RAND REVIEW

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COMMON INTERESTS, COMMON RESPONSIBILITIES

How an Atlantic Partnership Could Stabilize the Middle East

—By David C. Gompert, Jerrold Green, and F. Stephen Larrabee

How a Militarily Strong Europe Could Help Build a True Partnership

—By James A. Thomson

CONSEQUENCES OF KOSOVO ■ HOW U.S. FORCES CAN BALANCE MULTIPLE GOALS

Message from the Editor

As we prepared our cover story proposing a broader European-American partnership to stabilize the greater Middle East, the existing European-American partnership became embroiled, in Europe itself, in the battle against genocide in Kosovo.

From the perspective of hundreds of thousands of Kosovar Albanian refugees forced to flee their villages—and also from the perspective of NATO pilots on round-the-clock bombing raids of what remains of Yugoslavia—the notion of retooling the Atlantic alliance to advance mutual interests in the Middle East must sound like a lofty foreign policy notion indeed.

And yet the experience in Kosovo—where roughly 800 of NATO's 1,000 warplanes have come from the United States, diverting U.S. resources from trouble spots in Iraq and the western Pacific—corroborates a core argument put forth by David Gompert, Jerry Green, and Steve Larrabee in their essay on the Middle East.

That argument holds that the European-American partnership can no longer depend on a lopsided military relationship. In the Middle East, a balanced partnership has enormous potential to improve matters. In Europe, Kosovo has brought the issue home. The American-dominated military effort has been hampered by its dependence on American forces and equipment from overseas. This lopsided relationship can hardly endure, now that a wealthy Western Europe is no longer crippled by a world war nor threatened by a cold war.

Kosovo may signal the end of that brief historical interlude commonly referred to as the "post–cold war era," that transitional decade of the 1990s in which the lone remaining superpower has held disproportionate sway over—and disproportionate responsibility for—world affairs. If the allies succeed in Kosovo and determine that diplomatic cohesion must henceforth be backed by balanced military commitments, perhaps the "post–cold war era" will cede its awkward moment in history to a more coherent, deliberate, and mutually reinforcing "European-American era."

Again, such a lofty notion won't do much for those fighting for survival today in Kosovo, let alone for those who have died in the long series of Balkan wars spanning this decade. But maybe the phoenix that rises from the ashes of Kosovo will be a resilient, integrated, committed community of responsible democracies that will champion human rights, ethnic and religious tolerance, and decent behavior by legitimate governments throughout Europe—and beyond. Perhaps only then will the horror of the Balkans not have been in vain.

—John Godges

RAND REVIEW
Spring 1999 Vol. 23, No. 1

3 Letter to the Editor
News
What L.A. homes and neighborhoods might do for children • Appealing foreign duty • Encroaching urban operations • Costs of high-tech theft

6 Balkan Duty
Five RAND analysts consider the consequences of Kosovo

COVER STORY
Common Interests, Common Responsibilities
For Europe and America to meet common challenges, it is time for Europe to shoulder more of the burden—and for America to share leadership

12 How an Atlantic Partnership Could Stabilize the Middle East
By David C. Gompert, Jerrold Green, and F. Stephen Larrabee

18 How a Militarily Strong Europe Could Help Build a True Partnership
By James A. Thomson

20 Regaining Equilibrium
How defense planning can help U.S. forces balance multiple goals

On the Cover

Armament Technician Hector Huguet checks an advanced medium-range air-to-air missile, or AMRAAM, on an F-16CJ fighting falcon before it takes off from Incirlik Air Base in Turkey on Dec. 28, 1998, as part of Operation Northern Watch. The operation enforces the no-fly zone north of the 36th parallel in Iraq, as mandated by the United Nations. The United States, the United Kingdom, and Turkey have provided about 45 aircraft and more than 1,400 personnel to support the operation.
U.S. DEPARTMENT OF DEFENSE/VINCE PARKER, U.S. AIR FORCE

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News

The Effect of L.A. Homes, Neighborhoods on Children

A new RAND study will examine 65 neighborhoods in Los Angeles County over the next four years to try to understand how the homes and environments of children affect their physical, psychological, and social development.

Beginning in October, the Los Angeles Family and Neighborhood Survey will conduct annual surveys of household residents and neighborhood representatives. Previous research has often focused on one—either the home or neighborhood—to the neglect of the other.

According to the RAND analysts, research on the family, home, or even the local school alone ignores larger social influences on children. And research on the neighborhood alone fails to account for neighborhood mobility and the fact that families choose where to live.

The project seeks to shed light on policy questions in three areas:

- The effects of neighborhoods, families, and peers on child and teenage behavior and health, attitudes toward education and work, chances of becoming a teenage parent, and educational and employment opportunities.
- The effects of welfare reform on patterns of employment, transportation, day care, and private social services.
- The factors behind residential mobility and neighborhood change, factors such as neighborhood selection, residential segregation, and migration patterns of recent immigrants.

The household survey will target 50 homes in all 65 neighborhoods, for a total of 3,250 households. The neighborhood survey will target school officials and teachers, librarians, police, religious leaders, owners of small businesses, and social service providers.

Los Angeles County is the largest and most complex of the newer western and southwestern cities that are home to a growing proportion of American children.

The research is funded by the National Institute of Child Health and Human Development at $1.5 million for the first year of a five-year grant.

Letter to the Editor

The incisive analysis of religious terrorism (*Old Madness, New Methods: Revival of Religious Terrorism Begs for Broader U.S. Policy,* Winter 1998–99) points out a useful distinction in combating various forms of intelligence—rather than wringing our hands. Go to it!

Admiral Noel Gayler
U.S. Navy (retired)
Alexandria, Va.

Limited Foreign Duty Boosts Reenlistment

Some foreign duty—but not too much—is a key to reenlistment in all four services of the U.S. military, according to a new RAND report. The challenge is to balance the burden of long separations and hostile duty among enlisted troops and to make the assignments more predictable to meet troop expectations.

The report shows that limited deployments—of, say, three months—tend to increase early career reenlistment across the services and first-term reenlistment in the army and marine corps. The positive effect is particularly strong for first-term enlisted people in the army.

"Evidently, many service members join or remain in the ranks because they expect and want some service on behalf of their country, adventure, travel, or all of the above. If it doesn't happen, they're disappointed," said lead author James Hosek.

But adding an additional tour of duty atop the first—such as another three months away from home—sharply reduces the likelihood of reenlistment, especially in the army and marine corps. The negative effect of the extra tour is strongest when it involves hostilities.

The study is the first cross-service inquiry into the relationship between reenlistment and personnel tempo, or "perstempo." Covering a period between 1993 and 1995, the study comes at a time

when the pace of the nation's peacetime military operations exceeds that of earlier decades and when military personnel resources, among others, are under strain.

"The relationship between deployments and retention is the opposite of what many feared," said Hosek.

"The effect on reenlistment was mostly positive. But our results underscore the importance of each service spreading the burden of peacetime military operations to the maximum extent compatible with readiness. This is especially important if perstempo levels have now risen above those prevailing in our study period."

Among the detailed findings are the following:

- First-term army personnel with no prior long or hostile duty were 28 percent more likely to reenlist if given an initial three months of nonhostile duty—and 13 percent more likely given the same length of hostile duty. But an additional three-month assignment made them less likely to reenlist, up to 17 percent less likely if it involved hostilities.
- During the 1993–1995 period—which included deployments to Korea, Haiti, Somalia, and Bosnia—over two-thirds of first-term navy personnel faced long or hostile duty, compared with 61 percent of first-termers in the marine corps, 39 percent in the army, and 31 percent in the air force. The total months of long or hostile duty were greatest by far in the navy.

The report, coauthored by Mark Totten, is entitled *Does Perstempo Hurt Reenlistment? The Effect of Long or Hostile Perstempo on Reenlistment* (RAND/MR-990-OSD).

Urban Operations Likely; U.S. Forces Not Ready

Although increasing worldwide urbanization and expanded U.S. engagement abroad suggest that future urban military operations are likely, U.S. ground and air forces lack the tools—doctrine, training, and technologies—to fight successfully in an urban environment.

"It is apparent that the nation's armed services are inadequately prepared to conduct combat operations in cities without undue friendly force losses, noncombatant casualties, and collateral damage," said Russell Glenn, author of *Marching Under Darkening Skies: The American Military and the Impending Urban Operations Threat* (RAND/MR-1007-A).

Despite encouraging performances by U.S. peacekeeping operations in urban areas of Haiti and Bosnia, U.S. preparedness for urban combat appears weak in several respects, including the following:

- "Woefully outdated" army doctrine, which provides little foundation for fighting under the strict rules of engagement typical of urban combat today.
- A shortage of adequate training facilities designed specifically for urban operations.
- The absence of aircraft and weapons accurate enough to avoid unnecessary civilian and friendly casualties, compounded by the absence of communications and navigation equipment capable of supporting the close combat demanded by urban operations.

