SUMMARY

The post–Cold War era—which arguably can be dated to the fall of the Berlin Wall in November 1989—has been one of immense change, and one that created equally formidable challenges for defense planners. During this period, profound transformations took place in all key elements of the policymaking environment. These included changes in the shape of the international environment, the threats to U.S. interests, and U.S. national security and military strategy. Changes also occurred in the assignment of forces, in the patterns by which forces were employed abroad, and in U.S. military force structure and personnel levels. In addition, substantial reductions were made in defense budgets. These changes—which took place at different rates and at times moved in opposing directions—placed tremendous strain both on the machinery used for deliberative planning and on the policymakers who sought to strike a balance between strategy, forces, and resources. The result was a gap that widened rather than narrowed over the decade.

This report provides contextual historical background for the defense reviews of 2001, including a Quadrennial Defense Review.¹ It focuses on how each of the three reviews conducted over the past decade addressed three key elements—strategy, forces, and resources—and describes the major assumptions, decisions, outcomes, planning, and execution associated with each.

¹Section 118 of Title 10, U.S. Code, provides the statutory requirement for a Quadrennial Defense Review “during a year following a year evenly divisible by four.”
THE BASE FORCE
Assumptions, Decisions, and Outcomes

The combination of favorable threat trends and adverse macroeconomic trends, including a deepening recession and the soaring budget deficit, and congressional calls for a “peace dividend” made it impossible for the new administration to protect the defense program after 1989.

In early 1989, the administration rejected the Joint Chiefs’ proposal of 2 percent annual real growth and decided instead on a flat budget for one year (FY 1990) while the situation clarified, with modest real growth planned thereafter. Although it would not be until late 1990 that final budget levels were established, the Base Force and the administration’s national security review in 1989 were both to be predicated on the assumption that a 25 percent reduction in force structure and a 10 percent reduction in defense resources were possible.

The revolution in the Soviet Union that had begun with General Secretary Mikhail Gorbachev’s ascension led to a remarkable sequence of events, beginning with the fall of the Berlin Wall in November 1989 and culminating in the collapse of the Soviet Union in 1991—well after the public release of the Base Force.

The Base Force that was developed under Chairman of the Joint Chiefs of Staff (CJCS) Colin Powell benefited from earlier work by the Joint Staff and evolved in parallel with a larger administration review of national security and defense strategy: National Security Review 12. The aim of the Base Force was to provide a new military strategy and force structure for the post–Cold War era while setting a floor for force reductions. The floor was necessary in part to avoid creating the level of churning that might “break” the force, in part to secure the backing of the service chiefs, and later to hedge against the risks of a resurgent Soviet/Russian threat. For his part, Defense Secretary Richard Cheney’s review of past defense drawdowns had animated a desire to avoid the sorts of problems wrought by the haphazard demobilizations that had followed World War II, Korea, and Vietnam. To accomplish his post–Cold War build-down in a manner that
would ensure the health of the force, the secretary formed a strategic alliance with Chairman Powell that came at the price of recognizing the chairman’s own constraints.

The Base Force—conceived as the minimum force necessary to defend and promote U.S. interests in the post–Cold War world—consisted of four force packages oriented toward strategic deterrence and defense (strategic forces), forward presence (Atlantic and Pacific forces), and crisis response and reinforcement (contingency forces).

The size of the force was to be determined primarily by regional needs and not on the basis of its capability to fight multiple major theater wars (MTWs); while the main conventional threat for the Base Force was the potential for major regional conflicts involving large-scale, mechanized cross-border aggression, the multiple-MTW construct that was to dominate defense planning for the remainder of the decade was an afterthought. The two-conflict case was simply one of a number of illustrative planning scenarios that were developed after the threat-based planning environment collapsed to test the capabilities of the force. In fact, the two-simultaneous-conflict scenario was a case that Chairman Powell testified would put the Base Force “at the breaking point.” Although flexible general-purpose forces were needed to address the entire “spectrum of threat,” from humanitarian assistance and noncombatant evacuation operations to major regional conflicts, there is little evidence that substantial involvement in peacekeeping and other peace operations was anticipated during the development of the Base Force.

