basing of a second aircraft carrier in the region, should be calibrated to the perceived threat and the real need for operational capability. Given significant U.S. military capabilities already deployed in the region, a far more important step than additional U.S. military presence would be to demonstrate clear and strong political will prior to or early in an emerging crisis. This requires a clear assessment of what Chinese actions would be unacceptable to U.S. national interests. It must be sufficiently credible in the eyes of China. Assuming that the demonstration of political will preserves stability, it can win wider regional diplomatic backing. Conversely, a failure to act decisively against genuine aggression would make the formidable U.S. armed forces appear to be merely a paper tiger in Asia.

As our Red Team concluded, it remains possible – indeed, likely – that China could attempt to undermine U.S. force posture gains by aiming at the political relationships that underlie them, or perhaps even through the opportunistic use of force against a partner. This underscores the need for a new administration to ensure that its force posture is both distributed and flexible and also resilient and reliable in times of crisis. The next Pentagon team must ensure that its new access agreements not only extend U.S. peacetime reach, but will be sufficient and reliable in conflict. The political relationships that support these access agreements remain vital to that end.

## 02 CHAPTER

# Toward a New Model of Security Assistance in Asia

As U.S. concerns have risen over China's anti-access capabilities, military and civilian leaders have also had a renewed interest in security assistance or partner capacity building. The Asia-Pacific region has traditionally received a scant portion of U.S. security assistance aid. However, partner capacity building may be a way to improve U.S. access in and around the Western Pacific. In addition, mutually beneficial security relationships with local allies and partners could, over the long term, favorably incline those partners toward U.S. goals and values more broadly.

But not all such programs are created equal, enjoy successes commensurate with their investment, or are appropriate metrics for diplomatic importance. Security cooperation funding for the Asia-Pacific has traditionally lagged far behind that of other regions in dollar terms; this raises the question of how best to quantify American commitment to various countries and regions. Those areas that have traditionally been major beneficiaries of U.S. security assistance programs have a decidedly mixed

record when it comes to the intended outcomes of those programs. Nevertheless, there is a strong consensus that security cooperation agreements are likely to play a major role in the future of U.S. policy in the Asia-Pacific region.

The challenge for the United States will be to work effectively with allies and partners to develop cost-effective, realistic, and sustainable ways to elevate a regional security network to be more capable of enhancing deterrence and to improve national capabilities to be more adept at protecting maritime and air boundaries. To see the magnitude of this challenge, we start by looking at the history of U.S. security assistance programs, and the main institutions and mechanisms the United States relies upon for providing security assistance. The United States must also consider the aims and absorptive capacity of allies and partners. The next administration will need a set of guideposts to aim security assistance in a new direction to achieve the larger strategic aims of the United States and its allies and partners.



## History of U.S. Security Assistance Programs

The Foreign Assistance Act of 1961 defined modern foreign aid programs, codifying both military and non-military assistance and establishing the United States Agency for International Development (USAID). Subsequent amendments in the late 1960s and 1970s defined modern U.S. security assistance and cooperation initiatives largely on a Cold War footing. These included the Foreign Military Financing (FMF) program, focused on hardware, providing partner nations the credit necessary to purchase U.S. defense articles and services, and the International Military Education and Training program (IMET), which seeks to build the human capital and interoperability of those partners.

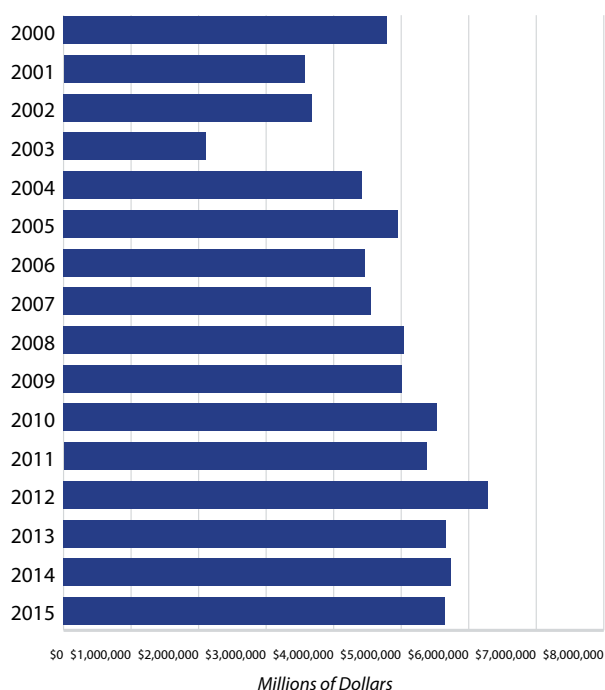
During the Cold War, these programs were frequently used to reinforce alliances and partnerships and to forge new ones seen as necessary for balancing against the Soviet threat. Aid to Israel and Egypt, which have long dominated total security assistance funding (they account for three-quarters of FY2015 FMF spending), began for much the same reason. Following the 1973 Yom Kippur War, military aid to Israel was framed as bolstering an important bulwark against its Soviet-backed neighbors, while also demonstrating to those neighbors

that Soviet support would not have the quality required to help them achieve their strategic goals. Similarly, large-scale aid to Egypt followed its peace treaty with Israel in 1979.<sup>80</sup>

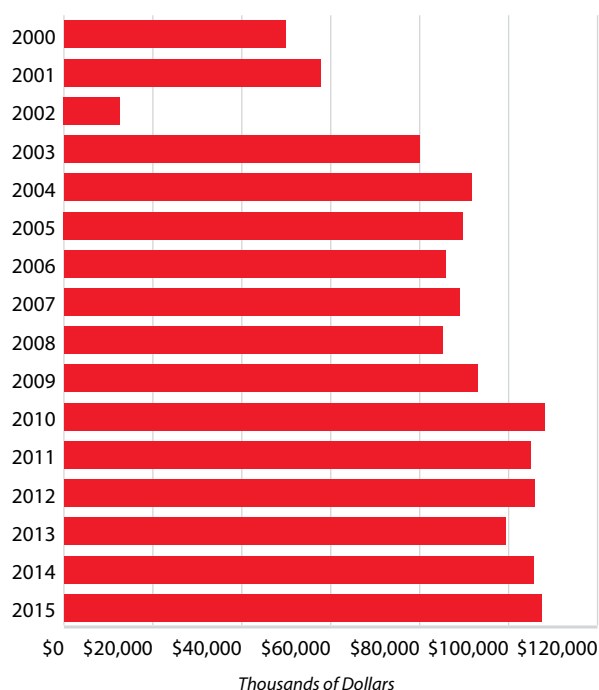
Since the fall of the Soviet Union and the post-9/11 emphasis on counterterrorism, the geographic targets of U.S. security assistance programs have remained relatively consistent, but the motivation and goals have shifted. Such programs now offer inducements to uphold international cooperation and protect global commons, as well as building the capacity of relatively weak partners. These smaller partners, although perhaps not significant players in the previous U.S. Cold War calculus, have increasingly found themselves on the front lines of global struggles against extremism, and they therefore receive growing security assistance investments.<sup>81</sup> Yet there is debate about whether these programs actually help to secure U.S. global interests, or if they are becoming simply ends in themselves.

Following the wars in Iraq and Afghanistan, security cooperation and assistance programs began to be seen as a more sustainable and politically more palatable alternative, especially in unstable areas, to large-footprint deployments of U.S. forces. Post-9/11 legislation created new authorities for the Department of State and the Defense Department to pursue these efforts; much of the funding has been devoted to the more hardware-centric FMF program and the human capital-focused IMET program.

**Foreign Military Financing  
Total Budget, 2000-2015**



**International Military Education and Training  
Total Budget, 2000-2015**

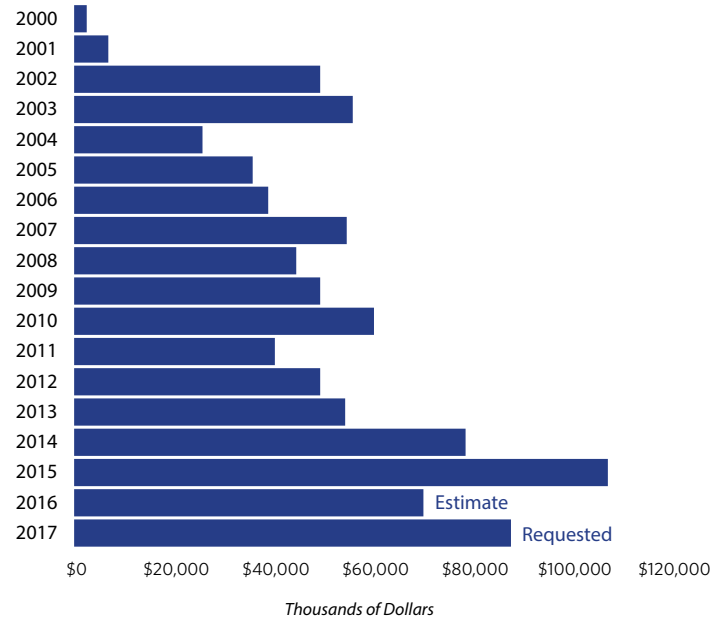


Source: U.S. Department of State. Nominal dollar values not adjusted for inflation.

### Evolving FMF and IMET Funding

FMF and IMET funding numbers do not include arms sales to wealthier allies, which pay for their own imports of U.S. arms as foreign military sales (FMS). They do, however, serve as a metric of changing U.S. priorities in building the capacity of less capable partners throughout the world. Today, the Near East is the focus of the large majority of FMF funding, with Israel and Egypt receiving the lion’s share. The area of South and Central Asia is second at \$275 million, but of that sum \$265 million is earmarked specifically for Pakistan. IMET funding is less lopsided, but Pakistan still looms large in its regional category. East Asia and the Pacific still receives only a small portion of Foreign Military Financing (which is most of the security assistance funding to the area), but the allocation to this region has grown significantly in recent years. Even without taking into account the new initiatives discussed in the next section, FMF funding for Asia is on a steady upward trajectory and totals are approaching those for Europe and Eurasia.

### FMF for East Asia and the Pacific

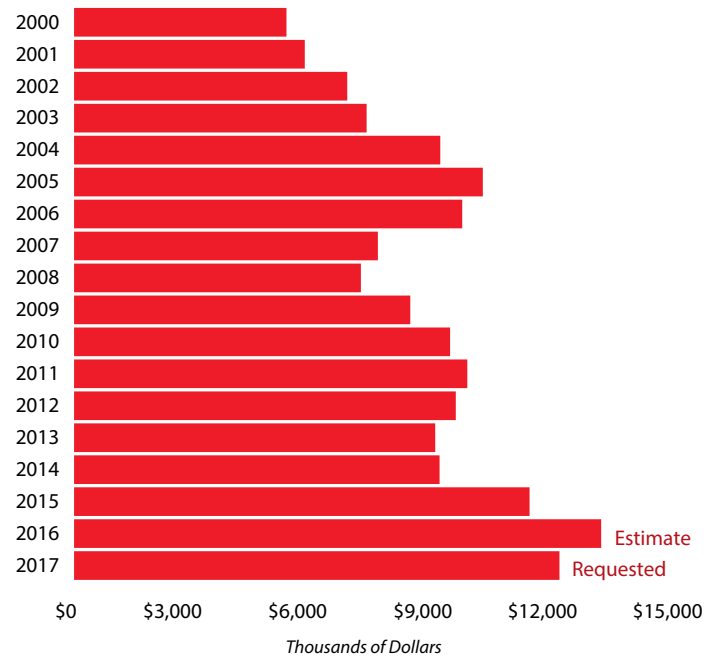


Source: U.S. Department of State. Nominal dollar values not adjusted for inflation.

### FMF and IMET Funding by Region<sup>82</sup>

FY 2015 ACTUAL	FMF	IMET
<b>Total</b>	<b>\$5,900 million</b>	<b>\$106.1 million</b>
Africa	\$69 million	\$16.7 million
East Asia and the Pacific	\$107 million	\$10.8 million
Europe and Eurasia	\$157 million	\$30.1 million
Near East	\$5,100 million	\$16.3 million
South and Central Asia	\$275 million	\$13 million
Western Hemisphere	\$48.8 million	\$13.5 million

### IMET for East Asia and the Pacific



Source: U.S. Department of State. Nominal dollar values not adjusted for inflation.

## The Maritime Security Initiative: A New Platform for Security Assistance

The newest addition to U.S. security assistance programs is the Pentagon’s Southeast Asia Maritime Security Initiative (MSI). As tensions rose over Chinese assertiveness in the South China Sea, the initiative was originally conceived as a \$425 million program to boost partner-nation maritime security and awareness capabilities for the Philippines, Vietnam, Indonesia, Malaysia, Thailand, Singapore, Brunei, and Taiwan. The initiative was designed with a multi-year time horizon to promote medium-term planning. Pending legislation may extend the original five-year timeline (and even its funding) out even further. In announcing MSI, Defense Secretary Ash Carter spoke of the importance of providing a security environment that could allow “all Asia-Pacific peoples and nations [the] opportunity to rise and continue to rise in the future.”<sup>83</sup>

The Department of Defense notified Congress that it intended to disburse \$49.72 million in MSI funds in 2016. The bulk of the aid is going to the Philippines, which has

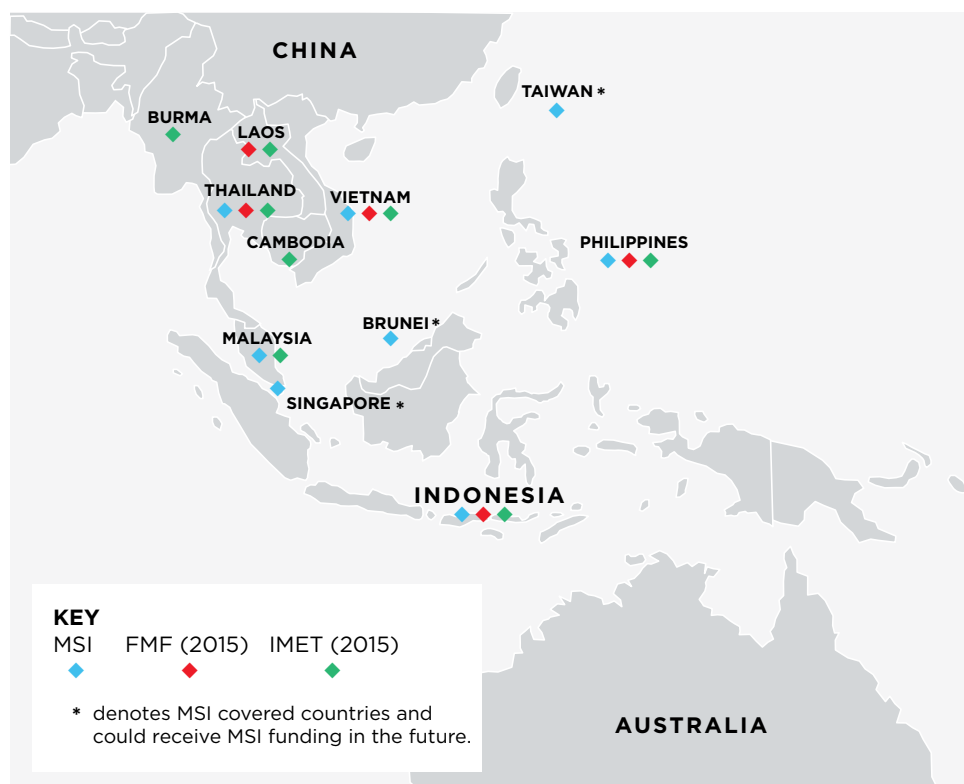
one of the region’s weaker militaries and has been the target of much recent Chinese pressure.<sup>84</sup> It is also the only recipient nation that holds a full U.S. security guarantee while hosting a significant U.S. military presence. The Philippines, as a result, was a natural choice for MSI’s first year of funding, as the United States has a significant interest in bolstering its front-line defenses and the means to do so, through robust existing security cooperation structures. Though U.S.-Philippine relations have recently encountered some political uncertainty, as MSI matures and becomes more established, funds are expected to be spread among more participant countries in future years. Boosting ISR, command and control, and port security are top U.S. priorities in Vietnam, Indonesia, and Malaysia in particular.<sup>85</sup>

While the creation of MSI and a growing FMF commitment are essential developments for security assistance in the Asia-Pacific, these funds may not be enough to achieve U.S. goals, and funding levels may be uncertain over the long term.