To overcome such weaknesses, the RAND study offers these recommendations:

- Adopt current marine corps doctrine as a foundation for army and joint doctrine on urban operations until a comprehensive doctrine can be developed, and have the army distribute periodic bulletins of lessons learned regarding urban operations.
- Conduct a variety of training exercises in urban areas (such as those recently held in Monterey, Oakland, and Alameda, Calif.), make existing urban operations training facilities available to units based elsewhere, and provide after-action reporting of a quality comparable to that now available in open terrain exercises.
- Incorporate urban combat concerns when developing new technologies, as several advanced weapons systems will be even less useful in urban environments than their predecessors.

To date, both the army and the joint community have embarked on efforts to write urban operations doctrines suitable to modern needs.

The research was based, in part, on a 1998 conference hosted by RAND and the U.S. Army Infantry Center's Dismounted Battlespace Battle Lab.

Many Bear the Costs of High-Tech Theft

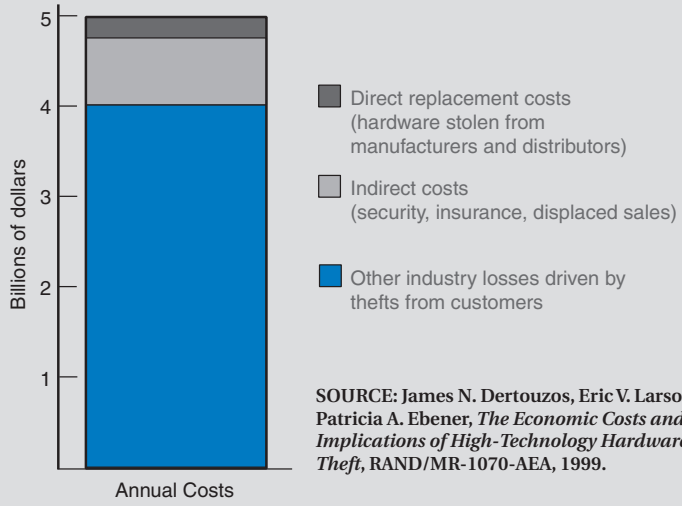
Theft of high-technology products and components could cost U.S. manufacturers and distributors more than $5 billion annually, according to a RAND study commissioned by the American Electronics Association and the International Electronics Security Group.

The study, conducted in 1997–1998, estimates that hardware stolen from industrial sources sets the industry back about $250 million a year in direct replacement costs. Indirect costs—including increased security and insurance, lost sales of components, and sales lost by other firms—raise the total to more than $1 billion. Finally, thefts from customers reduce their willingness to buy new products, which drives down both the prices and the quantity of products sold, costing manufacturers another $4 billion.

Thus, the sum of all industry losses exceeds $5 billion, representing roughly 2 percent of industry revenues. "Our findings are apt to be conservative, because there are many types of cost, such as warranty fraud and disruption of business, that we did not attempt to quantify," said James Dertouzos, who led the study.

The researchers surveyed 95 U.S.-based, high-tech manufacturers that account for 40 percent of the sales in the computer, semiconductor, hard disk drive, and cellular phone industries. The researchers also conducted interviews with law enforcement officials.

COSTS OF HARDWARE THEFT TO HIGH-TECH INDUSTRY



SOURCE: James N. Dertouzos, Eric V. Larson, Patricia A. Ebener, *The Economic Costs and Implications of High-Technology Hardware Theft*, RAND/MR-1070-AEA, 1999.

The study found that as much as 80 percent of all reported high-tech theft occurs in transit, about half of which occurs overseas. Computers are not safe once they reach their destinations, either: About 9 percent of high-tech theft occurs in offices of the manufacturers, and similar losses occur among their business customers.

Dertouzos pointed out that a large part of the cost of high-tech theft is not borne by the manufacturers. On the one hand, thefts from manufacturers induce them to raise prices and pass on some of the burden to customers. On the other hand, thefts from customers make them hesitate to buy, which lowers prices, deflecting some of the burden back to manufacturers but also spreading the burden among all high-tech firms.

"This suggests a larger role for collective action on the part of the industry and the public sector," he said. Such action could focus on common standards for shipping freight, new methods to identify and disable stolen property, and more information exchanges between industry and law enforcement.

In California, legislation has been introduced to enhance the role played by statewide and regional high-tech crime task forces (SB 157) and to strengthen the prosecution of high-tech crimes (AB 154).

RAND also found that beefing up private security pays off. Industry security budgets rose 26 percent from 1996 to 1998; yet product losses from theft dropped 50 to 75 percent. The companies making the largest investments in security reaped the largest reductions in theft.

The report is entitled *The Economic Costs and Implications of High-Technology Hardware Theft* (RAND/MR-1070-AEA). ■

Balkan Duty

Five RAND Analysts Consider the Consequences of Kosovo

Five weeks into a NATO campaign to bomb Yugoslavia and return self-rule to Kosovo, a panel of RAND experts grappled with the broader issues: the forces of history, the future of NATO, the lessons of the air war, potential strategies for ground troops, and sweeping implications for Europe and America. The April 27 discussion included F. Stephen Larrabee, senior political scientist and expert on the Balkans; Robert Hunter, U.S. ambassador to NATO from 1993 to 1998; David Ochmanek, former U.S. Air Force officer and deputy assistant secretary of defense from 1993 to 1995; Thomas McNaugher, deputy director of the Arroyo Center (Army Research Division) at RAND; and David Gompert, vice president and director of the National Security Research Division at RAND and former special assistant to President Bush.

Forces of History

F. Stephen Larrabee

The historical roots of the conflict in Kosovo date back to the 8th and 9th centuries. One of the most cherished centers of the medieval Serbian empire, Kosovo remains a symbol of Serbian nationhood. It is the site of the battle of Kosovo Polje, where the Serbian kingdom met its destruction in 1389 at the hands of the Ottoman armies. For six centuries, that battle has been an inspiration for national survival—and national revival.

But Kosovo has an equally important, if more recent, significance for the Albanians. The Albanian national revival dates to the formation of the "Albanian League" of 1878, whose seat was in Prizren, southern Kosovo. For the Albanians, Kosovo is the springboard and nucleus of their national unification movement. Moreover, Albanians have constituted the majority of the population of Kosovo since the 18th century.

The seeds of the current conflict can be traced to the collapse of the Ottoman Empire and the peace arrangements worked out after the Balkan Wars of 1912–1913. Under the Treaties of London and Bucharest, Albania became an independent state in 1913, but Kosovo and parts of Albanian-speaking Macedonia were ceded to Serbia, placing one third of the Albanian population under the jurisdiction of neighboring states. The Albanians felt they had been treated unjustly. Their national aspirations have been simmering ever since.

After World War I, the Serb government carried out a campaign of Serbianization and colonization of Kosovo, forcing Albanians to emigrate or assimilate. During World War II, Albania, then a vassal of Italy, annexed Kosovo and part of Western Macedonia and reversed the roles, conducting a campaign of Albanianization, evicting Serbs, and colonizing Kosovo with Albanians. Some 300,000 Serbs were expelled from Kosovo and never allowed to return.

As communist rule waned in Yugoslavia in the 1980s, Slobodan Milosevic exploited rising Serb nationalism, especially the sense of grievance regarding Kosovo. In 1989, he stripped Kosovo of its autonomy; removed Kosovar Albanians from key positions in administration, education, and the media; and put the province under martial law. The crackdown spurred Slovenia and Croatia to secede, thus provoking the breakup of Yugoslavia, and set the stage for the present conflict. The Kosovar Albanians declared their own independent republic in September 1991; set up their own hospitals, clinics, schools, and parliament; and boycotted Serb-dominated institutions and elections.

The Dayton Accords, which ended the war in Bosnia, were a watershed. Dayton did not deal with Kosovo, leaving the Kosovar Albanians embittered and contributing to their radicalization. Power increasingly passed from their nonviolent leader, Ibrahim Rugova, and into the hands of the Kosovo Liberation Army (KLA). By the time the Rambouillet negotiations began in February 1999, the KLA had become the dominant force in Kosovo. Some KLA leaders support independence, while others yearn for a "greater Albania" that would also include heavily Albanian parts of Macedonia.

The question of a "greater Albania," left hanging at the end of the Balkan Wars, is now back on the table.

How the current conflict will end depends largely on Western policy and the NATO military campaign. But two things are clear. First, the Rambouillet accord is dead. It is hard to see Albanians willing to accept any form of Serb rule after the recent expulsions and ethnic cleansing. The most likely outcome is the establishment of a de facto independent Kosovo under Western protection. Second, the question of a "greater Albania," left hanging at the end of the Balkan Wars, is now back on the table. Most countries don't want to see a greater Albania because of the dangerous implications of redrawing borders based on ethnicity. For Western leaders, the problem is how to manage Albanian national aspirations without spreading the conflict further.