In 1990, as the Base Force was being finalized, pressures for defense spending reductions were given additional impetus by the federal deficit, which had ballooned in the final years of the 1980s, and by the possibility that crippling spending cuts would automatically be triggered under the Gramm-Rudman-Hollings antideficit laws. In the June 1990 budget summit, Secretary Cheney used the Base Force to illustrate the feasibility of a 25 percent smaller force that could provide approximately 10 percent in defense cuts. It was not until the October 1990 budget summit, however, that deficit and discretionary spending caps were finalized, resulting in deeper-than-expected cuts to defense budgets. The Base Force was presented with the next President’s Budget submission in early 1991.
Throughout the Base Force deliberations, the Air Force’s principal aim was to preserve its modernization and acquisition programs while ensuring that the pace of reduction did not harm people or the future quality of the force. Accordingly, early in the process of defining the force, Air Force leaders accepted both the Base Force concept and the implication that USAF force structure would be further reduced, thus showing a willingness to trade force structure to maintain modernization. The number of tactical fighter wing equivalents would be reduced by about one-third, with most of the reductions coming from the active force. Strategic long-range bombers were also to be reduced, while the conventional capabilities of the bomber force were to be improved.

Planning and Execution

Although the Base Force set force structure targets for 1995 and 1997, the outcome of the 1992 presidential elections meant that the Base Force was actually implemented over only two years, FY 1992–1993.

The Base Force’s effort to adapt conventional forces to the post–Cold War world resulted both in force reductions and in modest changes to the allocation of resources among the services. These changes suggested a declining emphasis on land forces (the Army share of DoD budget authority fell from 26.8 percent in 1990 to 24.3 percent in 1993) and an increasing emphasis on aerospace power (with the Air Force share rising from 31.7 percent in 1990 to 32.9 percent in 1993).

While few problems were encountered in realizing the planned 25 percent force structure and 20 percent active manpower reductions, policymakers had difficulty realizing the 20 percent reductions to reserve-component manpower, particularly to Army and Marine Corps reserves. This resulted in higher-than-anticipated reserve-component manpower levels and lower-than-expected savings. In the end, the rate at which civilian manpower fell over 1990–1993 was greater than that for active- or reserve-component personnel and greater than had initially been planned.

Notwithstanding Air Force leaders’ hopes to trade force structure for modernization and acquisition, greater-than-expected budget cuts led to the reduction or termination of a number of high-priority Air
Force modernization programs during the course of—or as a result of—the Base Force, including the B-2 (from 132 to 75 aircraft, and subsequently to 20 aircraft), the F-22 (from some 750 to 648 aircraft), and the C-17 (from 210 to 120 aircraft). Nevertheless, efforts to improve the conventional capabilities of long-range bombers and to expand capabilities for precision-guided munitions were begun as a result of the 1992 Bomber Roadmap and other initiatives.

To provide additional savings, the administration also pursued defense reform and infrastructure reductions through the Defense Management Review (DMR) and the Base Realignment and Closure (BRAC) Commission. The 1989 BRAC round identified 40 bases for closure, and the 1991 round envisioned closing another 50, for recurring annual savings of perhaps $2.5 billion to $3.0 billion a year. Nevertheless, by late 1992–1993, concerns had arisen that not all of the anticipated $70 billion in savings from the DMR and BRAC rounds would be realized—a problem that the early Clinton administration faced. In fact, the percentage of USAF total obligational authority devoted to infrastructure increased from 42 to 44 percent in 1990–1993.

In addition to the difficulties encountered in reducing reserve-component military personnel and realizing savings from infrastructure reductions and defense reform, defense budgets continued to decline; each of the Bush administration’s budget requests from FY 1990 to FY 1994 envisioned lower spending levels. In the longer term, the problems were even more challenging. By December 1991, for example, the Congressional Budget Office was projecting that the Base Force could not be maintained and modernized in the 1993–1997 period if Congress and the administration complied with the limits of the 1990 Budget Enforcement Act and that beyond 1997, shortfalls of $20 billion to $65 billion could be expected as policymakers sought to carry out necessary modernization.

Testimony suggests that Base Force policymakers expected that they would need to face these problems after 1992: Chairman Powell suggested that by 1995 a new Base Force, engendering additional cuts to force structure, might be necessary, and Secretary Cheney suggested

\[2\]The Bush administration never formally submitted its FY 1994 budget request.
that increases in real defense spending might be needed in the out years to cover modernization needs, including an anticipated procurement “bow wave.”