DoD ambitions for a regional maritime domain awareness and security network, outlined in the 2015 Asia-Pacific Maritime Security Strategy, will require expensive hardware and sensor platforms, along with training and exercises necessary to operate them effectively. The cost of fully realizing these ambitions would far exceed what is currently provided by FMF or even planned for MSI.<sup>86</sup>

Moreover, while MSI officially has at least a five-year budget horizon, the fiscal futures of both MSI and legacy security assistance programs are far from certain. FMF allocations for the Asia-Pacific are growing, but only by relatively modest increments; the increases are far smaller than allocations

### U.S. Security Assistance Partner Countries



Partner countries covered by the IMET, FMF, and MSI Programs

toward other regions. The Maritime Security Initiative, while designed to encourage medium-term planning, draws from a pool of pre-allocated Pentagon funds set aside for this new purpose and it is only temporarily insulated from ongoing budgetary pressures. The potential return of sequestration (legislatively on hold until FY2018), and ongoing security commitments in the Middle East could severely constrain how much the United States can execute a rebalance toward Asia in the security assistance realm.

## The Question of Effectiveness

As security assistance programs in the Asia-Pacific region grow and assume a more central role in U.S. strategy, questions have arisen over how to judge their effectiveness. MSI is still too new for such an assessment, but the more mature FMF and IMET programs have been criticized for inadequate performance plans, unclear objectives, insufficient tracking and evaluations, and lack of metrics of success.<sup>87</sup> The Obama administration directed that national security agencies coordinate, assess, and streamline these efforts in 2013 with Presidential Policy Directive 23.<sup>88</sup> The PPD reinforced the traditional notion that the United States should help partners build their capacity in order to address security threats more effectively, and it also added an emphasis on broader strategic themes. The PPD directed programs to align their programming to regional plans and grand strategy, while promoting universal values such as good governance, transparency, and support for human rights.<sup>89</sup> Policymakers were encouraged to prioritize programs according to U.S. interests, choose partners that possess strategic value to those interests, and assess the absorptive capacity of such partners to sustain security assistance efforts.

The 2013 PPD properly diagnosed security assistance shortcomings, but improvements appear to be slow. Writing in 2015, Dafna Rand and Stephen Tankel cited inadequately articulated U.S. objectives, disparate and conflicting priorities, and inattention to assumptions about inherent program utility as hobbling many U.S. security assistance initiatives. They warned that U.S. policymakers had let “relationship maintenance with foreign partners become an end in itself, as opposed to a means to achieve various U.S. national security objectives.”<sup>90</sup> To achieve U.S. strategic goals, security cooperation and assistance programs should have specific objectives, realistic assessments of absorptive capacity and values to be

instilled, institutional buy-in from both the United States and its partner nations, and pragmatic methods of monitoring and evaluation. Further, as suggested in the PPD, consensus is forming that capacity-building programs provided by Japan, Australia, Korea, and other like-minded and increasingly capable allies could serve as critical multipliers of U.S. efforts in the region, while diffusing the political costs to the United States. Without these efforts, traditional security cooperation programs will yield not stronger partners and global stakeholders, but merely “better dressed soldiers who shoot straighter.”<sup>91</sup>

While the United States evaluates how best to implement its programs, China is also seeking to expand its access and influence with security assistance arrangements.<sup>92</sup> Building on its existing efforts in Central Asia, the PRC might eventually attempt to challenge U.S. dominance in this arena. To that end, something as fundamental as a shared language could exacerbate the competition: many training programs facilitated by U.S. aid depend on English proficiency, which is spotty in the region, while China is reportedly rapidly increasing the Mandarin language programs available to its regional partners.

## While the United States evaluates how best to implement its programs, China is also seeking to expand its access and influence with security assistance arrangements.

The Maritime Security Initiative could provide a platform for a smarter, more dynamic, and better-designed security assistance effort from the beginning, in coordination with traditional sources like FMF and IMET. The web of security cooperation these three programs enable will be critical to the future of American engagement in the Asia-Pacific, if they are implemented effectively. Interagency and cross-program coordination, clarity of intent both in the Pentagon and among U.S. partners, and a clear understanding of local countries’ abilities and goals must form the foundation of future security cooperation arrangements in the Asia-Pacific. China has demonstrated that it is still far from able to emulate the kind of convening and collaboration power that the United States currently wields. The question is whether that U.S. power is an effective means to a strategic end, or will become an end in and of itself.

## Evolving Authorities and Funding Structures

The FY2017 National Defense Authorization Act (passed by the Senate but not the House as of late 2016) may deliver a down payment on the aforementioned challenges facing some U.S. security cooperation programs. In the interest of streamlining DoD's own security assistance programs (that is, those independent of the State Department's traditional aid authorities), the legislation aims to consolidate the various train-and-equip authorities under which the DoD programs are constituted. It seeks to pool all DoD security cooperation funding into one newly-created fund totaling more than \$2 billion, the Security Cooperation Enhancement Fund, and to allow the DoD to reallocate among the agency's various programs. It also encourages the creation of specific DoD security cooperation career paths to professionalize the workforce charged with developing the skills, expertise, and knowledge base to effectively implement these programs.<sup>93</sup> This consolidation might also improve the Pentagon's ability to monitor, assess, and evaluate its security assistance programs.<sup>94</sup>

The NDAA legislation would not, however, settle the balance of responsibility for security cooperation, writ large, between the Departments of Defense and State. The historical division of labor has charged the Secretary of State with primary responsibility over security cooperation, in close consultation with the Department of Defense. Since the end of the Cold War and especially post-9/11, DoD has taken on a growing role in conducting security cooperation programs under its broad statutory authority (under Title 10 of the U.S. Code) and through the annual National Defense Authorization Act, such as through well-funded ad-hoc train-and-equip programs. Presently, the Pentagon oversees \$3 billion in funding for security cooperation programs (apart from Afghanistan and Iraq), independent of the traditional State Department purviews. In comparison, State still presides over \$6 billion of security assistance funding, but \$5 billion of that is concentrated in Israel, Jordan, and Egypt. There is considerable debate over whether the proliferation of security cooperation programs under DoD will have the effect of militarizing foreign policy, and over whether the preferred joint formulation model can be as nimble as contemporary strategic environments require. Proponents of the changes that are in the Senate's 2017 NDAA argue that it merely eases the execution of DoD programs while recognizing the State Department's traditional leadership role on security

assistance. The debate over relative agency influence is likely to endure.<sup>95</sup> Given the far more modest security cooperation proposals offered in the House of Representatives and the concerns expressed by the Obama administration, it is unclear whether significant reform will survive the legislative conference process to be enacted into law, or will instead be held for the next administration to consider.

## Red Teaming Security Assistance

### Security Assistance Assumptions and Hypotheses

Alternative analysis of U.S. security assistance programs and strategy focuses most on the frameworks, assumptions, and metrics that underlie them. If U.S. policymakers are ambiguous in the goals for these initiatives, then the messages they are intended to send, both to China and to partners in the region, will remain murky. First, there is considerable dispute as to whether U.S. security assistance programs are primarily intended to be transformational – to improve a country's self-defense capability – or rather primarily to be transactional – to improve U.S. regional access by way of that country. The objective of a program must guide how it is designed and assessed. If such a program is, as is most likely, meant to be *transformational* for an assistance-receiving country's self-defense capabilities, then the program needs to be highly customized: the United States would need to tailor its assistance to the unique local needs of its security partners. Policymakers would need to analyze and monitor the extent to which the partner and the United States both agree that the capabilities in question do serve the vital national interests of each. If, on the other hand, a security assistance program is meant to be *transactional* and exists primarily to ensure access by U.S. forces and assets, then policymakers will need to take great care in analyzing the second-order strategic effects of program design. The political implications of providing transactional assistance to some countries and not to others, and questions of whether U.S.-imparted capabilities in different areas might be used at cross-purposes, must be examined.

Current U.S. regional security efforts certainly aim to be transformational in their objectives, but it will be necessary for policymakers to ensure that partner country objectives are similarly aligned. China's recent maritime assertiveness has provided a fairly coherent diplomatic narrative to support the adoption of a domain awareness system, but each MSI country has its own unique

and complex relationship with China. As each begins to take delivery of new equipment and to patrol contested waters, the picture will become more complex as MSI countries consider their relationships with China and confront the realities of operational coordination with other regional actors.

Second, whether these programs are intended to be transformational or merely transactional, their designs must be coordinated within the larger framework of U.S. goals in the region. The United States has stated that these goals include ensuring that the United States is embedded in the future Asia-Pacific architecture and preserving the international rules-based order.<sup>96</sup> Whatever the local, tactical goals of a security assistance program, it must clearly and coherently advance this strategic objective, not be just an isolated effort directed by esoteric requirements embedded in multiple independent, uncoordinated regulatory authorities.

Pursuant to the strategic goals outlined above, it is likely that empowering a community of local stakeholder states through transformational capability-building will be more helpful than transactional assistance-for-access arrangements that, in the end, would still leave the regional order dependent upon U.S. strength. If the United States eventually hopes to evolve regional security from a hub-and-spokes model to a more thoroughly networked multilateral security architecture, security assistance must be transformational, carefully designed, and thoroughly assessed.<sup>97</sup>

### **Security Assistance as Seen in Beijing**

Our alternative analysis suggests that, while U.S. security assistance programs may be sending multiple or unclear messages, Beijing is receiving them all in the same way. Chinese leaders are very likely to take both novel and existing security partnerships as evidence that the United States is seeking to encircle and contain China, and its leaders are unlikely to differentiate among specific U.S. programs in that judgment. It is less clear whether Chinese analysis views with greater concern its neighbors' growing self-defense capabilities or rather U.S. access to the region as a result of those capability-building relationships. Either way, the United States will need to reckon with the reality that, regardless of intent or design, Chinese analysts view most U.S. regional security assistance programs with suspicion, as steps toward encirclement.

In anticipating how China may respond to U.S. security assistance initiatives, it is also important to consider how Beijing views its own similar initiatives. Some Chinese security cooperation and capabilities building programs

appear to be driven more by commercial considerations than strategic ones. Sales outreach and technology transfers are outside of the PLA's traditional purview, so these cannot easily be directed to respond to U.S. security cooperation initiatives among China's neighbors.

China does have military-to-military exchange and training programs, but they are limited in scope and quality, particularly when compared to their U.S. counterparts.<sup>98</sup> As Heidi Holz and Kenneth Allen note, PLA diplomacy is focused on furthering the strategic objectives of the party-state – that is, countering threats to China's sovereignty, deterring Taiwan independence, and opposing imperialism – rather than operational activities to promote military dialogue or facilitate engagement between China's military services and those of its neighbors. PLA military diplomacy is another instrument of the state, used to enhance China's image as a respon-

### **The PLA has expanded the scope of its outreach, but it is still scanty in comparison to the breadth and depth of U.S. foreign military outreach programs.**

sible global power with global reach, to reassure key partners of China's peaceful rise, to deter opponents by demonstrating increased capability, and to access foreign expertise and technology. The PLA's foreign military outreach efforts have recently expanded significantly, with more attaché offices at home and abroad, more high-level and functional exchanges, and increased participation in peacekeeping operations, anti-piracy efforts, and combined exercises with foreign militaries.<sup>99</sup> As the analysis by Holz and Allen points out, however, that PLA leaders rarely travel abroad and rarely receive the same foreign leader or visit the same country more than once. The PLA has expanded the scope of its outreach, but it is still scanty in comparison to the breadth and depth of U.S. foreign military outreach programs.<sup>100</sup>

### **China's Response to U.S. Security Assistance**

Although China could benefit significantly from pursuing its own robust security cooperation architecture in the Asia-Pacific, it has invested relatively little in these efforts so far. Developing even modest versions of the relationships the United States enjoys would give China ways to assess its neighbors' human and equipment capabilities. Offering commercial radios and navigational



*China may respond to U.S. security assistance with economic tools. (Shutterstock)*

alternatives to GPS, like access to China's Beidou satellite navigation signals, could prove attractive to China's neighbors. More nefariously, hardware provisioning could also present opportunities to install software backdoors in neighboring countries' equipment, potentially allowing China the ability to remotely monitor or even disable key platforms or components.<sup>101</sup> By supplying non-military communications equipment, China might gain an ability to monitor or exploit recipient countries' diplomatic and military communications. Beijing might also find it useful to expand cooperative security investments elsewhere, to draw U.S. attention away from the Asia-Pacific. Deeper Chinese cooperation with countries in Latin America or the Middle East could even create pressures for an American pivot away from Asia.