Future of NATO

Robert Hunter

Kosovo by itself is not strategically important to the West. NATO has accepted responsibility for Kosovo less because of its intrinsic value than because of the magnitude of its humanitarian tragedy and broader concerns about the future of NATO itself. It is the desire of NATO allies to help the people of the Balkans join the rest of Central Europe in building a constructive, peaceful future.

For the first time in history, there is a chance of achieving the goal, proclaimed by President George Bush, of a "Europe whole and free." In the last seven years, NATO has recreated itself to pursue precisely that goal, as well as other common interests beyond Europe's borders. But in 1995, the allies finally understood that, if NATO proved ineffective in Bosnia, it would not be taken seriously with its broader mission. So NATO conducted air strikes against Bosnian Serbs, which led to the Dayton Accords, to the end of the war there, and to the introduction of the NATO-led Stabilization Force that has remained, without a single combat fatality, for more than 1,200 days.

NATO must accept that it now "owns" the Balkans and will have to be engaged there for the indefinite future.

In Kosovo, however, the allies failed to account for the obduracy of Yugoslav President Slobodan Milosevic, whose career has been built on bolstering Serb nationalism. When the Rambouillet peace talks failed in March, NATO opened what it foresaw to be a limited bombing campaign to demonstrate to Milosevic the futility of his actions, thereby hoping to repeat the allied success in Bosnia. This time, however, Milosevic outmaneuvered the allies by using the time spent on diplomacy to plan a massive assault, then killing civilian leaders in Kosovo by the thousands and forcing the expulsion of hundreds of thousands of Kosovar Albanians, producing the largest mass of refugees in Europe since World War II. The peace talks, it turns out, had served as a cover for Milosevic to prepare his blitzkrieg.

At NATO's 50th anniversary summit in April, all 19 countries coalesced politically around a set of war aims: end the fighting, make Serb forces withdraw, enable refugees to go home, provide an international force to secure their safety, give the Kosovar Albanians some say over their future, and begin the reconstruction of the region. But regarding war means, the allies at the summit continued to focus on the use of air power alone and again foreclosed the possible use of ground forces. By failing even to begin preparations for a ground campaign, the allies also forfeited the potential deterrent value of such an action.

The key factor driving NATO strategy is the desire for minimal allied casualties. As a result, we see two separate wars: Milosevic is fighting on a short time frame of ethnic cleansing, NATO on a long time frame of degrading overall Yugoslav military capabilities and trying to influence political decisions through strategic bombing. So far, Milosevic is prevailing.

Looking beyond the war, the allies have to accept long-term responsibilities throughout the Balkans and Southeast Europe, an area of increasing strategic importance and the way station to the troubled Middle East and beyond. When the Kosovo conflict does come to an end, troops will be deployed in the former Yugoslavia for a long time to come—as in Bosnia, where reconstruction and creation of hope for the future are well under way. NATO must accept that it now "owns" the Balkans and will have to be engaged there for the indefinite future.

In parallel, the allies, with the Europeans in the lead, also need to create a comprehensive, effective policy of reconstruction for the entire region. This must include a mini-Marshall Plan for the countries in deepest need: the "frontline" states of Albania, Macedonia, Bulgaria, Romania, Bosnia, Croatia, and Slovenia. The policy should also include renewed efforts to reduce tensions and work toward a settlement in the Greece-Turkey-Cyprus triangle. Beyond the conduct of the war itself, this broader strategy will be the true test of NATO's future in the region and of American leadership there.

Lessons of the Air War

David Ochmanek

NATO's air campaign has succeeded in its first objective of creating a fairly benign environment for air operations over Yugoslavia. The allies have also been effective at attacking a wide range of "strategic targets" thought to be of value to the Milosevic regime. Damage to these targets, however, has not persuaded Milosevic to change policy in any significant way vis-à-vis Kosovo. Hence, the key objective of NATO's air strategy now must be to damage, disable, and demoralize Serbian military forces in and around Kosovo.

Instances of bombing campaigns as effective coercive mechanisms are few and far between. Indeed, we should not be surprised that the most evident immediate result of NATO's air attacks on military, political, and economic targets in Serbia has been a rallying around the Milosevic regime. It would be unwise to expect continued bombing of such targets to bring about a dramatic reversal of policy in Belgrade.

Over time, however, continued air attacks on Serbian forces in Kosovo will have a telling effect. Targets there include Serbian armor and artillery, ammunition storage areas, petroleum stocks, support assets such as barracks and vehicles, and the Serbian troops themselves. As more attack and support aircraft arrive, NATO will increasingly be able to conduct round-the-clock operations over Kosovo and to exploit more fully any favorable weather conditions.

Nevertheless, progress will be slow. The terrain and prevailing weather in Kosovo favor the Serbian forces on the ground. And the nature of their operations is such that they are not compelled to move large numbers of troops or vehicles over great distances, thus limiting opportunities for NATO aircraft to locate and strike them. A total of two to three months of steady air attacks might be required before substantial damage is done.

The arrival of AH-64 Apache helicopters will help. These can be devastatingly effective armor killers, and their operations are not as sensitive to weather conditions as those of the high-flying, fixed-wing aircraft. But there are risks. It is not possible to suppress comprehensively the many shoulder-fired, short-range, surface-to-air missiles or anti-aircraft artillery pieces fielded by the Serbian forces. And because the Apaches fly low and slow, they are far more vulnerable to these threats than their higher-flying brethren.

Air forces alone cannot prevent small groups of armed men from terrorizing unarmed civilians.

Of course, air forces alone cannot prevent small groups of armed men from terrorizing unarmed civilians. Thus, NATO's prospects for success will turn ultimately on its ability to control operations on the ground. This reality mandates the need for NATO ground forces. Unless and until NATO prepares to send ground forces into Kosovo—with or without Belgrade's acquiescence—the alliance will be ceding the initiative to Milosevic. The challenge for ground force planners will be to develop a plan that can be executed with a reasonably sized force (something far smaller than the 200,000 figure mentioned publicly) yet with modest risks of friendly casualties. Air power can help prepare the way for such an operation, but it cannot substitute for it.

Strategies for Ground Troops

Thomas McNaugher

NATO has always planned to put ground forces into Kosovo. It wants to do so only under "permissive" conditions—where NATO forces can enter unopposed—and since the Rambouillet accord is now dead, the

NATO peacekeepers now waiting in Macedonia to implement that accord may yet be used to enforce another agreement.

But dimming prospects for such an agreement are prompting talk of a NATO attack into Kosovo under semi- or even non-permissive conditions. As relations between NATO and Serbia grow more embittered, the difference between a peacekeeping and an offensive force is narrowing; at this point, neither NATO nor Kosovar Albanian refugees are likely to enter Kosovo without a strong force. In short, NATO ground forces are likely to enter Kosovo one way or another, and it makes sense to think in terms of an offensive force.

We may well be watching the slow repositioning of NATO's military preponderance out of Germany, no longer threatened, and into the Balkans.

Despite occasional talk about "seizing Belgrade," NATO forces would more likely invade Kosovo with the goal of seizing, holding, and stabilizing that entity and providing security to returning refugees. This would probably require a force of roughly 50,000 to 70,000 troops, yielding a ratio of security forces to returning refugees even higher than the ratio of troops to civilians in Vietnam at the height of that war. While terrain and logistic difficulties favor light forces for this mission, some armor will be required to hedge against uncertainty. Helicopters will be useful both for firepower and for mobility.

Getting this force into position poses daunting logistic challenges. Albania is willing to host an offensive operation but sports only one decent airfield—at Tirana, well down the mountains from the border with Kosovo. There is but one road from Tirana to Kosovo, and it narrows to only one lane at some points. Launching out of Macedonia looks easier logistically, with airfields closer to the Kosovo border, a major road coming up from Thessaloníki, in Greece, and a NATO force already in place. But neither Macedonia nor Greece seems anxious to host offensive operations. It would be worth seeking to negotiate permission to run some level of military action out of Macedonia in return for moving Macedonia's swelling refugee population back into Kosovo. Using either Albania or Macedonia or both, it should take two months or more to assemble the force.

Although this will be a NATO operation, U.S. forces are likely to spearhead offensive action, because they are the ground forces with the best links to the strike aircraft that will support the operation, making it a truly effective *joint* operation. As the ground operation succeeds, the balance between European and U.S. forces can be shifted to reflect the kind of European dominance that U.S. policymakers have sought.