THE BOTTOM-UP REVIEW

Assumptions, Decisions, and Outcomes

The 1993 Report on the Bottom-Up Review (BUR) was the second major force structure review of the decade that aimed to define a defense strategy, forces, and resources appropriate to the post–Cold War era.

Under the BUR, force structure and manpower reductions would accelerate and would surpass those planned in the “Cold War-minus”-sized Base Force, leading to a total reduction in forces of roughly one-third—a level well beyond the Base Force’s planned 25 percent reduction, most of which had already been achieved by the end of FY 1993. Budgets would also fall beyond planned Base Force levels as a result of the BUR. Indeed, it appears that budget top lines were established before either force structure or strategy had been decided.

The aim of the BUR was to provide “a comprehensive review of the nation’s defense strategy, force structure, modernization, infrastructure, and foundations.” While embracing the Base Force’s regionally focused strategy and emphasis on strategic deterrence, forward presence, and crisis response, the BUR redefined the meaning of engagement, giving increased rhetorical and policy importance to U.S. participation in multilateral peace and humanitarian operations and setting the stage for an increased operational tempo and rate of deployment, even as force and budgetary reductions continued.

During the 1992 presidential campaign, candidate Bill Clinton had argued that changes in the threat environment, taken together with the nation’s poor economic circumstances, made possible a cut of approximately $60 billion in defense spending. By the time the FY 1994 budget was submitted in February 1993, the administration was planning force structure reductions to meet savings goals of $76 billion over FY 1994–1997 and $112 billion over FY 1994–1998; the $104 billion in cuts envisaged in the October 1993 BUR were only slightly smaller than those documented six months earlier in the President’s
Budget. Put another way, the cuts to the defense top line planned in the FY 1994 budget were, within a few billion dollars in any given year, identical to those in the FY 1995 budget request that implemented the BUR. As a result, the strategy, force structure, modernization, and other initiatives described in the BUR were to be driven as much by the availability of resources as by the threats and opportunities in the emerging international environment and the administration’s own normative foreign policy aims.

In carrying out the budget cuts, Clinton administration policymakers hoped to reduce defense spending without raising questions about their commitment to the nation’s defense. The result was more modest cuts in force structure in the BUR than had been advocated by then–House Armed Services Committee Chairman Les Aspin in 1992, but deeper cuts in defense resources than had been advocated during the campaign. Another result was that a strategy was ultimately overlaid on a force structure that was justified in warfighting terms but would soon became preoccupied instead with operations in support of the administration’s still-crystallizing strategy of “engagement and enlargement.”

As described in the BUR, four “strategies” were considered, each of which identified a plausible mix of operations that future U.S. forces might need to conduct. After choosing—and then rejecting—the second strategy and force structure (“win-hold-win”), the BUR chose the force associated with a newly developed third strategy: the capability to win two nearly simultaneous major regional conflicts (MRCs). This force differed only slightly from the win-hold-win force but provided some additional capabilities for carrier-based naval presence operations, enhanced-readiness Army reserve-component forces, and a number of additional force enhancements (e.g., precision attack, strategic mobility) that aimed to improve the force’s ability to underwrite two conflicts with a smaller force structure than the Base Force. This force was also smaller than that associated with a fourth strategy, which provided a capability for winning two nearly simultaneous MRCs plus conducting smaller operations. As was the case in the Base Force, the BUR force structure in part reflected Chairman Powell’s negotiations with the service chiefs over force levels. Although the CJCS went to great pains to emphasize that the BUR force was designed for warfighting, the BUR also anticipated a high level of commitment to peace, humanitarian, and other opera-
tions. Accordingly, it laid down an elaborate logic to ensure the force’s ability to disengage from peacetime operations and established several management oversight groups to monitor readiness and other risks that might result if this ambitious strategy were to be executed with smaller forces.

In the face of the additional anticipated budget cuts, the BUR undertook only selective modernization and generally sought to address key problems such as the “bow wave” in the theater air program. The BUR also supported several so-called new initiatives that were directed toward improving U.S. capabilities in areas other than traditional warfighting. As described above, the BUR reported that it could support the strategy and force structure while realizing $104 billion in savings from the Bush baseline in nominal dollars; Office of the Secretary of Defense policymakers, however, are reported privately to have expected only some $17 billion in savings.