More immediately, however, China will likely seek to stymie regional security cooperation already underway, targeting the political will of both assistance-providing states and assistance-receiving states. Given that many aid-providing states are democratic, Beijing may seek to increase the public's perceptions of the costs of security cooperation to assistance-providers. For example, creating new tensions or crises around the Senkaku Islands could engender deeper debate among the Japanese over to the extent to which they should be getting involved in the South China Sea. China might employ economic pressure to augment those tensions, such as when China reportedly curtailed rare earth

mineral exports to Japan in the midst of a standoff over the East China Sea.<sup>102</sup> Less powerful countries may be more susceptible to economic pressures or inducements, particularly if they face serious domestic economic problems. China could, likewise, use subtle economic pressure to affect public support among high-capability American partners for providing security assistance. South Korea's prominent advanced manufacturing sector, for example, is dependent on complex regional supply chains that are vulnerable to coercive Chinese influence. Australia's economic growth is heavily dependent on East Asian commodities exports and could be damaged by targeted investments and market entries by Chinese actors or state-owned enterprises.

Similarly, Beijing may seek to shape cost calculations among assistance-receiving countries. This would not necessarily take the form of overt coercion; indeed, such a move would likely increase the attractiveness of security cooperation. Rather, China could produce economic incentives to lure the lower-income assistance-receiving states closer to its orbit. The opportunity to increase their domestic support through more immediate Chinese investment could appear more attractive than an American promise of long-term strategic support, which may come with less tangible and delayed benefits. Of course, Chinese economic aid and American security assistance need not be mutually exclusive, but over time, Beijing may be able to shape the choices of

aid-receiving countries, steering them away from deeper cooperation and integration with new partners.

Finally, Beijing will want to try to weaken the political ties that bind assistance-providing and assistance-receiving states. If China more aggressively seeks membership or participation in relevant exercises and security architectures but is unsuccessful, Beijing could claim that the United States is only interested in dividing the region. China might deploy its growing cyber and psychological warfare capabilities to cause uncertainty in assistance-providing states over whether their knowledge and their equipment will be safe in the hands of their assistance-receiving partners. If the United States, Japan, South Korea, Australia, or others became convinced that any newly shared capability would immediately be hacked and its secrets revealed, it could have a chilling effect on such capability building, or limit the sophistication of capabilities offered. Because U.S. security assistance programs are long-term efforts to improve partner capacity incrementally, Beijing will have numerous junctures at which it can try to disrupt that process. The United States may continue to deliver maritime domain awareness equipment successfully to MSI countries, for example. But if China can sow seeds of doubt about the wisdom of integrating these capabilities or of sharing of the information they produce, Hanoi, Jakarta, Kuala Lumpur, and Manila may be dissuaded from realizing MSI's ultimate goal of building a unified maritime domain awareness network.

### **Toward a Coordinated and Strategic Security Assistance Paradigm**

The Maritime Security Initiative may be a new model for security assistance and its place in American foreign policymaking. To be sure, MSI is not a budgetary juggernaut. Qualitatively, however, the initiative holds the potential to open an innovative path for security cooperation and capability building. Legacy security assistance programs have been constituted under a variety of authorities, are geographically dispersed, carry diverse requirements, and frequently need long timelines for notification and implementation. MSI represents a significant departure: intended to realize broad strategic effects in the Asia-Pacific region, it was built to be more coordinated and agile than the collection of existing security cooperation tools. In coordinating its lines of effort across functional and geographic areas, while maintaining the agility to adapt quickly to changing geopolitical circumstances, MSI, although relatively small, still stands to get more mileage per dollar than the current smattering of bilateral projects with narrower and less-coordinated objectives.

Yet, as our Red Team analysts found U.S. objectives murky even to the very policymakers who were designing and implementing security assistance programs, the objectives

are likely opaque to broader audiences both at home and abroad. The United States must make clear to current and prospective recipient countries how and why MSI is different from traditional security assistance programs. The Pentagon has purposefully chosen not to advertise an intended end state for the region, but partner nations nonetheless need a clearer image of where MSI is headed and through what means. Because this must include discussion of these countries' relationships with China and the strategic effects MSI intends for the region, private channels and sideline meetings will continue to be the best venues for exploring specific opportunities for collaboration.

These collaboration opportunities are likely to fall into three categories, sometimes labeled *sense*, *share*, and *contribute*. States will largely begin at the *sense* phase, investing in the foundational capabilities to help them patrol and monitor their own waters more effectively (such as long-range radio, ubiquitous sensors, and high-bandwidth data transmission). As those states' capabilities improve, MSI will then encourage further technical and political steps to begin *sharing* the information gathered

### **Recipient countries will likely fear being pushed to choose between greater capabilities leading to regional security, or their most important regional economic relationship.**

by these patrols in service of a greater, more regionally-coordinated maritime domain awareness. As partner capabilities and political realities allow, partners will begin *contributing*: taking concrete steps in defense of a shared security architecture through joint operations and interdiction. Displaying a clear appreciation of those political realities will be necessary for U.S. implementers, especially as MSI participants work their way into the sharing and contributing phases.

This vision will encounter obstacles, including limits on individual nations' absorptive capacities and variations in their political will. If MSI progresses, China will almost certainly see it as a constraint on its own activities in the region. Recipient countries will likely fear being pushed to choose between greater capabilities leading to regional security, or their most important regional economic relationship. Partners may consequently be more willing to request and absorb new sensing equipment than they are to share information or to contribute to law enforcement, because of the political implications of the latter two phases.



## Recommendations

U.S. security assistance efforts in the region, while still nascent, aim to be transformational as they improve partners' capabilities. The Pentagon has no illusions that partner navies and coast guards will be able to match those of China, but that is not necessary for MSI to accomplish its goals. Nonetheless, participant countries will at times have different objectives for the capabilities they seek to build, have differing absorptive capacities, or require varying amounts of political space within which to work with MSI; these will all require significant agility and customization on the part of program implementers. Partners must understand the program with which they are working, absorb equipment and build the political will to network them, and understand how this program complements other ongoing initiatives. Beyond improving objective metrics of maritime domain awareness, security cooperation should aim to build the professionalism of the participating coast guards and militaries, and thus their capacity to work together in the event of a crisis. To that end, we recommend the following:

### **Institute an Annual Security Assistance Program Assessment Process**

Lack of clarity about goals, assumptions, and metrics of success is widely seen as a key shortcoming of U.S. security assistance programs. To address this, the Department of Defense should implement an annual assessment process to examine relevant programs, encourage the clarity of these elements, and introduce a tracking and evaluation component to ensure their long-term integration into U.S. security assistance. Carrying out the assessment in a classified space will allow planners to track the detailed linkages of strategic objectives with particular specific program elements, such as specific partner nation equipment purchases in pursuit of expanded maritime domain awareness. An unclassified report summarizing this progress will also be a useful tool.

### **Help Recipient Countries Develop Their Own Plans**

Red Team analysts suggested that an insufficient sense of ownership by security assistance recipients in the Asia-Pacific may be hampering the effectiveness of those programs. Helping countries identify their own needs and design their own programs in partnership with the United States could produce not only better-run

programs, but also more efficiently targeted investments. MSI was designed with these goals in mind, yet was initially met with confusion when countries expected straightforward "menus" of aid rather than a collaborative design process. This was due in no small part to the fact that the first tranche of MSI funding was authorized and disbursed over just a few months, giving policy-makers relatively little time to share much information about their strategic vision or the hardware that might support it. Going forward, policymakers should work with each MSI country to develop an annual proposal for future funding years. Each proposal should begin by identifying the strategic objectives the partner hopes to achieve through its participation. It should also specify the technologies that it hopes to acquire through MSI, explaining how it can most efficiently augment existing capabilities and mitigate weaknesses. These proposals can help to ensure that partners' technical requests are appropriate to their objectives. They can also help Pentagon policymakers to monitor partner progress on a year-to-year basis.

### **Enlist Regional Armies in Maritime Awareness and Security Efforts**

In many Southeast Asian countries, the army is the largest and most influential armed service, and creatively finding a role for armies in MSI could improve its reach and staying power. Platforms like the High Mobility Artillery Rocket System (HIMARS) could contribute meaningfully to coastal defense while augmenting the maritime relevance of the region's traditionally land-based armies. Cross-domain platforms need not be as high-end (or potentially provocative) as HIMARS to accomplish this goal.

### **Strengthen the Transition from Bilateral to Multilateral**

Over time, MSI seeks to knit disconnected, uncoordinated bilateral security assistance programs into a more strategically coherent region-wide framework. While the United States works to coordinate the strategic objectives of its security assistance programs across the region, MSI planners should also seek to inculcate this spirit from the ground up. A useful model is seen in European international consortia and centers for excellence, which have allowed NATO members to share best practices, coordinate training and maintenance, promote interoperability, and foster shared strategic purpose. These centers have focused on traditional platforms as well as on newer capabilities, from the Joint Air Power Competence Center in Kalkar, Germany, to the Cooperative Cyber



Security assistance ultimately seeks to improve interoperability among Asian nations. The military exercise Cobra Gold is pictured here. (Sgt. Matthew Troyer/U.S. Pacific Command)

Defense Center in Tallinn, Estonia.<sup>103</sup> Similar efforts could pay dividends for MSI participants, even if they start small and are centered around individual but widely-shared procedures or platforms. Sharing training and maintenance resources among regional C-130 aircraft operators, or a U.S.-sponsored but locally-operated coast guard training center, could be promising examples. The U.S. Coast Guard does not devote significant resources to Southeast Asia, but by establishing a small number of maritime law enforcement training centers, it could have a force-multiplying effect at relatively little cost.

### Adopt Lessons from Successful Programs

The United States should investigate where it can pair proven techniques from traditional security cooperation programs to MSI's more ambitious regional goals. Counterterrorism training programs, for example, have in recent years employed a successful model in which U.S. specialists train and rehearse with local units, and then provide offsite logistical support as needed upon deployment. The Partnership for Peace program helped build trust and interoperability between NATO countries and post-Soviet states after decades of isolation, tension, and hostility. Similar models employing a *sense, share, and contribute* iteration could be applied to regional coast guards or other institutions.

### Coordinate Efforts of Legacy Programs with MSI

While MSI is the newest and perhaps the most ambitious of U.S. security assistance programs, it is still comparatively small. Reconciling much larger and more established security assistance programs with MSI's strategic goals on a reasonable timeline would have a beneficial effect for both. If, for example, a specific platform or more capital-intensive effort became a consensus objective for MSI partner nations, the significantly deeper resources of initiatives such as FMF and IMET could be brought to bear. To accomplish this, however, there must be regular coordination between Pentagon officials overseeing MSI proposals and plans, those implementing FMF in Southeast Asia, and their IMET counterparts at the State Department.

Implementing agile, tailored security assistance programs is an extremely complex process, particularly with significant budget constraints and with partners as diverse as those in Southeast Asia. Our Red Team identified the easiest way for Beijing to scuttle these efforts, by undermining the underlying political relationships. To prevent this, disciplined coordination and clear metrics are essential.

## 03 CHAPTER

# The Third Offset Strategy: Access Through Innovation

Defense analysts in the United States and worldwide continue to debate what precisely is involved in the Pentagon's "Third Offset strategy." Since floating the term in 2014, the Department of Defense has not defined this initiative clearly. One reason for the confusion is that calling something the "third" of anything requires explaining the preceding efforts. Another reason for the lack of clarity is confusion of the strategy with the Pentagon's other efforts related to technology and innovation. Third, Pentagon policymakers did not agree on a consistent view of the Third Offset strategy until relatively recently. Fourth, until the Pentagon's FY2017 budget submission to Congress in February 2016, there was no explicit allocation of money or

budgetary priorities relative to the strategy. Finally, the Pentagon has historically been less than precise about defining the parameters of a defense investment strategy, in part because what is needed to satisfy a public audience may be quite different from an internal strategy. Therefore credible definitions of the Third Offset strategy have been tough to find, despite a cottage industry of attempts by defense analysts to shape and define the concept. With the FY2017 budget submitted, however, it has become possible to have a fact-based discussion of what the Third Offset strategy actually is, and to identify its likely implications for the United States and its partners, allies, and potential adversaries in the Asia-Pacific region.

## Strategic and Operational Context

The Pentagon's rhetoric surrounding the Third Offset strategy has been vague, and there have been ongoing discussions on its precise definition.<sup>104</sup> To start with, top Pentagon leaders observed that the technological advantage that the United States has relied on as a major pillar of its defense strategy is at risk and needs to be shored up.

From the beginning, Deputy Secretary of Defense Robert Work has been the main public architect and proponent of the Third Offset strategy, and was the primary proponent of the "offset" moniker.<sup>105</sup> Work argues military history can be seen in two distinct warfighting "regimes," the unguided weapons regime and the guided weapons regime. Throughout history, war has been fought with unguided weapons such as rocks, spears, arrows, bullets, and artillery. Warfare with unguided weapons has two essential characteristics: the majority of munitions do not hit their targets, and the accuracy of unguided munitions decreases over longer ranges. This meant that for most of human history, military strategy revolved around how battlefield commanders could aggregate their forces in space and time to achieve numerical superiority at the point of attack. Put another way, unguided weapons warfare has an inherent bias toward mass. The unguided weapons regime lasted right up through most of World War II, when two alternatives became available that could obviate or "offset" the need for mass: nuclear weapons and guided munitions. The warfighting changes that occurred as the United States developed and embraced nuclear weapons and then guided-weapons warfare have been called the First and Second Offset strategies.<sup>106</sup>

**For most of human history, military strategy revolved around how battlefield commanders could aggregate their forces in space and time to achieve numerical superiority at the point of attack.**

The First Offset strategy focused on atomic weapons. The massive destructive power inherent in a nuclear blast obviated the need for much accuracy: just a single nuclear weapon could assure a devastating effect on the

target. This was initially attractive to the United States as a means to compensate for insufficient land forces in Europe. But in the early Cold War, figuring out how to employ tactical nuclear weapons on the battlefield vexed military planners. Then, as the Soviets approached basic parity in the nuclear balance, the perceived U.S. advantage faded. As former Secretary of Defense William Perry wrote: "by the mid-1970s, NATO and the United States were looking at a Soviet Union with parity in nuclear weapons and about a 3-fold advantage in conventional weapons. Many in the United States began to fear that this development threatened deterrence."<sup>107</sup> This fear drove the search for a new way to offset Soviet military power.

The Second Offset strategy that reduced the need for mass on the battlefield came in the form of guided conventional weapons whose trajectories could be actively corrected after they were fired, released, or launched. From their introduction late in World War II up through the end of the twentieth century, the main driver of U.S. military-technical superiority has been the development and effective employment of guided munitions. Other transformative technologies, such as stealth, the global positioning system (GPS), and the broader revolution in computer networking, served as means to an end: the employment of guided weapons. Put simply, guided weapons ushered in an entirely new era in warfare, one in which *accuracy became independent of range*. This was the answer to the challenge posed by the Soviet Union and its quantitative military superiority in Europe.<sup>108</sup> The United States leveraged its technical prowess to develop a way to offset Soviet military advantages (although NATO continued to rely heavily on nuclear weapons for deterrence through the end of the Cold War).