Having seized Kosovo, NATO forces could expect to stay for some time, making Kosovo a protectorate. We may well be watching the slow repositioning of NATO's military preponderance out of Germany, no longer threatened, and into the Balkans, which so often flare with violence during periods of geostrategic transition. There may be a chance to turn the province over to the KLA at some point, but little written about that organization suggests that it is coherent enough to defend Kosovo on its own, much less help establish a government. If an offense goes forward, there will be no chance of returning the province to Serbia.

Implications for Europe and America

David Gompert

An agreement between Milosevic and NATO is quite unlikely, because their war aims are mutually exclusive. Milosevic wants Serb rule in Kosovo and no return of refugees. NATO wants self-rule in Kosovo and the return of refugees. Negotiations between Russia and NATO are more about finding a constructive role for the Russians than about realistically mediating a deal.

There are two more-plausible outcomes for NATO: defeat and victory.

Defeat will occur if Milosevic doesn't buckle and NATO does. If bombing doesn't bring Milosevic around and NATO cannot reach consensus on ground intervention, NATO will splinter or become paralyzed. Milosevic would survive as a "world-class" rogue, and his regime would become even more dangerous, desperate, and isolated. Yugoslavia could become another Iraq or North Korea, possibly with an interest in weapons of mass destruction. Instability would continue within and outside Yugoslavia. The isolation of Yugoslavia and the refugee burden would make reconstruction of the region difficult. Facing major challenges elsewhere and no positive role in Europe, the United States might back out and leave to Europe the principal responsibility for dealing with Milosevic. A larger division of labor would emerge, with the Europeans—unprepared—left with responsibility for security in Europe, and the United States with responsibility for security in the Middle East and Asia. Such a division of labor would vitiate NATO and abort its new strategic purpose. NATO would formally survive but become a husk.

The alternative is victory. Once the Serb military gets sufficiently ground down, NATO would enter and occupy Kosovo in a "semi-permissive" environment. American air and ground forces would bear the brunt of the duty but would then gradually reduce their presence and shift ongoing security responsibilities to European forces. Refugees who wanted to go home could do so. Self-rule would be established. Balkan reconstruction could proceed, funded mainly by the European Union. Defeated and having lost Kosovo, the Milosevic regime would operate on borrowed time. Under these conditions, a new Atlantic partnership could emerge, with the United States and European allies jointly taking responsibility for security in Europe and beyond. If there is a silver lining to this tragic conflict, this is it: the emergence of a European-American partnership, rather than a division of labor.

For this victory to ensue, NATO must be prepared to insert ground forces without the approval of Milosevic. The alternative is not an acceptable agreement but rather failure.

Kosovo has other implications for U.S. strategy. First, U.S. strategists need to rethink the way we categorize military operations—such as "major theater wars" and "small-scale contingencies." Such categories do not adequately represent reality. Rather, we face a continuum of contingencies, ranging from major wars to minor operations. Second, the full cost of the American role in the world is greater than we have admitted. We have routinely supplemented the defense budget, deferred modernization of our forces, and placed undue strains on personnel. Add a national missile defense and homeland defense, and that amounts to an even heftier defense burden. Third, in view of this, it is time for the United States to lean more heavily on its closest allies—the Europeans—to improve their forces and make them interoperable with our own so they can contribute more. Kosovo is a watershed for NATO. The allies today have very little capability to intervene in Kosovo or anywhere else. That has to change.

The NATO democracies have established the precedent that illegitimate regimes that slaughter their own people do not enjoy sovereign protection.

Finally, there are serious implications for international law and order. The arrangement in which Russia and China have veto power on the Security Council would have made the United Nations inadequate to deal with the Kosovo problem. To protect their values and interests, the NATO democracies have had to take international law into their own hands. They have established the precedent that illegitimate regimes that slaughter their own people do not enjoy sovereign protection. So we are now in a world in which the United Nations, which has legal authority, is ineffective, while NATO, while effective, has no legal authority. ■

COMMON INTERESTS, COMMON RESPONSIBILITIES

How an Atlantic Partnership Could Stabilize the Middle East

By David C. Gompert, Jerrold Green, and F. Stephen Larrabee

David C. Gompert is vice president and director of the National Security Research Division at RAND. Jerrold Green is director of RAND's Center for Middle East Public Policy, and F. Stephen Larrabee is a RAND senior political scientist.

THE UNITED STATES AND ITS EUROPEAN ALLIES are at loggerheads in the region where cooperation between them is most urgent: the lands between Gibraltar and India, also known as the greater Middle East. Where shared purpose, joint strategy, and alliance solidarity are needed, commercial rivalry and diplomatic grandstanding prevail. If only the Atlantic democracies would rise above their current squabbles, the dangers of the greater Middle East could be met.

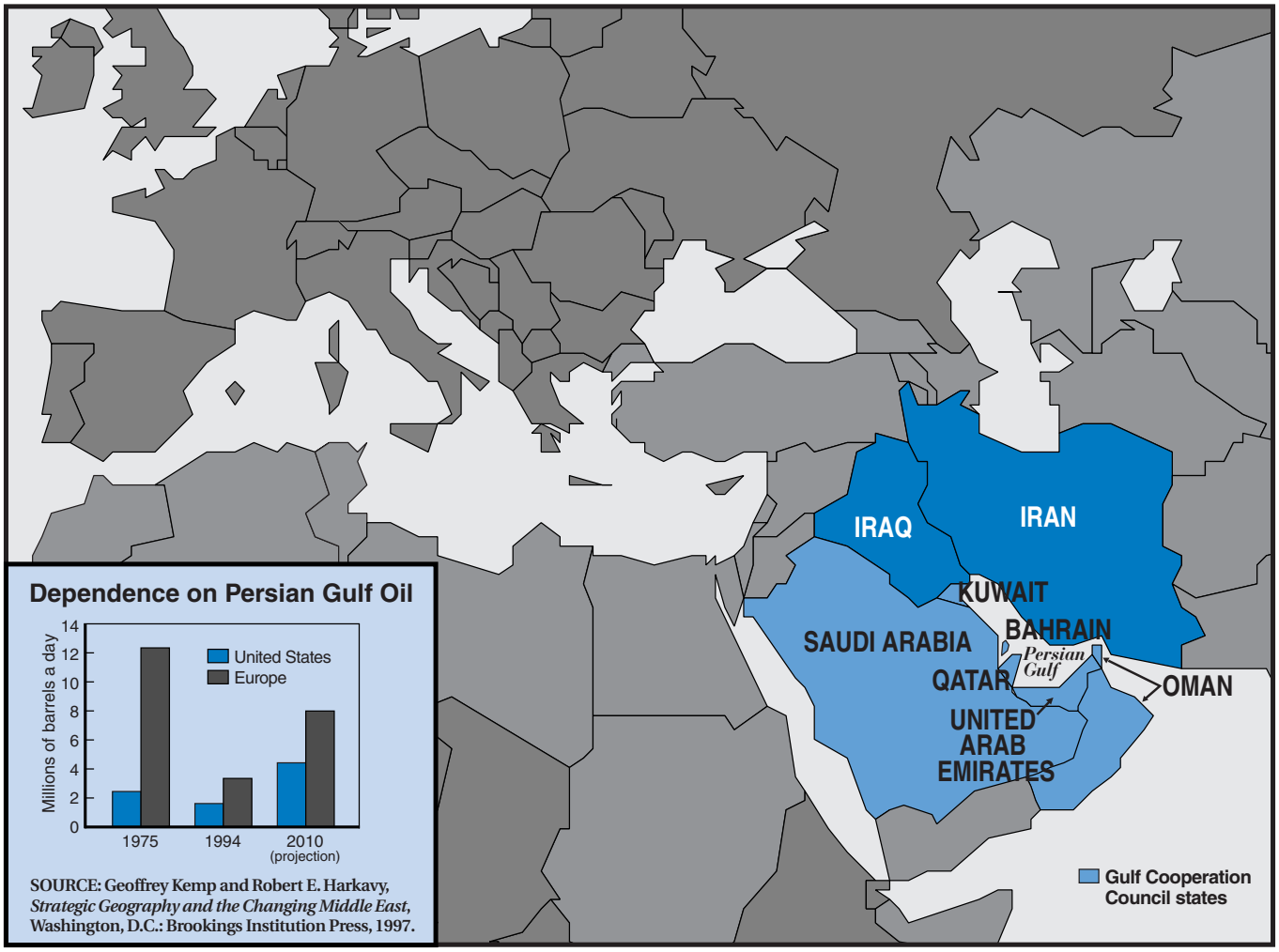
Sharply different U.S. and European responsibilities in the Middle East, however, have led to divergent motivations and behavior. Because the United States has assumed the role of regional security guarantor, it necessarily predicates its policies on sober realism about what could go wrong—the "downside." The United States is far more disturbed than Europe is by any Iraqi or Iranian weapons of mass destruction (WMD)—including biological, chemical, and nuclear weapons—because U.S. troops would be the ones to die. In contrast, Europeans have little responsibility for security in this region, and so they can work the "upside." Naturally, they are more inclined than Americans to engage Iran and Iraq: They have more to gain if engagement succeeds and less to lose if it fails.