As it had with the Base Force, the Air Force embraced the new strategy and its emphasis on long-range aerospace power, including long-range conventional bombers, strategic mobility, enhanced surveillance and targeting, and precision-guided attack—even as Air Force leaders expressed disappointment that the BUR would fail to affect roles and missions and would instead result in a force they described as “Cold War-minus-minus.” And as with the Base Force, the Air Force sought to trade force structure and end strength for continued modernization. Although Air Force commitments to contingency operations had already increased by the time of the BUR, the Air Force does not appear to have pressed the case that peacetime presence and contingency operations should also be considered in sizing the USAF—an argument that the Navy had profitably used to justify a 12-carrier force.

**Planning and Execution**

The BUR was implemented over four years via the FY 1995–1998 budget submissions.

Although the nominal strategy and force structure chosen in the BUR was predicated largely on the ability to fight and win two nearly simultaneous wars, it also implied higher levels of involvement in peace, humanitarian, and other smaller-scale operations than had
The new strategy's heavy emphasis on peace operations resulted in commitments throughout the 1993–1998 period that from a historical perspective were frequent, large, and of long duration. The evidence suggests that policymakers—including those in the Air Force—underestimated these demands, which, by some accounts, eventually amounted to the equivalent of one MTW's worth of forces. The result was growing congressional and other concern about the potential impact on warfighting of smaller-scale contingencies (SSCs).

The new strategy placed unprecedented demands on the Air Force in servicing peacetime contingency operations over this period while remaining ready for warfighting. While the number of Air Force aircraft deployed to contingency operations in early 1990 had been nominal, it increased dramatically with the Iraqi invasion of Kuwait and the Gulf War in 1990–1991 and then remained at a substantially higher level than before the war as a result of the need to sustain operations in northern and southern Iraq. Modest increases in the number of aircraft in contingency operations were seen thereafter as additional commitments accumulated, particularly in the Balkans. At any given time, more than 200 USAF aircraft would typically be deployed throughout the 1993–1998 period, although occasional peaks of 250 to 350 aircraft were also seen. With the force structure decisions taken in the BUR, however, the die had already been cast, resulting in a smaller force underwriting a more ambitious strategy and a fourfold increase in operational tempo over that prior to the fall of the Berlin Wall.

Although force structure goals were achieved relatively quickly, infrastructure reductions lagged; for example, the percentage of USAF total obligational authority devoted to infrastructure fell from 44 percent in 1993 to 42 percent in 1998. And although the incremental costs of peace operations were only about $14.1 billion over FY 1994–1998, the actual costs of the defense program turned out to be much higher than anticipated in the FY 1994 budget, the BUR, or the FY 1995 budget that implemented the BUR. As a result of the imbal-

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3Office of the Secretary of Defense Comptroller data were provided by the Joint Chiefs of Staff and include contingency operations in Southwest Asia, Bosnia, Haiti, Cuba, Rwanda, Somalia, and Kosovo. The incremental costs over the FY 1994–1999 period were $20.1 billion.
ance between resources on the one hand and strategy and forces on the other, only some $15 billion of the $104 billion in anticipated savings reported by the BUR were realized—a level not significantly different from the $17 billion in savings that was privately said to be expected. Part of the difference was made up through emergency supplemental appropriations and by gradually increasing subsequent budgets to try to close the gap.

The resulting gaps had two principal results. First, despite the high priority and high levels of spending on operations and support (O&S) accounts, readiness problems emerged, many of them resource-related, while the risks associated with executing the national military strategy grew. Second, over the 1995–1997 period, spending on modernization fell well below the levels planned in the FY 1994 (transition) and 1995 (BUR) budgets; instead, funds routinely “migrated” from investment accounts to O&S accounts, resulting in program stretch-outs and delays to planned modernization efforts.

In retrospect, then, it appears that the force chosen by the BUR was less suitable to the high levels of peacetime engagement in contingency operations that were actually observed in subsequent years than the force deemed capable of winning two nearly simultaneous MRCs plus conducting smaller operations. Furthermore, the failure to achieve most of the anticipated savings reported by the BUR suggests that the BUR force in fact required a Base Force–sized budget.