## Defining the Third Offset Strategy

If the First and Second Offset strategy were both responses to the numerical advantages of the Soviet Union on the plausible conventional battlefields of Europe, what then would constitute such a dramatically different military-technical challenge as to warrant a "Third Offset" strategy? The answer is the proliferation and near-ubiquity of precision munitions. The very weapons, systems, and operational concepts that undergirded America's military-technical dominance for the last three decades have now spread to become pillars of the defense strategies and investment portfolios of America's main military competitors. The prospect of facing adversaries that employ precision munitions and

battle-networks that could, consistently or intermittently, rival our own represents a significant shift in the global balance of military power.

Given these dynamics, the Third Offset strategy can be defined as an initiative to prepare U.S. military forces to wage war more effectively in a world of ubiquitous precision munitions. Today's defense planners must assume that any plausible adversary (state or non-state) could employ precision-guided munitions against U.S. forces. That is a massive shift in what planners call the "operating environment" and a huge potential shift in the global balance of military power.

### **Given these dynamics, the Third Offset strategy can be defined as an initiative to prepare U.S. military forces to wage war more effectively in a world of ubiquitous precision munitions.**

There are two reasons the ubiquity of precision weapons is problematic. First, adversaries that can employ precision munitions are increasingly able to unleash devastating firepower from great distances with high accuracy, a capability that had been the exclusive domain of the United States for decades. This is why defense planners are so concerned about the proliferation of long-range guided missiles that can easily and accurately reach U.S. land bases in the Pacific and elsewhere, and possibly also reach large U.S. Navy surface vessels. This dynamic is forcing us to rethink the concepts of operations whereby U.S. air and naval forces have been forward stationed relatively close to an adversary, a posture we could employ with modest risk in recent decades. That kind of operational sanctuary is going to be increasingly unavailable in the future.<sup>109</sup>

The second reason the spread of precision munitions is so vexing is that it undermines a fundamental defense strategy proposition: that the quality of U.S. forces can overcome an adversary's numerical advantage. Current U.S. defense strategy essentially assumes that a brigade of U.S. infantry soldiers or an air wing of U.S. fighter aircraft could overmatch their opponents, even if they were outnumbered, due to their competence, creativity, and technology. While it is clear that the all-volunteer force will provide lasting advantages, and the creativity of U.S. forces will continue to develop unique concepts

of operations that leverage any advantage, the proliferation of precision munitions and their means of use and delivery is rapidly corroding several of the key operational concepts and avenues of defense investment that we have relied on for decades.<sup>110</sup> If this trend continues, an adversary could achieve temporary or even lasting parity in both the qualitative and quantitative dimensions of warfare. This could pose a dangerous challenge to U.S. forces.

## **The Third Offset Strategy in Asia**

The unfolding military competition in the Asia-Pacific region helps to make the case for the Third Offset. China's military modernization is largely focused on moving decisively into the guided weapons regime. In a world where the United States faces many plausible defense challenges and military planners worry about what war will look like in a world of guided munitions, China is most certainly a "pacing threat": the actor that is making the most progress toward plausibly contesting U.S. defense strategy. Other actors – Russia, Iran, North Korea, and even non-state groups such as Hezbollah – are also fielding guided munitions and could employ them in creative ways to undermine U.S. military operations, but it is China's progress that is particularly worrisome. Therefore it is reasonable for defense planners to focus on the kinds of operational challenges the PLA may pose, aware that the underlying technologies and perhaps even their methods of employment can be expected to proliferate rapidly to other actors.<sup>111</sup>

For instance, the obvious reluctance of U.S. policy-makers to challenge China's unilateral island-building activity in contested areas of the South China Sea is due partly to the fact that Chinese military capabilities are much more threatening to U.S. military forces than at any time before. China's acquisition and deployment of sophisticated integrated air defense systems, and in particular its precision-guided anti-ship ballistic and cruise missiles, pose serious threats to U.S. air and naval forces. When China conducted live-fire military exercises and missile tests off the coast of Taiwan in 1996, the United States dispatched two aircraft carrier strike groups into the mouth of the Taiwan Strait in a significant show of force and resolve.<sup>112</sup> It could do so at relatively low levels of risk, given the immaturity of China's air and naval forces. After nearly two decades of China's deliberate investment into modernizing its military forces, however, the relative superiority of America's military posture in the Asia-Pacific is much less pronounced. Even

traditional displays of military power, such as freedom of navigation assertions through international waters, have become more complex and risky, due to Beijing's significant progress in eroding America's military-technical edge in the Asia-Pacific region. This dynamic has worrisome implications for regional stability, particularly given the rising military tensions between China and U.S. allies such as Japan and the Philippines.

## China's military investments may allow it to compete with U.S. forces qualitatively and to surpass the United States quantitatively.

At the operational level, the challenge includes China's DF-21D anti-ship ballistic missile, its massive quantities of guided munitions that could reach U.S. airstrips and bases out to the Second Island Chain and beyond, and sophisticated integrated air defense systems throughout China's littoral spaces, including on artificial islands in South China Sea. China's military investments may allow it to compete with U.S. forces qualitatively (in precision, range, speed, etc.) and to surpass the United States quantitatively (with, for example, hundreds of missiles for each one of our missile interceptors).<sup>113</sup> In the context of the previous two offset strategies, China represents the logical response that the Soviet Union would have offered decades ago, had it not collapsed: it would have attempted to match America's investments in the quality of its forces while doubling down on its advantages in the quantitative dimension as well. China, unsurprisingly, has done exactly this.

## Third Offset Strategy Investments

In the Pentagon's FY2017 budget submission, there are clear signs that it seeks to make the Third Offset a reality. If adversary precision munitions bring a degree of qualitative parity to certain potential warfighting competitions, one would expect the Pentagon to prioritize ways to create quantitative advantages that can help compensate. The 2017 budget does exactly this, by allocating nearly \$500 million to increase the U.S. stockpile of precision munitions. Second, the Pentagon is evolving current precision munitions, such as the SM-6 anti-air missile, to add an anti-ship capability.<sup>114</sup> Combined with

new Tomahawk missile upgrades that also add an anti-ship capability, the U.S. Navy's stockpile of long-range guided anti-ship missiles will increase dramatically.<sup>115</sup> Third, the budget prioritizes the Virginia Payload Module, an extended version of the *Virginia*-class submarine that increases the number of vertical launch tubes on each sub from 12 to 40.<sup>116</sup> The budget thus reflects a key component of the Third Offset strategy: finding ways for U.S. forces to generate more mass or quantity. The focus on the quantitative dimension of warfighting in these investments portends a change from the current U.S. approach to conflict, military strategy and doctrine.

Adversaries are investing in longer-range ballistic and cruise missiles that could require U.S. forces to project power from farther away in some scenarios. Maximizing the range of our aircraft is a logical response, and the Navy is therefore developing an unmanned carrier-based aerial tanker aircraft.<sup>117</sup> Similarly, as the spread of precision munitions makes land bases and large surface vessels more vulnerable, one would expect the Pentagon to make substantial investments in undersea platforms of all types. The FY17 budget includes the *Ohio*-class Replacement Program, the *Virginia* Payload Module, and a move toward building numerous types of unmanned underwater vehicles (UUVs). UUVs offer U.S. forces the possibility of being able to infiltrate large numbers of submersible drones for a variety of warfighting missions. Such investments are all directly applicable to the military competition underway in the Asia-Pacific region, a full-spectrum military competition whereby China may be striving for parity in the guided-munitions regime to support its increasingly assertive operations in the waters near its shores.



*The Third Offset strategy seeks to leverage the U.S. ability to innovate in defense technology (Wendy Hallmark/U.S. Navy)*

The Third Offset strategy, although not yet fully defined, is taking shape. Whether future defense leaders continue to call these efforts by the same name is a relatively inconsequential matter. Investments in increasing our stockpile of precision munitions, finding ways to increase the capacity of existing power-projection platforms, and complicating China's calculus by investing in ways to distribute lethal systems such as UUVs, are unlikely to be mere passing defense-technology fads. The Third Offset strategy is not being driven by technology, but by adverse changes in the operational environment. The future of the Third Offset is far from determined, however. The next administration will have to address serious tradeoffs in capacity, capability, and readiness as well as a significant approaching procurement bow wave, as previous investments in military hardware reach the end of their useful lives. These will force hard choices. But it seems likely that the Third Offset will continue in a significant and recognizable form.

## Red Teaming the Third Offset

### Assumptions and Hypotheses

To perform alternative analysis of the Third Offset, we must identify some of the basic assumptions that underlie it. First, the Third Offset assumes that the spread of precision-guided munitions (PGMs) is an ongoing trend that will present new challenges for the United States if alternative approaches are not sought: the United States will be on a more level playing field when it faces the defense systems of near-peer competitors, and technological diffusion is accelerating.

Second, the Third Offset assumes that the traditional U.S. way of war, which relies on forward bases, aircraft carriers, and domination of the seas and airspace, as well as uncontested use of space and cyberspace, will not be possible in this environment. The quantitative U.S. advantages are being eroded by PGM proliferation, and the qualitative U.S. edge may also be lost to fast followers. The strategy seeks to correct U.S. underinvestment in military technologies that may be most useful in high-end conflict against a peer competitor.

Third, the Third Offset makes assumptions about the future of military competition: that China and Russia are the pacing global threats, and that U.S. military supremacy will continue to decline, or at least will not be restored. Given that the strategy offers medium-term and long-term solutions through defense modernization, it assumes that the United States will pursue high-technology solutions to the proliferation of precision

munitions by peer competitors. It assumes that China and Russia are likely to remain military competitors in ten years, and that great-power military competition will remain the top defense priority for the Pentagon. It also implies that the United States will continue to operate in a resource-constrained environment in which it must seek to leverage its qualitative advantages.

Fourth, the Third Offset makes some assumptions about the value of military technology. It assumes that the best approach to military competition and PGM proliferation is military innovation and even more sophisticated technology. It does not appear to place value on the development of more numerous, less expensive, and more expendable systems (such as responding to PGM diffusion with more PGMs, for example). It also assumes that the response should be military, rather than greater reliance on some other element of national power. Finally, the Third Offset assumes that there exists a cost-effective strategy that the United States has not yet hit upon.

### Three of a Kind?

Although the Third Offset and its goals have not been particularly well-defined, at least in public, it is possible to draw some comparisons between this military modernization attempt and the prior two offsets. Both the First and Second Offsets dealt with a single adversary in the Soviet Union, while the Third Offset engages multiple potential challengers. The First and Second Offsets both sought to address Russia's quantitative advantages with qualitative solutions; however, the United States now faces both qualitative and quantitative challenges. The Second Offset was not publicly revealed as an initiative, while the Third Offset has been openly acknowledged, although few details are known.

The First and Second Offsets occurred in an era when the Pentagon led technological innovation, but twenty-first century innovation mostly occurs in the private sector. In this environment, the Pentagon need not be the technological innovator to acquire technology rapidly: military technology has become significantly easier to buy, copy, or steal. This is an environment that is more likely to favor fast followers and that may make it harder for the United States to sustain a technological edge even if one can be found.<sup>118</sup> It may also mean that, in contrast to prior offsets, the United States may not have an intrinsic and readily exploitable advantage in the production of more innovative technology. However, it may have an advantage in how that technology is employed.

When comparing the Third Offset with the prior two, it is also important that strategists not fall victim

to hindsight bias. It is easy to celebrate the successes of the First and Second Offsets in retrospect, but neither of these initiatives was well defined at the time of inception, nor were they ever tested on the battlefield against the USSR. Under the Second Offset, the United States invested in GPS, on-board guidance, and command and control networks necessary to gain unmatched advantages in precision technology, but these efforts were not perfectly coordinated and they included significant technological failures as well as successes.<sup>119</sup> Because the Second Offset was not revealed at the time, it may be especially easy to look at this initiative through rose-colored glasses. Indeed, some of the technologies that defense planners have classified as Third Offset technologies are really Second Offset technologies in which Washington underinvested in earlier decades, such as anti-ship cruise missiles.<sup>120</sup>

### Offsetting China

Because the Third Offset is designed to engage multiple adversaries in a PGM-proliferated environment, we must also consider the unique military challenge that China poses. Unlike other countries who may have begun to develop PGM technology more recently, China has had sophisticated missile programs for decades. By many accounts, it began to focus seriously on the implications of PGM proliferation following the resounding U.S. victory in the 1991 Gulf War. Beijing subsequently became determined to be able to prevent foreign powers from intervening militarily near its shores following the 1995–96 Taiwan Strait Crisis.<sup>121</sup> The accidental bombing of the Chinese Embassy in Belgrade by the United States

the fact that many of its major cities as well as its military installations lie near its coast.<sup>122</sup>

China's political system also makes it a unique competitor in the PGM space. Its State Owned Enterprises (SOEs) do not innovate as quickly as companies under other systems. A less open political and commercial culture stifles dynamism and technological disruption. Its endemic corruption and de facto state sponsorship of (or at least acquiescence to) theft of intellectual property mean that it can purloin and adopt technology from other countries much more easily. China's massive, centrally planned industrial base means that it can produce defense technology quickly once it has made a decision to do so.<sup>123</sup> Additionally, the Chinese Communist Party uses propaganda to shape its own people's perceptions of the unfolding military competition with the United States and others. It may also be able to employ psychological operations more readily against the United States and other regional competitors.<sup>124</sup> China's rapid economic growth means that it can wield multiple instruments of national power in the service of its political goals. By offering significant infrastructure aid to regional states and using selective economic pressure, China may be able to induce cooperation from regional states more readily than other competitors, and it may seek to shape a more favorable access environment for itself through a combination of such tools.<sup>125</sup>

China's military and civilian strategists have extensively considered the regional flashpoints in which PGM technology and U.S. responses might become relevant. PLA planners have focused their efforts on a specific set of crisis scenarios, including Taiwan, the East China Sea,

## China is unique geographically: its own development of anti-access technology derives from its strategic interest in being able to access the seas and skies off its shores.

in May 1999 underscored the importance to China of developing high-technology capabilities to deter or counter U.S. military intervention. China's military planners have been thinking about the implications of warfighting under PGM proliferation for a long time.