What is needed is a strategy toward the greater Middle East that unifies U.S. and European approaches. On neither side of the Atlantic will such a strategy thrill sitting officials. It calls on the Europeans to take more responsibility, burden, and risk, and on the United States to share leadership. From Palestine to the Persian Gulf to Turkey, this strategy prescribes U.S.-European partnership as the key to coping with a region whose dangers threaten both.

It All Comes Down to Oil—and Weapons of Mass Destruction

The Atlantic democracies have a huge stake in global economic integration, which promises improved quality of life, freedom, and peace to those parts of the planet where such integration has been embraced. The relationship between secure, bountiful oil and global economic health is obvious. Unstable oil production, disrupted deliveries, and high prices contributed to the stagflation of the 1970s and early 1980s. The low-inflationary growth and expanding world trade and investment of the 1990s have been nurtured by stable oil production and low prices.

The most important goals of the Atlantic democracies—low inflation, balanced budgets, full employment, less poverty, free trade, better infrastructure, and education—presuppose the availability of inexpensive oil. But that oil lies mainly beyond the control of the Atlantic democracies. Two-thirds of the world's proven oil reserves, and 90 percent of the proven reserves found in the last 10 years, sit beneath the sands and waters of the greater Middle East, primarily around the Persian Gulf. With dependence on Persian Gulf oil supplies growing (see map), the region's instability is an



omnipresent threat to global security, even though oil markets are flush at the moment.

The other great danger in this region is the spread of biological, chemical, and nuclear weapons. Efforts to prevent this spread are failing. The states we would least like to see in possession of such weapons are well on their way to getting them. Those for whom nuclear weapons are too difficult or too risky to obtain are finding biological weapons all the more tempting. While Iraq and Iran top the list of WMD aspirants, there are also known or presumed nuclear, biological, or chemical weapons programs in Libya, Syria, Israel, Pakistan, and India. The WMD problem compounds the oil security problem, because a credible WMD threat by a rogue Middle Eastern state could undermine the ability and, more likely, the political will of the United States to intervene to assure the flow of Persian Gulf oil.

This epicenter of the most severe dangers to global security—oil and WMD in hostile hands—is also the

AN UNEQUAL PARTNERSHIP

Compared with the United States, Europe depends more on Persian Gulf oil and is geographically closer to the Gulf, yet the United States assumes the primary military responsibility to guarantee access to this oil, helps defend the six friendly states of the Gulf Cooperation Council, and "manages" the security of the greater Middle East—a region replete with political instability.

world's least stable region. At every level, the region is barren of responsible leadership. Undemocratic regimes, friend and foe, rule most nations. The ruling elite cling to the status quo and eschew political openness, which could threaten their hold on power. Ironically, the region's two notable democracies—Israel and Turkey—have no oil. Meanwhile, five of the world's seven worst state-sponsors of terrorism, by the U.S. State Department's reckoning, are in this region, as are the most rabid terrorists.

Americans have not offered to share responsibility for security in the greater Middle East, and Europeans have not volunteered to accept it. Both are making a big mistake.

Perhaps the greater Middle East has the potential to "emerge," as have other once-troubled regions: Eastern Europe, Southeast Asia, and Latin America. With democratic reform, information technology, and investment, perhaps the human capital of the Middle East can be uplifted. Were it possible in the near future, such reform would be the goal of Western policy, because reform would ease our fears of weapons of mass destruction, terrorism, fanaticism, and violent change. But for most nations of the Middle East, reform does not appear realistic for now.

Therefore, although we wish it were otherwise, we must regard the Middle East as that dangerous patch of the planet where the precious oil is. While reform should be the ultimate goal, the Atlantic democracies must, in the absence of hopeful signs, protect their standard of living and their stake in the global economy from this region's perils.

First: Rebalance the Partnership

The United States now relies on a combination of military power and diplomatic clout to "manage" security in the region. The United States fancies itself as regional arbiter, respected by moderates and feared by rogues. Whether to guarantee Israeli security, safeguard the Persian Gulf, or give Turkey and Saudi Arabia the confidence to keep leaning Westward, American power in the Middle East is indispensable to the region and therefore to the world.

Yet there are problems with this picture. For starters, the United States is overextended: It is manager of an unmanageable region, broker among parties averse to compromise. It has accepted responsibility for achieving Palestinian-Israeli and Syrian-Israeli peace; for bankrolling the Camp David Accords (indefinitely, it would appear); for guaranteeing access to Persian Gulf oil supplies; and for preserving the stability and friendship of pivotal states, notably Saudi Arabia, Egypt, and Turkey. The costs and risks of these duties are at the limits of what is politically possible and could exceed those limits as Middle East terrorists increasingly turn their weapons, including WMD, against the "Great Satan" itself.

In addition, the United States is attached to a status quo that is unstable and dangerous. It is content with Arab autocrats who rule on borrowed time. It brooks intransigence in the Arab-Israeli peace process. And it relies excessively on the threat of force, even though WMD-toting rogues will cast doubt on that option.

Moreover, the United States has confused "leadership" with success, clinging to the former even at the expense of the latter. Its diplomats do not welcome European meddling in the region. Its generals like the tidiness of unilateral (at most Anglo-American) operations, as opposed to coalition operations. It jealously guards its role as Arab-Israeli peacemaker, even though little peace is being made. It polices third-country involvement with Iran, when U.S. policy itself has been more isolated than Iran. While claiming, fairly enough, to be the "indispensable nation," the United States has failed to overcome—except on the battlefield—any of the grand challenges it has accepted in the greater Middle East.

If the United States is overextended in the region, Europe is underextended. Most European Union (EU) countries are more active in the search for contracts than the search for security. Should force be required to defeat an attack on common interests, do not count on the Europeans to play more than a cameo role. Should an unpopular stand be needed against some regional tough, do count on the Europeans to hold the Americans' coat. Given that they are as rich and at least as exposed as the United States, what accounts for the Europeans' expedient, accommodating posture in the greater Middle East?

Conventional wisdom is that U.S. and European *interests* are at odds in the region, leading to conflicting policies. In truth, it is U.S. and European *responsibilities*, not interests, that are asymmetric. Common interests are clear: secure oil, Arab-Israeli peace, peaceful change, democratization, and economic advancement based on human productivity, not fossil availability.

But as long as there is a sharp asymmetry in their respective responsibilities, the United States and Europe will work at cross-purposes despite their common interests—indeed, to the detriment of them.

Americans have not offered to share responsibility for security in the greater Middle East, and Europeans have not volunteered to accept it. Both are making a big mistake. Their disjointed strategies are doomed to fail—indeed are failing. In the Persian Gulf, the United States must confront adversaries that suspect it cannot count on its allies. In the Arab-Israeli dispute, the Europeans do not have the confidence of Israel that the United States does; yet the United States does not have enough influence with *any* of the parties to push them toward peace. The more the Europeans snub the Turks, the harder it is for Americans to retain Turkish confidence. And across the board, the United States feels no obligation or self-interest to weigh European opinions about the region, for opinions are cheap and responsibilities dear.

An Atlantic strategy toward the Middle East can get a boost if the United States and European allies redefine NATO's strategic purpose—namely, to protect common interests wherever threatened, not just on European soil. This definition could mean the projection of U.S.-European military power to defend world energy supplies and to thwart weapons of mass destruction. The United States is asking its NATO allies to improve their ability to project power beyond NATO's borders. To the extent the Europeans do improve their power projection capabilities, they will help remedy the asymmetry in risks and burdens that now produces transatlantic discord. The prospect of Europeans fighting alongside Americans should also toughen European policy while rattling rogues accustomed to U.S.-European differences.

If the United States wants Europeans to shoulder more responsibility for defense of common interests in the Middle East, the United States must give Europeans a voice in setting strategy. If the United States does not respect European views on regional dangers because it alone will face the consequences, it follows that European willingness to face the consequences will warrant American respect. In return for responsible partnership, the United States will have to listen to the allies regarding the peace process, Iraq, Iran, and Turkey. As U.S. policy is hardly "on a roll" on any of these matters, listening to and even heeding European opinions would do no harm.

Second: Help Israel and the Arabs Find Peace

The Arab-Israeli peace process is in trouble, and the United States lacks the political muscle and maneuvering room to achieve the ultimate goal. While the United States has been indulgent of Israel, no matter who is in charge in Jerusalem, the Europeans have been sympathetic to the Arabs, owing mainly to commercial interests and geographic proximity. Consequently, the Israelis have distrusted European efforts to be "helpful" in the peace process. A common European-American strategy, however, could both address Israeli security concerns and promote the cause of peace—more than the United States alone can.