In the end, the mismatch between a more ambitious strategy of engagement and the forces and resources that were declining at different rates made it impossible for the services to support the dual priorities of readiness and modernization during the years in which the BUR was implemented.

THE QUADRENNIAL DEFENSE REVIEW

Assumptions, Decisions, and Outcomes

The 1997 Report of the Quadrennial Defense Review (QDR) considered the potential threats, strategy, force structure, readiness posture, military modernization programs, defense infrastructure, and other elements of the defense program needed for the 1997–2015 time frame and beyond.
The QDR was intended to provide a blueprint for a strategy-based, balanced, and affordable defense program. Lingering concerns about the deficit and the austere budgetary environment that resulted, however, placed continued constraints on defense resources, leading to the assumption of flat, $250 billion-a-year defense budgets. Equally important, the QDR aimed—within a flat budget and with only modest adjustments to force structure—to rebalance the defense program and budget to address some of the key problems that had developed during the BUR years, including the adverse effect of SSCs and the “migration” of funds from modernization (particularly procurement) accounts to operations accounts. The combination of budgetary constraints, Defense Secretary William Cohen’s outsider status as the newest member of (and sole Republican in) the Clinton cabinet, and the dominant influence of the services in the review appear to have made it a foregone conclusion that the QDR would fail to challenge the status quo and would fall short of achieving the balance that was sought.

The QDR generally accepted the normative and other underpinnings of the BUR’s strategy, reaffirmed the BUR’s emphasis on two nearly simultaneous MTWs as the principal basis for force sizing, and posited that the United States might have to fight one or two MTWs over the 1997–2015 period. It also anticipated continued involvement over the same period in the kinds of SSCs that had been described in the BUR, including peace and humanitarian operations.

The QDR did make several important adjustments to the BUR strategy, however, two of which had substantive importance. First, it placed increased emphasis on the halt phase in MTWs. Second, it gave increased rhetorical recognition to the demands of SSCs and recognized the potential need to respond to multiple concurrent SSCs. Yet while it aimed to provide “strategic agility”—i.e., the capability to transition from global peacetime engagement to warfighting—the QDR did not advocate significant adjustments in force structure or resourcing to accommodate these demands. Finally, the QDR articulated a somewhat more cautious and nuanced employment doctrine than had the BUR, distinguishing among situations involving vital, important but not vital, and humanitarian interests and identifying the sorts of responses appropriate to each.
The QDR rejected two straw men—a U.S. strategy of isolationism and one in which the United States would serve as “world policeman”—in favor of a strategy of engagement and a path that balanced current demands against an uncertain future. The result of the assessment was promoted as a more balanced strategy—dubbed “shape, respond, and prepare now”—that embraced both active engagement and crisis response options while also advocating increased resources for force modernization.

The QDR rejected a 10 percent cut in force structure because it would result in unacceptable risk, presumably both to warfighting capability and to the force’s ability to engage in SSC operations. Accordingly, changes to force structure involved only modest reductions as well as some restructuring. Among the most important of these changes was the decision to move one Air Force tactical fighter wing from the active to the reserve component, leaving slightly more than 20 tactical fighter wings in the force structure.

With force structure cuts essentially off the table, savings were to be achieved through manpower cuts. Secretary Cohen instructed the services to cut the equivalent of 150,000 active military personnel to provide $4 billion to $6 billion in recurring savings by FY 2003; the QDR reported the decision to further reduce active forces by 60,000, reserve forces by 55,000, and civilians by 80,000 personnel.

Finally, in a bow to the procurement spending goal that CJCS John Shalikashvili established in 1995, the QDR made a long-term commitment to achieve $60 billion a year in procurement spending by 2001—a nominal level of procurement spending that was in fact less than what the chairman had originally specified. Nevertheless, the QDR’s modernization effort reflected the same response to the tight budgetary environment as the BUR—namely, to fund only “selective” modernization. In other words, to make the program affordable, the QDR made additional cuts to a number of acquisition

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4In 1995, Chairman Shalikashvili had called for the annual procurement budget to reach $60 billion by FY 1998—the minimum needed level of procurement as determined by the Defense Program Projection, and originally conceived in terms of constant FY 1993 dollars. By the time of the QDR in 1997, the $60 billion had become a nominal dollar target that, accordingly, had lost some of its earlier purchasing power—all the more so as a result of its deferral from FY 1998 to FY 2001.
programs and advocated additional savings through further infrastructure reduction and defense management reform.