China is unique geographically: its own development of anti-access technology derives from its strategic interest in being able to access the seas and skies off its shores, and to ensure that third-party military intervention in a regional conflict will not prevent it from achieving its objectives. But China's large expanse also creates geographic depth, meaning that it may be more resilient to strikes from sea and air. This is qualified by

South China Sea, and Korean Peninsula. While other competitors may also be putting significant thought into crisis scenarios, there can be little doubt that these contingencies, and the role that precision technology plays in them, are the focus of Chinese defense planning.

China is also unique in the scope and pace of its military modernization: it is rising faster than any other power in history, and its military investments have not been confined to missiles and related technologies. It has been able to proliferate PGMs while also modernizing its air force, its navy, and even its nuclear forces. China's missiles are becoming more sophisticated and much more numerous, and so too are many other of its



platforms. These factors have significant implications for the great-power military balance in Asia. The United States boasts platforms at the cutting edge of sophistication but is constrained quantitatively, while China can increasingly field large quantities of “good enough” technology in multiple domains.<sup>126</sup> There may also be some very specific areas in which China advances faster than the United States, such as in the areas of missile technology or its hypersonic glide vehicle program.

### **The Third Offset as Seen in Beijing**

Our analysis suggests that the Third Offset may send some broad signals to Beijing; many Chinese strategists may see it as confirming their assessment that the United States views China as its principal adversary. However, it is relatively unlikely to change the specific course of China’s military modernization. China is likely to seek to compete with specific U.S. platforms or programs, but not with the U.S. technological modernization effort as a whole.

The Third Offset indicates to China that its focus on PGM proliferation has been largely if not entirely successful. Simply by virtue of the fact that U.S. defense planners are implementing a Third Offset strategy, Beijing knows that it has significantly complicated the U.S. way of war and may have increased the strategic distance of U.S. forces. Indeed, in the eyes of China’s leaders, the United States may be responding to this environment in just the way they would have predicted: by increasing costly high-technology investments in hopes of minimizing casu-

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alties in a future warfighting scenario. U.S. investments in force protection and counter-counter capabilities may also seem somewhat predictable from Beijing’s vantage point.<sup>127</sup> China has not, however, forced the United States to accept a militarily inferior position in East Asia. China’s

A2/AD capabilities do not solve for Beijing the broader political-military challenges around the flashpoints it cares about most – including Taiwan, the East China Sea, and the South China Sea – although they may give it some bargaining leverage in these standoffs.

Precision munitions are just one element of China’s broader A2/AD strategy, and although its military budget has been well-funded for decades, China will face tradeoffs as it considers future investments. In particular, as its economy slows, it will need to decide whether to continue to invest in huge quantities of diverse missile technology, or instead to prioritize other power-projection platforms. As China emerges as a global superpower, it will continue to be attracted to the prospect of purchasing prestige platforms, such as aircraft carriers, despite the fact that these are not very useful in its highest-priority contingencies, particularly those involving the United States.<sup>128</sup>

### **China’s Response to the Third Offset**

As China continues to make high-technology investments, it may pursue further development of unmanned systems, regardless of how heavily the United States relies on these in the Asia-Pacific. Unmanned aerial vehicles (UAVs) may be appealing because they allow China to straddle the line between peace and war, allowing for grey-zone activities – neither complete peace nor all-out military clash – in the South China Sea and around the Senkakus.<sup>129</sup> Unmanned undersea vehicles and unmanned surface vehicles (USVs) may be appealing to Chinese strategists for similar reasons. Another attraction of unmanned systems is that, after decades of its One Child policy, China’s population is casualty-averse.<sup>130</sup> China is likely to continue to focus on investments in cyber capabilities and electronic warfare by which it could defeat UAVs.

China is relatively unlikely, however, to attempt to match the United States platform-for-platform or to mirror the trajectory of U.S. technological development in the Third Offset. Rather, it is likely to study this initiative closely and imitate some aspects of it. Beijing will likely continue to focus on exploiting vulnerabilities in U.S. systems and its approach to warfighting, and seek to encourage the United States to continue to make highly costly investments. China will likely also continue to employ nonmilitary responses to U.S. defense initiatives, such as attempting to drive wedges between the United States and the allies on which it depends for access.

## Recommendations

As a competitor, China is unique in its economic capacity, the resources it devotes to its own military modernization, its ability to quickly adopt new technologies from other actors, and the breadth and depth of investment it has made in A2/AD technologies. China now presents the United States with both quantitative and qualitative challenges. Beijing nonetheless has some obvious vulnerabilities, and Washington some clear advantages, when it comes to military competition via modernization. These should be exploited as a new administration continues to implement the Third Offset strategy.

### Define the Third Offset to Send Clear Signals

In describing the Third Offset as a modernization effort to help the U.S. military cope with the proliferation of PGMs, the co-authors of this study have defined the endeavor much more concretely than the Pentagon has. There are clear advantages to leaving the concept somewhat amorphous: if the United States defines the Third Offset too specifically, too soon, or too publicly, it may constrain useful concepts and technologies and stifle innovation. Vagueness could, however, cause the United States to fail to deliver on the technologies it highlights, alarm China in ways that might be counterproductive, and worry allies who fear they will not be able to keep up. There are other clear costs to failing to define it, in that the Department misses the opportunity to send useful signals to China, while allowing regional states to construct their own interpretations of the initiative. China has so many of its own modernization efforts already under way that it is unlikely to respond to the Third Offset directly, and it would be hard to discern evidence of a direct response if one did occur. Nonetheless, efforts by the Pentagon to define the concept more clearly might tug China towards certain kinds of spending that might advantage the United States.

### Develop Clear Metrics for Measuring Impact

The administration needs common-sense ways to measure the positive or negative effects of pursuing a Third Offset strategy, including with respect to China. Several obvious rubrics or categories come to mind, including declaratory policies, arms racing and competition, alliance management, and U.S. force posture and operations. First, is there evidence that the PLA is responding to the Third Offset over time? For example, is there a heightened concern in China about escalation due to specific technologies? Or, conversely, is there

evidence that China's leaders are incrementally more deterred following the brandishing of certain U.S. capabilities? Second, do the Third Offset and its associated priority programs appear to be spawning arms competition, either with respect to specific systems or to overall defense spending? Third, is the Third Offset reassuring allies, or instead is it creating an unfavorable narrative in which the United States is stoking regional tensions, or creating a two-tier alliance system because many of its partners cannot contribute advanced technology or muster comparable levels of defense spending? Finally, does a Third Offset related technology or defense system appear to create a more favorable balance of power in tangible ways and over realistic time frames? These are illustrative questions: they can be more easily thought through within the Pentagon, but they must be asked to help ensure that military modernization efforts serve the long-term strategic objectives of the United States.

### Emphasize Innovative Uses of Existing Capabilities as well as Innovative Technology

China has a record of purloining the technologies of others, so the prospect of being out-innovated may not be a particularly daunting one for Beijing. In responding to the PGM challenge, therefore, the Pentagon should highlight its aim not only to devise new technologies, but to harness existing ones in powerful ways. Thus far, the Third Offset has not emphasized the development of more numerous, less expensive, and more

**By broadening its emphasis beyond new technologies, the United States can make a more credible case that the Third Offset will achieve its ends.**

expensible systems. Responses to PGM diffusion could include PGMs themselves, but could also include new approaches to enable resilience in a PGM environment, such as material science research to enable rapid runway repair. Finally, the Pentagon should explore, if not publicize, how to slow the pace of fast followers. By broadening its emphasis beyond new technologies, the United States can make a more credible case that the Third Offset will achieve its ends.

### Couple Intentions with Capabilities

With a Third Offset concept defined, the United States can more readily demonstrate its intent to realize it. Our

Red Teams repeatedly emphasized that Chinese leaders are most likely to update their perceptions of the United States when Washington pairs clearly stated intentions with capabilities. In the case of the Third Offset, this means being able to point to associated capabilities in the annual defense budget, and to claim credibly that they will be produced and deployed in a timely manner. With this in mind, the United States would do better to publicly emphasize new uses of existing technologies where it can quickly demonstrate investments, and should call less attention to highly experimental technologies that may take a decade or more to be useable. Furthermore, it is sensible for the Pentagon to brandish capabilities that it believes to have deterrent value, but to refrain from revealing all of the capabilities that might provide significant warfighting advantages. The Pentagon may therefore want to craft its Third Offset messaging around those capabilities it intends to produce and to brandish.

### **Emphasize that Allies Are Part of the Offset**

Like the Air-Sea Battle operational concept, early iterations of the Third Offset have not explained the role of allies, leaving U.S. partners in the region uncertain whether they can take part in the initiative and how it will affect them. Insofar as the Third Offset led with high-technology solutions, this made it difficult to incorporate roles for allies, as few except Japan have the ability to invest and compete at this level. If the Third Offset begins to emphasize innovative approaches, however, there is far more room for allies to play a central role.<sup>131</sup> By underscoring resilience, dispersal, and exploitation of comparative advantage, the Third Offset can highlight the critical role that U.S. allies play in continuing to guarantee its access in a more contested environment. It is also worth noting that Japan is already

**Since it is unlikely that China will seek to respond directly to every innovative U.S. program, the Pentagon should encourage it to spend by emphasizing technologies that play upon enduring Chinese weaknesses.**

beginning to respond to China's A2/AD technology with A2/AD of its own: this is a resourceful strategy that benefits the United States as well as its ally.<sup>132</sup>

### **Place China on the Wrong Part of the Cost Curve, and Avoid Slipping**

The Third Offset emphasizes transformative technological innovation, but there is a real risk that the Pentagon will struggle to realize it given constrained budgets and competing defense priorities. Since it is unlikely that China will seek to respond directly to every innovative U.S. program, the Pentagon should encourage it to spend by emphasizing technologies that play upon enduring Chinese weaknesses. The United States remains dominant in the undersea realm, and China's anti-submarine warfare capabilities in particular have lagged behind its advances in other areas such as anti-surface warfare. The PLA is also not yet confident about its mastery of the electromagnetic spectrum or in space in a conflict scenario.<sup>133</sup> Given that China's slowing economy means that it will already face tradeoffs (in continuing to prioritize quantity of PGMs over development of power-projection platforms, for example), emphasizing these areas and then actually pursuing them may force China to stretch its own resources.

## 04 CHAPTER

# Evolving Operational Concepts for Near-Peer Competition

The United States has not faced the prospect of a high-end competitor since the demise of the Soviet Union. Even during the Cold War, when U.S. planners were focused on this possibility, the actual conflicts in which the United States became involved were against far weaker, less technologically sophisticated adversaries. Over the last several decades, the U.S. military has developed operational concepts and capabilities oriented toward long-range strike and the rapid establishment of air and sea superiority. This “American way of war” is undergoing major changes: American defense planners have sought to confront new challenges by developing operational concepts that could create a more favorable strategic environment and would allow the United States to prevail in conflict while using the military it already has. There is considerable debate, however, over how these concepts could mitigate the challenges.

These contemporary debates are shaped, in part, by debates over AirLand Battle, an operational concept that was adopted at the end of the Cold War. Following years

of intelligence collection and study of the Soviet Union’s operational concepts, AirLand Battle was created as a targeted American response.<sup>134</sup> It foresaw a Soviet force oriented towards penetrating mass – large numbers of rapid, mechanized forces – that would seek to punch entry points in NATO lines. It sought to offset Soviet strengths in mass with NATO advantages in mobility and high-technology warfare.<sup>135</sup> Such operations would require a joint force, comprehensive application of every element of American combat power, diffuse and rapid decisionmaking, and seizing the initiative to prosecute deep attacks. While Cold War U.S. military planners were not confident that AirLand Battle would allow the United States to prevail, the concept represented a new approach to military competition with an emphasis on jointness. In a twenty-first century great-power military competition, planners face a new challenge: how can the United States project military forces into contested zones defended with precision munitions and sophisticated A2/AD networks?

## Countering A2/AD and the Beginnings of Air-Sea Battle

While the precise details of new operational concepts are unavailable in the public domain, the likely elements have been the subject of significant debate among the expert community. In February 2010, the Department of Defense acknowledged in its Quadrennial Defense Review that, to address the growing risk of A2/AD capabilities of competitor states, it had directed the Navy and Air Force to create “a joint air-sea battle concept.”<sup>136</sup> The Center for Strategic and Budgetary Assessments (CSBA) subsequently produced a report proposing what the Air-Sea Battle (ASB) concept *should* include. Its robust analysis and research soon became a stand-in for the official concept in public debate.<sup>137</sup>

Building on accepted academic and DoD estimates of Chinese strategy, CSBA posited that China’s A2/AD investments could soon be able to create “no-go zones” for U.S. power projection that could extend as far as the Second Island Chain, potentially including Guam and New Guinea. It was thought that, in the event of a conflict, China would use its growing long-range strike capabilities (chiefly in the form of its conventional ballistic missiles):

- to inflict severe damage on forces based or operating in the Western Pacific, aiming to keep U.S. air and naval forces out of range or unable to reach the Chinese mainland;
- to disrupt U.S. command and control and constrain operational logistics by targeting major communications and supply nodes and networks, as well as by sinking the (relatively few) U.S. logistics ships;
- to impose substantial losses quickly so as to lengthen U.S. operational timelines, and to control political narratives by highlighting the American inability to defend itself and, by implication, its allies and partners; and
- finally, to assume a position of strategic defense against any U.S. counterattack, China’s goal would be to make the reversing of Chinese gains prohibitively costly by presenting the United States with a *fait accompli*.<sup>138</sup>

The contours of CSBA’s proposed U.S. response, and its identification of China as the adversary, were controversial. The report’s recommendation of a “blinding” counterstrike against PLA battle networks was seen as dangerously escalatory; some observers expressed



CNO Admiral Greenert speaks at an event on Air-Sea Battle and clarifies the purpose of the operational concept. (Mass Communication Specialist 1st Class Peter D. Lawlor/ U.S. Navy)

concern that the destruction of Chinese command and control facilities could invite a nuclear exchange. The CSBA report's response framework also advocated substantial kinetic strikes against the Chinese mainland, including an extended high-end warfight. The campaign included an economic blockade against China while ramping up U.S. industrial production of precision-guided munitions. For all these reasons, and due to the heightened value of cyber and space capabilities, there was concern that Air-Sea battle, as described in the CSBA report, would create first-strike incentives for the adversary. (This reaction concerned the CSBA vision of Air-Sea Battle, not an operational concept that had been revealed by the Pentagon.) Military leaders, including Chief of Naval Operations Admiral Jonathan Greenert and Air Force Chief of Staff General Norton Schwartz, argued in defense of Air-Sea Battle that it was aimed at service integration to preserve U.S. force projection, not a plan for war with China.<sup>139</sup> Nonetheless, many of these early criticisms remain alive in the continuing debate.