Israel's main concern is its security. A joint U.S.-European strategy aimed at neutralizing the region's WMD dangers, which is needed anyway, would address the most severe threat Israel faces. Of particular concern to Israel is the Moscow-Tehran connection. A united U.S.-European front categorically opposing Russian nuclear and ballistic missile cooperation with Iran could do more good than the limp and lonely opposition mounted thus far by the United States, which the Russians have essentially ignored. To this and other reckless Russian activities in the Middle East—comforting Saddam Hussein, selling missiles to Cyprus—the United States and the EU should say, simply: "The Middle East is vital to Atlantic interests; it is therefore off-limits to opportunistic Russian mischief. Western support for Russia is hereafter contingent on Russian restraint in this region." Similarly, a new U.S.-European partnership could further Israeli, as well as Atlantic, security by going on a counteroffensive against terrorism and by applying united military pressure on Israel's enemies, thereby encircling Iraq and restraining Iran.

The United States and the European Union could make clear that they will recognize a Palestinian state, provided it results from negotiations and enhances Israeli security.

Of course, there will be no lasting peace without a Palestinian state. But this state will never come to be if Israelis are convinced it will jeopardize their security. Thus, the attitude of the United States and Europe about a Palestinian state is critical. Yasser Arafat has been under pressure to announce Palestinian

AP/WIDE WORLD PHOTOS/MASSIMO SAMBUCETTI

The visit of Iranian President Mohammad Khatami, right, with Italian Prime Minister Massimo d'Alema in Rome on March 10, 1999, marked the first trip by an Iranian leader to the West since the Islamic Revolution in 1979.

statehood sooner rather than later, over Israeli objections. The United States and Europe can manage this volatile situation, provided they work together. If they split over whether to recognize a Palestinian state, Israel will be outraged by European recognition and embold- ened by American refusal—and the Palestinians vice versa. The United States and the EU could make it clear that they will recognize a Palestinian state, provided the state results from negotiations and enhances Israeli security. While Israel would be disappointed with such a U.S. stance, it could take comfort knowing that Europe stands alongside the United States in its commitment to Israeli security and refusal to recognize a Palestinian state unconditionally.

Another way the partnership can improve conditions for peace is by supporting the economic development envisioned by the original peacemakers: Shimon Peres, Arafat, and the late King Hussein of Jordan. The economic strategy ought to encompass financial and technical assistance, trade and investment, water, education, refugees, and the environment. Because the failures of the Palestinian National Authority are largely economic and the refugee problem is aggravated by a dim economic outlook, a new economic strategy by the partnership would help Arafat pursue peace and build a stable Palestinian state. More fundamentally, genuine economic development and cooperation in this part of the Middle East could bring Israelis, Palestinians, Jordanians, and Egyptians together in a bond of collective prosperity that they would hesitate to jeopardize by conflict. U.S. and EU support for an Israel-Jordan free-trade area and sustained development of Gaza and the West Bank could in turn stimulate investment by U.S. and European industrial giants in this area of exceptional but untapped human potential.

A coordinated U.S.-European policy of increased openness toward Iran combined with tougher policies toward Iraq could produce a more moderate Iran and a weakened, permanently cornered Saddam Hussein.

Third: Secure the Gulf

Although the United States has been reluctant to share power in the Arab-Israeli sphere, it is increasingly open to alternatives for providing Gulf security, particularly with regard to Iran. The Iranian policies of greatest concern to the United States are attempts to acquire WMD, use of terrorism, and opposition to the Arab-Israeli peace effort. Although Iran has shown little or no moderation on these issues, the election and conduct of reform-minded President Mohammad Khatami have convinced Washington that attempts to engage Iran are now worth the effort. Collaborating with Europe would greatly enhance this effort. A joint U.S.-European strategy would have to concentrate for now on pinching off the supply of WMD materials from Russia and from any European companies that continue to provide them. At the same time, if Iran tempers its support for terrorism and its opposition to the peace process, the Atlantic allies should be prepared to restore and expand more-normal political and economic relations with Iran, notwithstanding its WMD programs.

Gradual Iranian reentry into the broader family of nations could go a long way toward shifting Iran's focus—either reducing its interest in WMD or mitigating the dangers of its possession of WMD. In this process, Italy, France, Turkey, and Germany, with the United States as a semi-silent partner, could achieve far more than the United States and Europe acting at cross-purposes. Not only is it difficult for the United States alone to deal directly with Tehran, but policymakers in Tehran also find it difficult to appear to make concessions to Washington.

Regarding Iraq, the United States and the Europeans are further apart. The issue has become the utility of sanctions, which many argue punish the Iraqi people but not Saddam Hussein. The goal of a new Atlantic strategy should be to weaken Hussein. If sanctions are ineffective, they should be supplanted by tools that will undermine him. A coordinated U.S.-European policy of increased openness toward Iran combined with tougher policies toward Iraq could produce a more moderate Iran and a weakened, permanently cornered Saddam Hussein.

One way to pursue this strategy would be to lower the U.S. military profile in the Gulf while expanding that of the Europeans. This rebalancing of responsibilities would support a harder European stance against Saddam Hussein, while allowing the United States to shrink its footprint in the Gulf and thus improve its ties

with Iran. A joint U.S.-European military presence would also make it easier for other Gulf regimes to explain a foreign presence as not merely American but international. It would not remove the risk of terrorism but at least would diffuse it among the Atlantic allies.

Fourth: Enlist Turkey as a Partner

Turkey should be made a key actor in the European-American partnership—and through such a role, Turkey could be anchored more securely in democracy's harbor. After all, Turkey is already a member of the Atlantic alliance and can help advance Atlantic interests in the greater Middle East—interests that, for the most part, Turkey shares. Its growing thirst for fuel requires access to secure and affordable oil. Turkey is more exposed than any other NATO country to WMD from the Middle East. Terrorism is an ever-present danger. And while the other Atlantic democracies fret about the instability, illegitimacy, and extremism of Middle East politics, Turkey's very way of life is on the line.

Turkey's participation could help the new partnership make headway on several fronts. In the Persian Gulf, Turkey could play a useful role in a unified strategy that differentiates between Iran and Iraq. Although the Turkish military remains suspicious of Iran because of its support for terrorism, Turkey would benefit, on balance, from an allied policy that encourages Iranian moderation in return for normal economic relations. As a result, Iran could become Turkey's main source of energy. Turkey is equally crucial for any allied policy toward Iraq. Many Turks fear that the Western policy of protecting the Kurds of Northern Iraq will lead to a de facto partition of Iraq and an independent Kurdish state, which could stoke the fires of Kurdish separatism in Turkey itself. The United States and the EU must convince Turkey that they are committed to Iraq's territorial integrity and that a unified Iraq can take its place in the community of nations once Saddam Hussein is gone. This would assuage Turkish concerns and also align Turkey more squarely with a strategy of isolating and undermining Saddam Hussein.

As for WMD dangers in the Gulf, Iraqi Scuds can reach Turkish population centers, and Iran's test of a medium-range missile places Turkey well within range. These threats could enervate Turkish resolve and deprive the United States and the EU of a sturdy ally in any showdown with Iraq or Iran. It is therefore important to integrate Turkey into the partnership's counterproliferation strategy, including theater missile defense.

Finally, including Turkey in the new partnership would require Turkey to address its internal weaknesses more forthrightly. The main problem is human rights. The United States and Europe should adopt a common attitude, recognizing that Turkey does indeed have serious internal and external security problems but that this does not excuse a human rights record that is consistently beneath Atlantic standards. Turkey might listen to its partners' views on human rights if they are expressed both more empathetically and more uniformly. By heeding those views, Turkey will be all the more welcomed into the partnership and eventually into the EU.

Turkey's participation could help the new partnership make headway on several fronts . . . while brightening the outlook for Turkish security and democracy.

Benefits of a Unified Strategy

U.S.-European collaboration could tip the balance between stalemate and progress on every critical problem confronting Atlantic interests in the greater Middle East. Joint strategy would open up possibilities not available through disjointed strategy:

- greater confidence for Israel
- greater pressure on Israel and the Arabs to get on with the quest for peace
- coordinated engagement of Iran
- solidarity against Saddam Hussein
- unified pressure on Russia to abandon WMD cooperation with Iran
- joint military planning to ensure access to Persian Gulf oil, despite the spread of WMD.

Adding Turkey to this partnership can make the strategy more compelling still—while also brightening the outlook for Turkish security and democracy.

Beyond protecting shared interests, a joint strategy might make more realistic the long-term goal of reforming this region and integrating it with the progress of the rest of the world. One thing is certain: For the United States and Europe to continue to work at cross-purposes in the greater Middle East endangers the region and their own vital interests. There is an alternative. ■

COMMON INTERESTS, COMMON RESPONSIBILITIES

How a Militarily Strong Europe Could Help Build a True Partnership

By James A. Thomson

James A. Thomson is president and chief executive officer of RAND and chairman of the board of RAND Europe. This first appeared as a commentary in the International Herald Tribune.

AT THE APRIL SUMMIT COMMEMORATING NATO's 50th anniversary, there was some talk of a European security and defense identity. But the main factor governing security relations between America and Europe—Europe's military weakness—was not seriously addressed.

Compared with the United States, Europe has little ability to protect common interests outside of Europe. For example, Europe is unable to participate meaningfully in any military coalition that might deal with dangers from weapons of mass destruction or help ensure the security of the Middle East and the Persian Gulf. Even within European geography, Europe is weak. Only about a quarter of the sorties in the current conflict against Yugoslavia have been conducted by European air forces.

Complaints from backseat drivers are usually not welcome. Grabs at the wheel are certain to be rebuffed.

Because the United States shoulders the military security responsibility, it also dominates the formulation of policy toward any international issue that has a military component beyond the European continent, whether it is dealing with Saddam Hussein or responding to international terrorism. European political leaders end up as backseat drivers. If they do not like the policy direction chosen by the United States, they can complain, be silent, or try to figure out how to get control of the wheel. Complaints from backseat drivers are usually not welcome. Grabs at the wheel are certain to be rebuffed.

Most disputes between the United States and European nations over security issues in the past few years can be seen in this light. America and France, in particular, have been at odds over NATO command assignments, policy toward Iran and Iraq, and the need for United Nations resolutions in advance of military actions. Other countries have been silent, often following policies at odds with American desires, such as those concerning sanctions against Iran.

Unless Europe and the United States create a true partnership based on European military strength, we can expect these sorts of disputes to continue. America will not yield control over military operations or forces while it provides the bulk of the capability and assumes the major risks. Europeans will continue to grouse about the U.S. tendency to see every crisis in military terms and to veer toward military responses.

The European Union (EU) has a larger population and economy than the United States. It also has more men and women under arms. Its subordination to the United States on security issues is both odd and galling.

Europe's military weakness is a legacy of the cold war. European nations provided the bulk of the ground forces that would have defended Europe against the Soviet threat. These forces were raised by conscription. The lower cost of conscript armies and Europe's focus on defending European soil permitted Europe to spend relatively less on defense than the United States did during the cold war.

As a result, European forces are manpower-intensive and unable to be employed at great distances. In the aggregate, Europeans spend less than the United States on developing and buying new weapons and equipment and on the people who operate them. America has opted to spend its defense dollars on technology and high-quality volunteer forces. This has left European military forces at least a technological generation behind the United States.

AP/WIDE WORLD PHOTOS/ROYAL AIR FORCE

The exception to the rule: A British Tornado GR1 aircraft at Ali Al-Salim airbase in Kuwait gets prepared for Anglo-American strikes against Iraqi military targets as part of Operation Desert Fox, which has continued since December 1998. A collaborative project of the United Kingdom, Germany, and Italy, the Tornado is in service with all three air forces and the German navy.

Britain is the exception that proves the rule. She abandoned conscription decades ago. Although her forces are small, they are able to operate side by side with American forces. Both the United States and Britain spend about $200,000 per soldier, sailor, and airman. Europe, excluding Britain, spends about $70,000, demonstrating the imbalance of the technology and professionalism of European forces compared with American and British forces.

Britain's ability and willingness to be a military partner to the United States gives her influence over American policy. It helped President Bill Clinton that he could point to Britain's participation in the recent attacks on Iraq as evidence that he was not motivated by domestic political concerns. It is certain that Clinton listens carefully to the views of Prime Minister Tony Blair.

There are three ways for Europe to create the military strength needed for a true partnership of equals.

First, Europe could increase its defense spending, which currently stands at about 60 percent of the American level. But low levels of defense spending are built into European economies, and increases are unlikely.

Second, Europe could reduce territorial defenses, abandon conscription, cut back manpower levels, and build up volunteer forces able to operate at great distances. This sort of restructuring would be an immense political challenge. There are vested interests in every institution: military services, defense bureaucracies, and industries.

Third, Europe could organize as a single defense entity, rather than the current collection of 14 independent forces within the EU. This reorganization could be accomplished within NATO or outside it. What is needed is a combined European command structure and a centralized defense planning, programming, and budgeting authority.

This sort of integrated command and planning system is a far cry from anything that has been contemplated so far. The difficulties that European nations have had in the 1990s in coordinating security policies do not inspire confidence that serious progress can be expected in improving defense efficiency.

What is needed is a combined European command structure and a centralized defense planning, programming, and budgeting authority.

However, there has been modest movement in these directions. Force restructuring is happening, including in Germany, where a rapid reaction force is being created. France has abandoned conscription, and Italy is now considering it. Multinational military commands and units now exist. And Britain, which has opposed an EU defense role in the past, now supports one.

Americans should applaud this. But Americans and Europeans should be realistic in recognizing that these are but baby steps on a long and arduous road. Unless a major project is mounted that will promise greater European military strength, Americans will be skeptical of more communiqués promising a European security and defense identity. And Americans will be unwilling to agree to an increased European role on the basis of promises alone. ■

Regaining Equilibrium

How Defense Planning Can Help U.S. Forces Balance Multiple Goals

Perhaps the single greatest complication facing U.S. defense planners today is the multiplicity of conflicting goals. There have always been multiple goals, but the overarching nature of the Soviet threat during the cold war focused defense priorities so pointedly that relatively minor conflicts in planning could be subsumed. The purposes and priorities of military missions today, however, are not nearly so consistent. The United States has used force repeatedly in some regions and prepared for war in others while also multiplying its peacekeeping, peace enforcement, and humanitarian operations worldwide. Another great complication is profound uncertainty about how U.S. forces will have to be used 5 to 20 years from now.

Outlining a coherent new defense strategy has therefore been a high priority. A RAND research team led by Paul Davis has worked with Department of Defense officials to develop (1) a new planning approach that can balance a "portfolio" of different objectives while assuring adaptiveness under uncertainty, (2) a plan to modernize—or "transform"—the force, complete with new methods to identify future needs, and (3) new "scorecard" tools to help defense officials rank priorities and allocate resources.

Defense Planning as Portfolio Management

In 1996, the RAND researchers worked with defense department strategists to shift the planning debate from arguments about how to win two, nearly simultaneous major theater wars to broader deliberations about national security objectives. Since the early 1960s, the department had allocated resources by assessing how many wars the United States needed to be able to win at any given moment, estimating what forces were needed to repel which adversaries, and justifying force levels accordingly. This "threat-based" approach—always suspect because of uncertain conditions of conflict—became plainly inappropriate when the cold war ended. The researchers proposed a new "portfolio-management" approach in which leaders can judge which investment choices will strike a balance among three distinct objectives:

1. Attempt to create conditions to *avoid* conflict ("environment shaping").

2. Develop capabilities to deter and defeat aggression under varied circumstances, not only under specific scenarios ("capabilities-based planning" for "operational adaptiveness").

3. Assure the nation's ability to change course, adjust forces and strategies, and deal with events as they play out over the years ("strategic adaptiveness").

Ultimately, the Department of Defense chose a quite similar approach and codified it as the well-received "Shape, Respond, and Prepare Now" strategy of the 1997 Quadrennial Defense Review.

Being able to win two simultaneous wars remains a priority, but the researchers consider this just one desirable consequence of a balanced portfolio. Perhaps surprisingly, the largest factor determining the size of U.S. forces today is the need to shape the international security environment to *avoid* major future wars. U.S. forces have an important role in promoting stability, preventing or limiting conflicts, and discouraging other states from competing militarily with the United States. All of this implies the need for substan-

tial standing forces to back up global interests and to work with allies, requiring both a strong overseas presence and the ability to deploy substantial additional forces to those regions as necessary. With such a force structure, forces can then be used, for example, for peacekeeping, humanitarian efforts, or warfighting—even in simultaneous wars.

Defense planners must balance short-term readiness and operations with long-term modernization in the same way that an individual investor needs to balance short-term consumption with long-term capital investment. To dramatize this point during the formulation of the Quadrennial Defense Review, the researchers described three hypothetical investment strategies:

1. A business-as-usual portfolio with marginal changes in force structure and modest modernization, based on the implicit assumption that U.S. forces were about right and that normal evolution would be adequate. The researchers argued that this complacent option lacked adaptiveness, failed to prepare for predictable military challenges for which new capabilities would be needed, and depended on consistently generous defense budgets.