## Criticism and Alternatives

In the absence of official descriptions of Air-Sea Battle concepts, the CSBA report set off speculation at home and abroad. The Army, which had been central to the original Cold War-era AirLand Battle concept for Europe, was thought to be preparing to contest the concept after being excluded from it. China reacted negatively to talk of kinetic strikes and economic strangulation. The proposed concept, mistaken for an official U.S. strategy, played into Chinese narratives of U.S. containment or encirclement of China.<sup>140</sup>

Scholars and analysts challenges some of Air-Sea Battle's proposed actions and underlying premises. Even if Air-Sea Battle properly diagnosed the magnitude of China's A2/AD threat, they argued, the operational concept had the potential to be excessively escalatory. With each side elevating the role of high-end, sensor-reliant capabilities, particularly in stand-off missile, cyber, and space domains, the importance disrupting the sequence of an attack as early as possible would create strong incentives for striking first.<sup>141</sup> As the bulk of Beijing's weapons would reside on its mainland, an implied call for a kinetic first strike on China could make conflict more likely and potentially set off uncontrolled escalation.<sup>142</sup>

In seeking to address some of Air-Sea Battle's biggest faults, scholars and analysts stressed the need to dampen escalation pressures and define the bounds of conflict

more clearly while doing so in a manner that would advantage traditional American strengths. T.X. Hammes proposed one such alternative concept: called Offshore Control, it would essentially be a campaign of economic strangulation. Emphasizing an American blockade rather than direct kinetic strikes on the Chinese mainland, the concept proposed a set of concentric rings of control. Inside the First Island Chain, U.S. forces would deny China the unimpeded use of the sea; inside the Second Island Chain, China would also be denied unimpeded use of the air; and outside of the Second Island Chain, American air and sea superiority would dominate. Although it is not clear how much influence the concepts of Offshore Control ultimately had on the Pentagon's operational concept development, it helped to highlight divides over Air-Sea Battle in its emphasis on current U.S. projection capability and leveraging of geography to achieve tactical goals.<sup>143</sup> As critics of Offshore Control noted, however, economic strangulation could still be interpreted by China as highly escalatory, given that half of China's energy and one-third of all Chinese trade reaches the mainland through the South China Sea.<sup>144</sup>

Indeed, others questioned how dangerous the Chinese A2/AD threat actually was, and whether it merited the Air-Sea Battle response. David Ochmanek has called for a "direct defense" strategy, which would present China with the prospect of failure by posturing U.S. forces to deny Chinese gains or to defend U.S. interests against them. Unlike Air-Sea Battle, direct defense does not necessarily use early, deep strikes, but rather would strike at Chinese systems as soon as they left the mainland.<sup>145</sup> Although surely a threat to traditional U.S. force projection, whether Beijing can actually create no-go zones large enough to fundamentally imperil U.S. alliances and interests remains an open question. China is the closest to a near-peer competitor the United States has seen since the Cold War, but its success at developing and fielding high-end A2/AD technologies effectively is by no means assured, particularly for a military that has no recent experience in major combat.

It is Air-Sea Battle's assumption of a maximalist geographic reach for Beijing's A2/AD capabilities, and the implied existential menace to large swaths of the Western Pacific, that suggest a need for deep, long-range strikes. If the A2/AD threat is in fact more limited to China's coast rather than region-wide, then the political and military implications for U.S. strategy may be more limited. Militarily, this more constrained view of A2/AD would imply that forward-deployed U.S. forces on or near the First Island Chain would need defensive hardening and mobility more than first-strike

capability. The A2/AD challenge is real, but it may be more of a differentiated spectrum than a binary condition. If it is, in reality, more limited than Air-Sea Battle appears to assume, then it may call for a more defensively-oriented operational concept. This would dampen the pressures toward escalation and arms races that come with incentives toward offense.<sup>146</sup>

## Revision of Air-Sea Battle and the Transition to JAM-GC

By 2013, U.S. defense planners realized the debate over Air-Sea Battle had run far ahead of publicly available descriptions of the concept. An unclassified concept summary sought to clarify how DoD viewed Air-Sea Battle: rather than a battle plan against China that would include a decisive military campaign for political defeat, the Department of Defense's Air-Sea Battle Office described a far more modest plan. The Air-Sea Battle concept summary presented a vision that was generally applicable to A2/AD environments, mentioning no specific country or region. Its aims were narrower: Air-Sea Battle was to be employed only for countering A2/AD capabilities in contested environments and within range of U.S. forces. The concept summary expressly excluded from Air-Sea Battle any discussion of extended campaigns for national political objectives.<sup>147</sup>

The summary described three key lines of effort as part of the official Air-Sea Battle concept to disable A2/AD threats:

- deploy air and naval forces to disrupt the intelligence collection and the command and control capabilities used by the adversary for A2/AD;
- destroy or neutralize A2/AD weapons within range of U.S. forces;
- defeat the adversary's employed weapons to preserve essential U.S. joint forces and their enablers.

The new problem statements and lines of effort were decidedly less provocative than the vision reflected in the CSBA report, but some damage had already been done. The proposed Air-Sea Battle concept for addressing a strategic environment seems to have created dissension both within the Pentagon and abroad.<sup>148</sup> Allies and partners, alarmed both by what they knew and what they did not know about Air-Sea Battle, worried that it could too easily drag them into war. China interpreted Air-Sea Battle as specifically targeting it: numerous military and civilian commentaries denounced the plan and added fuel to narratives of American efforts at encirclement.<sup>149</sup>

In January 2015, the Department of Defense announced it was officially altering its approach to A2/AD mitigation concepts. The Air-Sea Battle moniker was dropped and the Air-Sea Battle Office was folded into the Joint Staff. DoD's new approach would be termed the Joint Concept for Access and Maneuver in the Global Commons, or JAM-GC. The new concept subsumed Air-Sea Battle and added a role for land forces. Some analysts welcomed this news, arguing that the addition of a mobile ground force could significantly aid U.S. and allied operations in many Pacific contingencies. Andrew Krepinevich proposed a concept called "Archipelagic Defense," positing that regional land forces could raise the cost of PLA actions within the First Island Chain and thus free up Navy and Air Force assets for higher-end missions. Further, land forces stationed that far or farther from China would likely be safer from China's A2/AD threat, and far easier to harden against that threat than surface combatants or long-range strike bombers.<sup>150</sup>

Implicitly, JAM-GC would also expand the focus beyond a China-like hypothetical adversary to include planning for conflicts with other global rivals that might develop A2/AD capabilities, particularly Russia and Iran.<sup>151</sup> The new concept and its acronyms seemed designed to be less provocative than a "battle plan" with an implied geographic focus. Much of the core concept is thought to be the same, however, particularly in the maritime space. The Joint Staff director has even referred to JAM-GC as the concept "formerly known as Air-Sea Battle."<sup>152</sup>

As the Rebalance to the Pacific continues and tensions mount over issues in places like the South China Sea, the next U.S. administration will need to define further the operational concepts necessary to confront the A2/AD challenge. Preparing for near-peer competition will remain a challenge for a U.S. military whose resources are stretched thin, especially as military leaders face tradeoffs between presence and posture, and between shorter-term demonstrations of deterrence and longer-term preparations for high-end conflict. Particularly as China's military modernization continues and as it seeks unimpeded access to the seas and skies near its shores, new approaches to military operations will be necessary for a U.S. force accustomed to domain superiority and stand-off engagement. The recent evolution of Air-Sea Battle and JAM-GC suggest, however, that internal battles may influence DoD planning as much as the high-end conflicts these concepts seek to deter. How important these operational concepts are to confronting near-peer competition, and how well suited they are to the reality of such competition, will be determined to a large extent by the next administration.

## Red Teaming New Operational Concepts

### Assumptions and Hypotheses

Alternative analysis of new U.S. operational concepts must begin with an interrogation of the assumptions that underlie them. In general terms, the very fact that the United States is exploring new operational concepts signals to China a belief that the U.S. way of war may be unable to prevent China from creating significant “no go” zones in the Western Pacific. For decades, U.S. defense planning relied upon the notion that it would be able to approach the Chinese coast with minimal risk in case of conflict. This began to change with the 2004 Global Defense Posture Review, and subsequently with Air-Sea Battle.

Air-Sea Battle and JAM-GC indicate that the U.S. belief that it needs to employ its legacy platforms in new ways to keep them relevant. It demonstrates that U.S. policymakers believe that they cannot confront these challenges without greater jointness, by which the services enable each other’s operations and communication between systems is improved. New operational concepts, in fact, send signals to multiple audiences: they may also be motivated by inter-service bureaucratic and procurement audiences. These concepts also assume that China is closely inspecting our way of war and identifying vulnerabilities to exploit, including C4ISR (command, control, communications, computers, intelligence, surveillance and reconnaissance) and space.

These assumptions may indeed turn out to be true in the coming years, but they are not necessarily true now. There is evidence that China’s leaders closely inspected U.S. operations in the 1991 Gulf War, the 1995–96 Taiwan Strait Crisis, and in Bosnia and Kosovo, and that this analysis led China to focus on PGM development as well as C4ISR vulnerabilities.<sup>153</sup> Scholars studying this phenomenon cite the particular impact on PLA leadership of U.S. operations in the 1991 Gulf War, namely, the conquest of an extremely large area, by a relatively small force, supported by a complex array of C4ISR and PGMs.<sup>154</sup> Chinese analysts realized that American investments in space and electronic platforms to bring precise, varied, and cross-service force to bear on multiple fronts against unprepared Iraqi forces was decisive in bringing rapid and absolute victory. Of particular interest to the PLA was the U.S. capability to generate, transmit, and act rapidly on targeting information, which meant that all adversary forces (even moving ones) were vulnerable.<sup>155</sup> In a contrasting case, PLA planners seem less

impressed by their studies of the Iran-Iraq missile duels; they appear to have concluded that indiscriminate strikes on civilian populations within cities to inspire terror was lacking in military usefulness.<sup>156</sup> These analyses all suggest that the PLA is likely to prefer targeting enemy command-and-control infrastructure and rear-area targets, and that it will, consequently, invest in the technologies and munitions required for such long-range precision strikes.

There is not yet, however, abundant evidence that China can or will be able to completely prevent the United States from securing its military objectives within the First Island Chain. It may increase the risk to U.S. forces and platforms operating in this area, but danger and denial are not synonymous.

Finally, the Pentagon’s presentation of Air-Sea Battle and then JAM-GC are apparently based on an assumption that the United States needs a single operational concept for the Western Pacific to counter A2/AD challenges. It may be, however, that different concepts of operation are appropriate to different flashpoints and contingencies. The selection of any particular operational concept may be best guided by the U.S. military objectives and strategy for achieving them. If the Pentagon hopes to dispel concerns that operational concepts are serving in lieu of strategies, it should make clear their subsidiary role.

### U.S. Operational Concepts as Seen in Beijing

When Air-Sea Battle was unveiled in 2010–11, Chinese leaders and strategists reacted vociferously. They saw the operational concept, along with the broader Rebalance, as a clear indication of a U.S. intent to encircle China. Yet while Beijing pays keen attention to all new U.S. defense initiatives related to Asia, it is hard to point to discrete changes in China’s defense decisionmaking that resulted directly from Air-Sea Battle. China’s development of the DF-21D “carrier killer” missile began in the late 1990s, as did its comprehensive investment in C4ISR.<sup>157</sup> PLA military planners have been working to keep the First Island Chain open for many years.

Nonetheless, CSBA’s Air-Sea Battle report gave Chinese strategists something to seize upon for the purposes of political warfare. The PLA General Political Department (now the Central Military Commission’s Political Work Department) emphasized the apparent U.S. preparations to conduct deep mainland strikes.<sup>158</sup> Chinese leaders quickly turned to their U.S. counterparts for assurances that the United States was planning no such strikes. The fact that the basis for Chinese concerns was an unofficial think-tank report was entirely beside



the point: Chinese analysts assumed that CSBA's report reflected a direct link to the Pentagon, and its mention of mainland strikes fed the PLA propaganda system. The PLA likely used this to help justify multiple ongoing initiatives, from the procurement of specific systems to the acceleration of the PLA's ongoing reorganization. That said, PLA strategic planning occurs in cycles of five and ten years, so Air-Sea Battle's influence was likely more diffuse than direct.<sup>159</sup>

### Managing Escalation Risk

Beijing's most significant response to U.S. operational concepts may be the one it makes in a conflict scenario, rather than during peacetime competition. The most commonly debated aspect of Air-Sea Battle – both in the U.S. defense community and in China – was its reported emphasis on deep mainland strikes and the possibility that these could be excessively escalatory in a conflict between nuclear-armed major powers. Air-Sea Battle did not mandate that the U.S. military engage in deep

reasons for these tendencies: the Chinese political system tends not to plan for highly damaging or unsuccessful outcomes. Furthermore, China's modern experience has been with more limited conflicts, as in Korea and Vietnam. As U.S. planners contemplate how to maximize the deterrent effects of future concepts while minimizing the risk of crisis instability, they will want to recall that their Chinese counterparts may hold fundamentally different views of how escalation is likely to proceed.<sup>161</sup>

As the Pentagon prepares for the public release of its JAM-GC concept, one significant consideration will be whether this new presentation will ease the fears about first-strike incentives. JAM-GC is, at the very least, a worthwhile rebranding effort that replaces the focus on the "battle" with emphasis on maneuver in the global commons, which is genuinely the objective of the concept. If the public rollout of JAM-GC does not mention deep strikes, however, this will not necessarily suggest to China that the United States has eliminated them as an option. China's leaders have long known that

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mainland strikes, nor did it indicate that such strikes would be used against population centers or other sensitive targets. It suggested, rather, that interdiction to destroy Chinese platforms or other enabling capabilities might be necessary at the outset of a campaign, lest they be quickly used by Beijing to destroy U.S. C4ISR assets. Nonetheless, American and Chinese critics alike debated whether the deterrence and warfighting benefits that accrued from this concept were offset by the costs of potential escalation.

Deterrence may rest in part on the inability of the deterrer to control escalation fully: in the words of Thomas Schelling, the "threat that leaves something to chance."<sup>160</sup> The most immediate concern of Air-Sea Battle critics, however, was that the concept created first-strike incentives for both the United States and China, whereby each would have reason to launch major strikes early in a campaign before the other eliminated its ability to do so. Scholars of the PLA have observed that Chinese strategists tend to think that they have a great deal of control over escalation in wartime. They think of the conventional escalation ladder as finely calibrated, and tend not to emphasize worst-case thinking. There may be several

the United States has the option to use interdiction in a major conflict and are fully aware that Washington continues to invest in long-range strike technologies. Nonetheless, U.S. interests would be well served by concepts that communicate that deep strikes will not necessarily come early. Even if the Pentagon chooses to deemphasize early deep strikes in JAM-GC, this will not stop China from targeting vital U.S. assets within the First or Second Island Chain. It may, however, reduce the pressure that China feels to plan for early strikes as its own war-plans evolve.

### China's Response to U.S. Operational Concepts

When analyzing China's responses to U.S. operational concepts, it is important to recall that the so-called American way of war, with its emphasis on firepower and qualitative advantage to establish sea and air superiority, is almost purely military in its approach. China's approach to countering it, however, may not be so. As with other U.S. defense lines of effort in the Pacific, Beijing is likely to endeavor to split alliances or to otherwise erode U.S. access, rather than responding with a new access-oriented concept of its own.

As the Pentagon prepares to release its public guidance on JAM-GC, it is worth noting that Chinese planners have historically reacted more to U.S. military operations than to operational concepts. The 1991 Gulf War, U.S. involvement in the 1995–96 Taiwan Strait Crisis, and the Kosovo War have all shaped the way that Chinese strategists approach a prospective conflict with the United States. These operational demonstrations have revealed far more to the PLA than any public description of a concept could do. If JAM-GC or a related concept were actually employed in a conflict elsewhere in the world, Chinese planning would likely begin to give it a much more central role.

## Recommendations

The forthcoming public guidance on the JAM-GC concept is an opportunity to signal, both to China and to U.S. allies and partners in the region. It will likely only meaningfully change Chinese calculations, however, if it appears to indicate a material change in U.S. intentions. In all likelihood, JAM-GC will further reinforce Chinese strategists' beliefs that their primary security threat is U.S. intervention in a conflict close to their shores. PLA planners will likely examine the concept with an eye to how the Pentagon views Chinese vulnerabilities and plans to exploit them. However, U.S. operational concepts may also have signaling effects that shape Chinese responses in a more diffuse, longer-term manner. We offer several recommendations on how they might do so constructively.

### **Acknowledge that Access is Contested, But Don't Concede It**

When the Pentagon and defense analysts speak of Chinese A2/AD challenges, they often assume that China will inevitably succeed at creating true "no go" zones in the Western Pacific. It may do so, but this is far from certain, as the analytic debate over Air-Sea Battle and its successors indicates. By assuming China's success in A2/AD, early versions of Air-Sea Battle presumed a need for operations that were perceived by some as excessively escalatory. They also sent signals both to China and to regional states that the United States was forecasting China's A2/AD success, or that a devastating great-power war would be necessary to overcome it. Plenty of scholarly analysis suggests, however, that the effects of China's A2/AD technologies and approaches will attenuate farther from its shores, and thus that new operational concepts

should emphasize the U.S. intent to exploit geography. Moreover, the fact that access is highly contested in a particular environment does not mean it is no longer possible. In the coming years, the Pentagon and the services will doubtless want to revisit their approaches to these contested zones and reassess the levels of risk that are acceptable if they try to operate within them. With these discussions far from resolved, however, U.S. operational concepts should not concede access: they should emphasize continued access and maneuver as their objective. The United States may not retain unfettered command of the global commons in perpetuity, but it can seek to ensure that it retains much of the access on which it has long relied.<sup>162</sup>

### **Place Beijing on the Wrong Part of the Cost Curve**

As the Pentagon continues to refine its approach to China, it should seek to communicate that it is implementing concepts that are cost effective and operationally achievable, and that will be costly for Beijing to respond to. China's leaders must believe that the United States can afford its proposed investments and that it can sustain the political focus to realize them, to be persuaded that our capabilities match our intentions. U.S. planners should focus on cost imposition, and should seek to present China with problems that will cost China more to solve than they will cost the United States to

## **U.S. planners should focus on cost imposition, and should seek to present China with problems that will cost China more to solve than they will cost the United States to generate.**

generate. There is ample evidence that China believes it continues to face major obstacles to jointness of its own forces, as well as insufficient combat support and weaknesses in training, maintenance and logistics.<sup>163</sup> If new U.S. operational concepts suggest to China that it needs to employ joint operations or conduct operations far from its shores, this could nudge Beijing towards making more costly investments. In contrast, if a new concept were to create first-strike incentives for both the United States and China, with the United States reliant on vulnerable and costly systems, this would be suboptimal and potentially very dangerous.

### **Increase Crisis Stability by Emphasizing Resilience**

New U.S. operational concepts should acknowledge the contested environment while minimizing first-strike incentives for both the United States and China by emphasizing resilience. By prioritizing base hardening, rapid runway repair, deception and camouflage, and dispersal of land-based forces, the United States can communicate that it need not move first against the Chinese mainland to be able to prevail in a high-end conflict. New concepts should also indicate that the United States is thinking seriously about the role that its allies play in operations, particularly in facilitating a resilient, dispersed U.S. posture. By allowing the United

### **New U.S. operational concepts should acknowledge the contested environment while minimizing first-strike incentives for both the United States and China by emphasizing resilience.**

States access to both military and civilian airfields and by focusing on hardening and rapid runway repair, for example, Japan could significantly reduce both its own vulnerability and that of U.S. forces to China's


medium-range missiles despite that growing threat. Concepts should also emphasize that it is imperative for allies not to seek to duplicate capabilities, but rather should exploit their comparative advantages in an A2/AD environment.<sup>164</sup> Resilience will not obviate the need for U.S. planners to degrade Chinese strike capabilities, but by making resilience central to new concepts, the Pentagon can communicate to allies and to China that it is making smart investments that are less likely to be destabilizing.

### **Produce Multiple Operational Concepts and Emphasize that They are not Strategies**

The Pentagon should develop and publicize some details of additional operational concepts for lower-end engagements. While Air-Sea Battle and JAM-GC can help to communicate U.S. intent to engage and prevail in a major-power high-intensity conflict, other flashpoints require different approaches to engagement. JAM-GC may be most appropriate for a Taiwan scenario, and Taiwan will continue to be the U.S. partner most vulnerable to China's A2/AD. However, other conflict scenarios that could arise over the East and South China Seas would look decidedly different from this, as well as from one another. To ensure that military and civilian planners have contemplated all plausible implications, Pentagon strategists should develop other concepts of operation for these contingencies. They should also continue to emphasize, clearly and publicly, that none of these concepts represent complete military strategies.

# **CONCLUSION**

## **Toward a Rebalance Defense Strategy**

 ur analysis of each of the Pentagon's four major initiatives yielded a number of specific policy recommendations presented in the preceding chapters. We summarize them here, and then outline how a new administration can strengthen the Rebalance and prepare for future challenges.

To enhance U.S. force posture, the Pentagon should:

- commence a global force posture review at the beginning of the new administration that assumes the United States will need to retain substantial forces in Asia, and that assesses whether existing rotational agreements meet DoD needs;
- conduct an annual large-scale military exercise to demonstrate U.S. and partner capabilities from new access points, to maximize the deterrent effects of recent force posture upgrades;
- consider cluster basing to spread capabilities across multiple host nations for the purpose of resilience.

To improve security assistance, the United States should:

- institute an annual assessment to coordinate technical and operational program details with strategic goals;
- work with each of the Maritime Security Initiative (MSI) countries to develop its own proposals for where it would like to see its maritime domain awareness (MDA) capabilities in five years, and to identify the steps it will need to take to get there;
- enlist regional armies in MDA development efforts, especially in countries where ground forces have the greatest influence;
- facilitate the transition to a multilateral MDA architecture through near-term cooperative projects such as international coast guard academies;
- coordinate MSI with Foreign Military Financing (FMF) and International Military Education and Training (IMET) programs on a quarterly basis;
- study and adopt lessons for MSI from successful past programs, including counterterrorism initiatives and the Partnership for Peace.

To develop and refine the Third Offset strategy, the Pentagon should:

- define the Third Offset to send clear signals of intent to China and Russia and to U.S. allies;
- include efforts beyond technological innovation, including those that harness existing technologies in innovative ways, promote resilience, and slow the pace of fast-followers;
- couple intentions with capabilities by publicly emphasizing Third Offset technologies that will be funded and produced on relatively rapid timelines;
- develop clear metrics for measuring Third Offset impact that consider its effects on the regional balance of power over time;
- explain the role of allies and include them in counter-A2/AD planning, emphasizing their comparative advantages while addressing possible concerns such as affordability and technology sharing;
- encourage Beijing to spend in areas in which it is relatively weak, such as anti-submarine warfare.

To develop new operational concepts, the Pentagon should:

- acknowledge that access is contested but not concede denial of access: continued access and maneuver may be possible in much of the Western Pacific;
- use concepts for cost imposition, encouraging China to spend on operationally weaker areas, particularly ones where it will cost more for China to address the problems than it costs for the United States to pose them;
- increase stability by emphasizing resilience, reducing the necessity of early strikes;
- produce multiple operational concepts, including concepts for lower-intensity conflicts that originate in maritime and territorial disputes.

## China's Counterbalancing

Our Red Team analysis of each initiative also yielded some systematic conclusions about China's responses and likely future reactions to U.S. defense efforts.

- First, most U.S. defense efforts, ranging from relatively minor operational changes to major statements of strategy and policy, appear to feed China's narrative that it is being contained or encircled. Containment fears do not necessarily appear to be calibrated to the supposed U.S. catalyst, and they do not seem to abate following U.S. decisions to refrain from security-related actions Washington might otherwise have taken. Policymakers should expect this to continue.
- Second, it is difficult to point to instances in which specific U.S. initiatives or programs have inspired directly countervailing efforts from China. Because China is already engaged in substantial military modernization efforts, and because its military planning proceeds in 5–10 year cycles, new U.S. initiatives may have a more diffuse effect, mainly by feeding the persistent containment or encirclement narrative. Few discrete Pentagon actions result in identifiable Chinese reactions. If the United States and China are trapped in a security dilemma, it is strategic and structural rather than tactical in nature.
- Third, U.S. initiatives appear to leave an impression on Chinese leaders when they couple capabilities with intentions, that is, when a new military program or initiative is announced and funded in short order, and when there is evidence that it will be fielded in due course. Chinese planners pay less attention to declaratory policy if related action does not take place quickly.
- Fourth, while the United States thinks of its regional defense posture primarily in traditional military terms, China may rely more on political counteractions, such as coalition splitting or the use of economic coercion against partners to erode the relationships that support U.S. access. China's most effective responses to force posture upgrades, security assistance, military modernization, and new operational concepts may primarily take the form of opportunistic wedge strategies and a commitment to its own military modernization efforts.

## Toward a Robust Rebalance in 2020

Along with developing recommendations for strengthening each initiative and anticipating China's most-likely responses beginning in 2017, our study team also sought to analyze how a new administration can strengthen the defense Rebalance as part of a whole-of-government approach, and do so in ways that anticipate future security challenges. Our approach to this task has two major components.

First, we constructed a scenario exercise. It presumed that each initiative continued to be successfully developed and implemented by a new administration: that MSI had produced a small-scale common operating picture for participating countries; that existing rotational access agreements had been fully implemented, with two new agreements in progress; that Third Offset investments continued; and that the Pentagon had released public guidance on its JAM-GC operational concept, as well as another concept for operations addressing maritime or territorial disputes. We then assumed that a crisis erupted between China and the Philippines over Scarborough Shoal, and that the United States entered on behalf of Manila. An excerpt of the scenario exercise appears in the text box; and our major findings are reflected in our recommendations below.

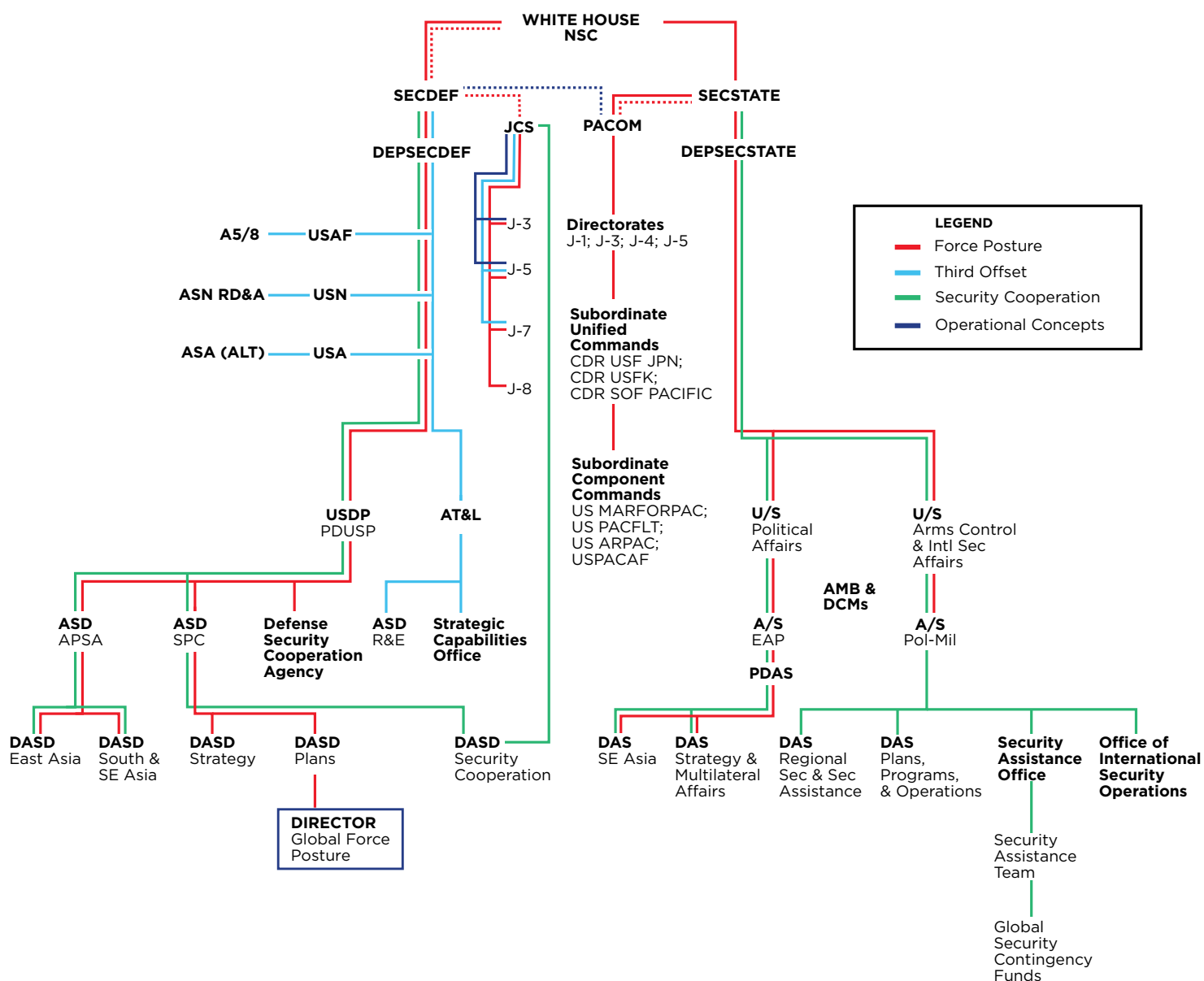
Second, we constructed an organizational chart that attempts to show all of the U.S. government offices that have authority over the lines of effort that we have studied in this report. This chart conveys how expansive the defense Rebalance has already become and it allows us to make some additional policy process recommendations. (See Figure 13.)