2. An aggressive portfolio of dramatic modernization, one based on the belief that long-term risks outweigh short-term risks. This strategy would build toward a military seen by some as necessary for the era of, say, 2010–2020, with much smaller but much more technologically advanced forces that could be based in the United States and could respond from a very long range. There would be much less routine engagement.

3. A compromise portfolio calling for vigorously evolutionary changes in force structure and doctrine while maintaining high levels of overseas presence and international engagement. A key feature was that this strategy would place a high priority on *starting* the transition to modernized forces—including smaller, more dispersed units; precision weapons; and advanced information and communications systems. Force structure would then evolve in response to lessons learned from experiments with such forces and the unfolding international environment. Funds for modernization would come from reduced infrastructure and from doing more with fewer platforms and people. At the time, this portfolio was provocative, because the services were resisting any reductions of structure.

Discussion of the above strategies helped frame the thinking of senior officials who were quite interested in the long run despite the fact that the time was not ripe for dramatic changes. Their concern found expression in the Quadrennial Defense Review's call to "transform the force," a call later reinforced by a National Defense Panel requested by Congress. Although pessimists complain about the slow pace of change and the chronic underfunding of modernization, all the military services now have ambitious experiments under way to bring about force transformation (see below), and optimists might argue that what is happening may resemble an unfolding of the "compromise portfolio." This portfolio depends, however, on making further investments for the future despite the unremitting expenses of existing operations. This portfolio requires major savings from reducing infrastructure and the number of platforms and personnel per major unit. Such reductions are now universally seen as necessary, and many are in train.

The largest factor now determining the size of U.S. forces is the need to shape the environment to *avoid* major future wars.

Transforming the Force

Transforming the force will be very difficult. Usually, a revolution in business or military affairs is provoked by a recent debacle, imminent bankruptcy, or some other clear threat. None of these factors characterize the U.S. military today. However, one factor for change does exist: The United States has the world's finest military establishment with a highly professional officer corps schooled in the concept of "learning organizations." There is definitely no shortage of good ideas, initiative, and motivation for change.

In 1998, the RAND researchers recommended leveraging this factor explicitly. A key to transformation, they advised, would be for the Secretary of

Defense to identify "operational challenges" that would drive innovation. One challenge is for U.S. forces to be able to *quickly* halt and defeat attacks on friendly countries despite the enemy's providing minimal warning and using missiles, weapons of mass destruction, mines, and highly lethal conventional weapons. This challenge is motivated by recognizing that such attacks are highly plausible with commercially available technology and clever tactics; such attacks would allow second-rate adversaries to create great difficulties for U.S. forces.

The Secretary of Defense, according to the suggested strategy, would designate high officials to oversee planning to meet the key challenges. The challenges would be decomposed, with subordinate objectives, such as theater missile defense, defined; responsibilities assigned; and joint procedures established to ensure integration and effectiveness in stressful circumstances. A high degree of competition would be encouraged from the services to identify the best ways to accomplish new missions. That is, needs would be established top-down, but solutions would be generated bottom-up—the model for success in modern American organizations.

What is needed is more architectural coherence and integration at the joint level.

Much has been accomplished in beginning the transformation process. For example, U.S. Atlantic Command has been chartered as the lead organization for forward-looking joint experiments. All the services are heavily involved—with the air force experimenting with air expeditionary forces, the marines developing a new doctrine for urban warfare, the navy pursuing missile-defense and strike options centered around new information networks, and the army exploring a rapidly deployable strike force. What is still needed, however, is more architectural coherence and integration at the joint level, including *high-confidence* joint capabilities under very stressful circumstances. The tendency to accept mere coordination among the services is not enough.

Dealing with such problems will require many new weapons and platforms often discussed under the rubric of the "Revolution in Military Affairs": aircraft with much greater range, unmanned combat aerial vehicles, relatively stealthy surface ships operated with smaller crews, lighter and faster combat vehicles, new short-takeoff-and-landing aircraft, and various precision weapons. Most of these will prove important, but the RAND researchers contend that the most important changes will be organizational developments driven by information technology. These involve integrating the forces with globally netted command, control, communications, reconnaissance, surveillance, tracking, and targeting systems that will allow smaller, dispersed forces to synchronize their operations.

The Department of Defense also needs to strengthen its ability to study and choose among future concepts of operation. Future operations will be very different from classical ones, and large-scale joint experiments probably will be sparse and highly constrained. As a result, successful transformation will require extensive use of analysis, models, and simulations radically different from those of the past. Furthermore, analysis must be done at many levels of detail and from many perspectives, using everything from simple spreadsheets to complex simulations going down to the level of individual tanks and ships. The analyses must also cover a huge "scenario space" of possible contexts. The RAND researchers have been at the forefront in developing and illustrating such multifaceted analytic methods.

Ranking Defense Priorities

Other methods are needed to make immediate budgetary choices. An important contribution toward this end has been the development of the DynaRank scorecard system. DynaRank is a Microsoft Excel® workbook available for Macintosh and IBM-compatible computers. Created by RAND researcher Richard Hillestad, DynaRank scorecards can help joint commanders align resources with national goals. The scorecards rank defense programs by their cost-effectiveness in supporting each of the three pillars of the new defense strategy: "shape, respond, and prepare now."

Particularly important is that DynaRank users can experiment with different assumptions, such as the importance of particular missions or the need for particular capabilities, and then see immediately how the

rankings change. In this way, the scorecards can provide a rationale for difficult choices and even a basis for consensus, because—despite arguments about assumptions—users can "see" that some programs stand out as valuable and cost-effective across a wide range of assumptions. RAND researchers hope the DynaRank methodology or something similar will help embed national priorities into the routine operations of the department.

The figure shows a typical scorecard. The rows represent defense options, which can be either individual programs—such as long-range, long-endurance, stealthy unmanned aerial vehicles for surveillance and targeting—or program packages, such as an "allied package" of equipment and units needed to defend allied forces in crisis. The columns would contain measures of each program's effectiveness for shaping the environment, responding to a diversity of scenarios, and preparing now for a variety of potential challenges. On the right side of the scorecard, there are columns for each option's composite effectiveness, cost, and cost-effectiveness. In a computerized spreadsheet, DynaRank reorders the options in descending order of cost-effectiveness so that the top option shown buys the most for the money spent.

This "top-level" scorecard results from detailed scorecards for each objective. For example, the scores for "major theater wars" could result from a subordinate scorecard that ranks each program or package by its contribution to fighting specified wars in Southwest Asia and Northeast Asia and to fighting two simultaneous wars. The composite score for all these scenarios then would feed into the top-level scorecard.

Of course, the rankings depend on, among other assumptions, the relative weights assigned to the "shape, respond, and prepare now" components of the strategy. Just as private investors must balance their portfolios with judgments about near-term and future needs, and about investments in "likely" needs versus insurance against possible needs, so, too, must defense planners balance their portfolio. As a result, three different perspectives might attribute greatest weight to three separate pillars of the overall defense strategy, producing very different rankings of defense programs. A final scorecard would list the rankings of all three perspectives side by side, revealing any programs that rank relatively high across all three perspectives. In this way, the final scorecard could demonstrate which defense programs depend more on personal judgments and which programs prove robust across a reasonable range of perspectives on competing national goals.

A TOP-LEVEL DYNARANK SCORECARD

	"Shape"	"Respond"		"Prepare Now"			
Option (From Baseline)	Environment Shaping	Capabilities MTWs	Capabilities SSCs	Strategic Adaptiveness	Net Effect	Cost	Cost Eff.
+ 20 B-2s							
+1500 SFWs							
+ Allied pkg							
+ 150 UAVs							
+ Smart Ship Technology							
+ 1 CVBG							
+ Homeport							
...							

MTWs = major theater wars.
SSCs = small-scale contingencies.
SFWs = sensor fuzed weapons.
UAVs = unmanned aerial vehicles.
CVBG = carrier battle group.

Each column can be an aggregate of subordinates.

In summary, defense planning in the new era entails balancing multiple objectives, planning for operational and strategic adaptiveness, engendering a vigorous transformation of the force, and allocating resources to match national goals. RAND has been working closely with key officials on all of these matters and on the analytic methods needed to support related planning. ■

Related Reading

Adaptiveness in National Defense: The Basis of a New Framework, Paul K. Davis, David C. Gompert, Richard Kugler, RAND/IP-155, 1996, 12 pp., no charge.

Transforming the Force: Suggestions for DoD Strategy, Paul K. Davis, David C. Gompert, Richard J. Hillestad, Stuart Johnson, RAND/IP-179, 1998, 18 pp., no charge.

Resource Allocation for the New Defense Strategy: The DynaRank Decision-Support System, Richard J. Hillestad, Paul K. Davis, RAND/MR-996-OSD, 1998, 94 pp., ISBN 0-8330-2652-6, $15.00.

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