As the Pentagon looks to strengthen the Rebalance in a new administration, it would do well not only to look ahead to potential future flashpoints, but to look inside and across the interagency process. Force posture, military modernization, security assistance, and operational concepts are overseen and implemented by a wide assortment of Pentagon offices, and the State Department also has substantial involvement in posture and security assistance activities in Asia. So too does Pacific Command, and the National Security Council coordinates and provides oversight to all of these efforts. This vast array of authorities is depicted in the organizational chart. (See Figure 13.)

Because each of these initiatives is at least in part a means to secure a broader objective – continued American access to and maneuver around the global commons in the Western Pacific – it is essential that

### Charting the Defense Rebalance

This chart depicts the offices within the Departments of Defense and State responsible for the Rebalance policy and its defense initiatives.



### GLOSSARY

- ASN RD&A** | Assistant Secretary of the Navy for Research, Development, and Acquisition
- ASA (ALT)** | Assistant Secretary of the Army for Acquisition, Logistics, and Technology
- A5/8** | Strategic Plans and Programs
- ASD APSA** | Assistant Secretary of Defense for Asian and Pacific Security Affairs
- ASD SPC** | Assistant Secretary of Defense for Strategy, Plans, and Capabilities
- ASD R&E** | Assistant Secretary of Defense for Research & Engineering
- U/S ARMS CONTROL & INTL SEC AFFAIRS** | Under Secretary for Arms Control & International Security Affairs
- A/S EAP** | Assistant Secretary for East Asian and Pacific Affairs
- DAS REGIONAL SEC & SEC ASSISTANCE** | Deputy Assistant Secretary for Regional Security & Security Assistance
- J1** | Manpower and Personnel
- J3** | Operations
- J4** | Logistics
- J5** | Strategic Plans and Policy
- J7** | Joint Force Development
- J8** | Force Structure, Resources, & Assessments

each of these initiatives is understood by its organizers and implementers as part of a broader strategy. Despite the fact that each of these endeavors is distinct, our Red Team analysis emphasized that China is likely to interpret them similarly, that is, as further evidence of encirclement. It might not respond to each individual effort in kind, but use various means such as political warfare, economic coercion, or coalition-splitting wedge strategies to try to undermine the political basis of U.S. access in the region. The policymakers responsible for implementing each of these initiatives must have full situational awareness of how the broader regional access picture is evolving, taking into account both U.S. efforts and likely Chinese responses. The Pentagon has made substantial progress on each of these four initiatives, but some of them also involve coordination with the State Department, and all of them would benefit from clearer guidance from the NSC.

## Recommendations

The South China Sea 2020 scenario exercise and our organizational analysis yielded some additional recommendations for the military-security approach to the Rebalance as a whole.

### Issue NSC Strategic Guidance

Within the first 100 days of the new administration, the new NSC staff should issue classified strategic guidance on its objectives for the next phase of the Rebalance. This guidance should take stock of Rebalance progress to date across agencies and should set comprehensive goals for the Rebalance through 2020. It should issue agency-specific guidance to the Pentagon, State Department, Treasury Department, and others, framing each agency's role in the Rebalance and next steps for implementation.

### SOUTH CHINA SEA 2020 SCENARIO

The U.S.-Philippines relationship remains strong from 2016–2020. In fall 2020, the United States is mired in another bruising presidential election. The president of the Philippines complains regularly and vocally to his U.S. counterparts that the Chinese fishing vessels are preventing Filipino fisherman from fishing around Scarborough Shoal. In their radio communications, Chinese fishermen are regularly heard calling Scarborough Shoal “Chinese sovereign territory.” After three years of intermittent deliberations, Vietnam has decided not to bring an arbitration case against China over its own South China Sea claims. Shortly after Hanoi announces its decision not to pursue arbitration, Vietnam and China pen a major infrastructure investment deal, which is widely believed to be a Chinese quid pro quo to persuade Vietnam to drop its legal action.

Following the U.S. presidential election in December 2020, MSI countries hold their second annual multilateral law-enforcement exercise in the northern part of the South China Sea. China declares the exercise to be a threat to its sovereignty that renders its 2017 joint resource agreement with the Philippines null and void. Within a matter of days, dozens of Chinese fishing vessels swarm Scarborough Shoal, closing it off at the mouth and preventing the Philippines from accessing it.

Three large Chinese dredging barges arrive and begin land reclamation at the site, despite clear warnings from the U.S. president and secretary of state, in private and in public, that this will be viewed as highly provocative. China sends three Coast Guard vessels, including its 12,000 ton cutter, to “protect its sovereign rights.” All three vessels are armed. The Philippines responds by sending its only three available Coast Guard cutters (the others are returning from the exercise), all of which are unarmed. Two other Philippine naval vessels wait over the horizon.

The Philippines Coast Guard vessels broadcast that they are there with peaceful intent to uphold legal fishing rights and to restore the joint resource agreement. As they slowly approach the shoal, the 12,000 ton Chinese cutter intercepts them and clashes with one vessel. Two Philippine sailors are immediately killed and the Philippine cutter is seriously damaged. The Philippine naval vessels close in on the scene to attempt a rescue operation. As they do, Chinese Coast Guard vessels warn them to stand down and fire a “warning shot,” which strikes one vessel, killing another Philippine sailor. A PLAN destroyer is on the scene within 30 minutes. Before the afternoon ends, five Filipinos and three Chinese have been killed. The vessels remain locked in a standoff, and PLA ships and aircraft approach the scene from from Mischief and Subi Reefs. The same day, the president of the Philippines meets with the U.S. ambassador in Manila and requests defensive aid under Article V of the U.S.-Philippines Mutual Defense Treaty, which applies to Philippine forces and vessels operating in the Pacific. The U.S. president agrees that the Article V commitment has been invoked, and sends three U.S. Navy vessels from Subic Bay to provide support to the Philippines. The standoff situation continues to escalate. An American frigate takes Chinese fire upon approaching the scene. Over the next several weeks, the Scarborough Shoal crisis of 2020 devolves into a serious, but relatively limited conflict.



### **Release an Annual Rebalance Strategic Document**

As other recent analytic work has noted, the U.S. government has not issued a document that articulates, in one place, its strategy for the Asia-Pacific region or that tracks the implementation of the various components of the Rebalance. While the Pentagon did articulate a 2015 Maritime Strategy, it should also produce periodic reports that assess its goals and strategy for the defense aspects of the Rebalance as part of a whole-of-government approach.<sup>165</sup> An annual public strategic document would encourage the Pentagon to articulate its strategic goals for the region clearly and to assess its progress in each of its lines of effort. This document should also assess China's responses to its initiative. This Pentagon document should stand as an important part of a broader NSC-led report to Congress on Rebalance implementation. It would also serve as a useful signaling device for regional audiences.

### **Define Priority Defense Objective: Securing the First Island Chain**

Our Red Team sessions revealed the need for the Pentagon to define its defensive objectives in the Western Pacific, and to direct its four lines of effort towards that end. Our analysis suggested that the defense of the First Island Chain is an objective that would allow the United States to protect its allies and its interests in the region, while acknowledging China's growing capabilities. Our South China Sea 2020 exercise assumed that the Pentagon had adopted the defense of the First Island Chain as its strategic objective. Our participants found this to be an objective that was consistent with U.S. interests. They made reference to it throughout the scenario exercise, evaluating their options in the contingency with this goal in mind. Even if the Pentagon does not wish to articulate a regional defense objective publicly, the defense of the First Island Chain is consistent with the historical U.S. strategic approach to the region, and it would serve to protect Washington's Asia-Pacific security objectives in the twenty-first century.

### **Craft an NSC-led Counter-coercion Concept**

Even if the Pentagon develops multiple concepts of operation for Western Pacific contingencies – and it should, to ensure that the U.S. president has context-appropriate options – distinct operational concepts run the risk of lack of coherence and coordination across the conflict spectrum. By separating JAM-GC from a concept for lower-level maritime events, U.S. defense planners may inadvertently send the message that grey-zone conflicts

are viewed as totally distinct from more intense clashes. The NSC staff is best positioned to coordinate the development of a counter-coercion strategy for maritime and territorial flashpoints, incorporating diplomatic, military, and economic components consistently, and specifying how they may relate to higher-end conflicts. The decision to aid an ally or to resist coercive Chinese grey-zone behavior is fundamentally a political one, and the White House should tackle planning for this in 2017.

### **Prioritize Third Offset Capabilities that Have Near-term Applications**

Rail guns, UUVs, and non-lethal undersea capabilities would be of great value in a contingency that began around a maritime or territorial dispute, particularly one that involved dredging, building, or other activities that may be difficult to disrupt once they are in progress, but even more costly to reverse once they are complete. Undersea capabilities in particular can serve a valuable compellence role without being excessively escalatory. Some of these systems could be accelerated, and some could be built through federated defense cooperation with major allies such as Japan, Korea, and Australia.

### **Answer Strategic Questions Before They Are Asked**

As the United States continues to put in place the ways and means to secure its defense objectives, the Pentagon should focus on answering some vital strategic questions before they arise in crisis or conflict. These include:

- Should the United States actively seek to deter China from building on or militarizing Scarborough Shoal? Why does the United States care about it; what role does it play in the South China Sea; will Washington fight over it if deterrence fails?
- Are there other land features that are especially vital from a defense perspective? Are there specific activities that China might take that the United States would find unacceptable? Over what actions or principles are we willing to escalate?
- In a lower-level conflict, would the United States treat China's artificial island outposts as fundamentally different from the Chinese mainland? How would it signal this to Beijing?
- If China and the Philippines negotiate a diplomatic settlement that reduces near-term tensions but not necessarily long-term Chinese goals, how would this change the short-term and medium-term future of U.S. security assistance and access programs?

Answering these questions requires that the United States define its interests in and around the South China Sea and determine its objectives for this waterway and the region. Peacetime deterrence and crisis management will be enhanced if U.S. policymakers have declaratory or at least private answers to these questions. They should also communicate some of these answers to China, and to close allies, if only privately.

### **Recognize the Role of Special Operations Forces in Asia-Pacific Contingencies**

To respond to a South China Sea or other island contingency while minimizing escalation, Special Operations Forces (SOF) may play an important role in early intervention. Special Operations Forces have, however, been overwhelmingly oriented towards counterterrorism missions. The Pentagon should evaluate the operational role that both SOF and counter-SOF forces could play in an island-related contingency and train those forces accordingly. Grey-zone scenarios in the South China Sea point to possible new SOF missions beyond those that have been their principal focus over the past decade and a half. As the U.S. military continues to strive for jointness, it should evaluate the role that the Army could play in SOF and counter-SOF operations in the Western Pacific.

### **Emphasize C2 Connectivity and Crisis Management with Allies and Partners**

As the United States invests in partner capacity-building and increases ties through rotational access agreements, there is increased risk of moral hazard – that is, that greater access to security will embolden its partners. In a contingency that begins with a dispute between China and a U.S. partner, close command and control (C2) connectivity between the United States and its partner is vital to ensure coordination and to minimize unnecessary escalation. The United States and its allies must also ensure that they have standing crisis mechanisms in place to facilitate necessary communications when tensions flare. These steps will reduce the risk that an ally could entangle the United States in an unwanted conflict, or that the United States is unprepared to respond when called upon.

## **A Strategy for a Renewed Rebalance**

When the Pivot to Asia was first unveiled, audiences at home and abroad wondered whether the strategic turn would prove to be no more than a public relations effort. They also worried whether it would be fiscally and politically sustainable. In the intervening five years, the strategic need for a rebalancing in U.S. foreign policy has become all the more apparent, as China has continued its significant military buildup and has become more assertive in the maritime domain. Yet critics have continued to assert that there is a lack of political will or compelling strategic rationale for the Rebalance. For this strategic turn to succeed, it will undoubtedly continue to need a coordinated approach. The success of the Rebalance, and of the U.S. position in the Asia-Pacific region, will not be determined in the defense realm alone. A setback to major trade and economic policies, such as a failure to ratify the Trans-Pacific Partnership, could sap America's strategic influence. But success also depends on defense initiatives that make Washington well-prepared to manage crises, programs that do not provoke partner fears of abandonment, and access efforts that are not easily undermined by Beijing.

The Pentagon has made substantial progress in implementing four of its most prominent defense initiatives under the Rebalance, but these efforts are based on premises and assumptions that may not always hold true, and China has ample tools at its disposal that it could use to respond to them, some of which exist outside of the defense domain. China has consistently assumed the worst about U.S. defense initiatives in East Asia, and is likely to continue to filter these initiatives through a containment lens however they take shape. We have offered actionable recommendations to the Pentagon for how it can address these points by strengthening its force posture, military modernization, security assistance, and operational concept initiatives in Asia beginning in 2017.

We believe that the Department can go farthest in strengthening the Rebalance if it begins from the top down. The success of the defense initiatives studied here, and of other agency efforts to the same end, requires clear strategic guidance as a new administration takes

up the Rebalance. For the Pentagon, the overarching security objective in Asia is clearly to maintain access to and maneuver around the seas and skies of the region. But this goal requires U.S. planners to consider contingencies ranging from the grey zone to high-end near-peer conflict, and to consider links between short-term and long-term competition. The new administration must identify its strategic objectives for the initiative. The Pentagon should then identify an explicit defense objective (maintaining access by defending the First Island Chain); assess its initiatives with that objective as a benchmark, including through a Global Force Posture review; issue an annual strategic document as part of a whole-of-government report; and coordinate all pertinent offices and agencies closely. In doing so, the Pentagon can ensure that its significant regional investments are mutually reinforcing, providing the ways and means for a broader strategy to assure access to the region in the twenty-first century. Through careful and concerted Rebalance coordination across offices and agencies, the Pentagon can also account for a fundamental reality of any strategy: success or failure will be determined in large part by how nimbly U.S. efforts respond to China's inevitable countervailing actions.

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## Endnotes

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