Nevertheless, in many respects the QDR presented the Air Force with important opportunities to promote the concepts and core competencies developed in its most recent strategic planning exercise. For example, the review emphasized rapid response and an early, decisive halt of cross-border aggression, which played to Air Force strengths in long-range precision strike and mobility. Similarly, the QDR’s focus on reducing the stresses created by SSCs accented a number of post-BUR USAF innovations, such as the air expeditionary force concept. Finally, the QDR strategy’s rhetorical emphasis on preparing for an uncertain future played to a long-standing Air Force priority: investment in advanced technologies. However, Air Force leaders’ hopes to use the QDR to challenge the status quo and to transform U.S. forces were reportedly dashed by CJCS Shalikashvili’s message that there would be no “Billy Mitchells” in the QDR.

Planning and Execution

The QDR, together with its claim to have successfully balanced the defense program, was met with some skepticism both by Congress and by many other observers. Nevertheless, rather than adjusting discretionary caps, the administration and Congress continued their previous pattern of reducing the resource gap through emergency supplementals and year-to-year increases.

In some respects, the new strategy elements of shaping and responding differed little from the BUR’s strategy of engagement and enlargement: Both relied heavily on forward presence and crisis response capabilities, and both were concerned with ensuring stability in the near term in regions of vital interest. And although the QDR had anticipated continued participation in SSCs, actual U.S. participation in peace and other contingency operations turned out to be somewhat higher than anticipated. In February 1998, for example, CJCS Henry Shelton reported that 1997 had seen 20 major operations and many smaller ones, with an average of 43,000 service members per month participating in contingency operations.

Given the modest changes to force structure recommended by the QDR, it should come as little surprise that with only a few exceptions,
force structure changes for major force elements were already in place in the FY 2001 President’s Budget and defense program.

While the other services were expected to hit the QDR manpower targets by 2003, the manpower reductions programmed for the Air Force in the FY 1999 budget suggested that the Air Force would not achieve its targets by this date. The Air Force aimed to achieve its manpower reductions principally through aggressive competitive outsourcing of certain functions, the restructuring of combat forces, and the streamlining of headquarters. These plans encountered difficulties in their execution, however, resulting in a smaller personnel reduction than had been identified in the QDR and in a failure to realize all of the anticipated savings.

Evidence of readiness problems continued to accumulate in the wake of the QDR to the point at which, in the fall of 1998, the service chiefs reported that readiness problems were both more prevalent and more serious than had earlier been reported. The risks associated with executing the two-conflict strategy also increased over this period, with the risk associated with the second conflict now reported to be high, seemingly as a result of lower readiness levels for forces earmarked for the second MTW and shortfalls in strategic mobility. The result of these developments, which played out in late 1998 and early 1999, was a FY 2000 budget request that entailed the first real increase in defense resources in more than a decade: Approximately $112 billion in additional resources, primarily to address readiness problems, was committed in the FY 2000 Future Years Defense Program (FYDP), nearly restoring the funding that had been taken out in 1993–1994.

Although the QDR sought to meet its $60 billion modernization goal by reducing excess facilities, closing additional bases, and realigning and streamlining infrastructure, additional rounds of BRAC were not authorized by Congress, and savings from defense reform efforts, while not insubstantial, were disappointing. The QDR’s modest modernization goals appear to have been met, although the $60 billion target falls well short of the estimated $80 billion to $90 billion or more that is believed to be needed for recapitalization; funding for transformation of the force was even less generous and fell well below the $5 billion to $10 billion recommended by the National Defense Panel, which critiqued the QDR.
CONCLUSIONS

This history of the three major defense strategy reviews of the past decade aims to highlight the inputs (assumptions, threats, and domestic environments), outputs (decisions and other outcomes), and implementation experience of each review. After identifying some common features of the reviews, we offer some lessons regarding strategy, forces, and budgets and then close with some thoughts on how defense planning might be improved.

Stepping back from their details, the reviews appear to have shared at least three main features, each of which could benefit from additional scrutiny:

- First, each assumed that the most important (and taxing) mission for conventional forces was halting and reversing cross-border aggression by massed mechanized forces. Post–Cold War and post–Gulf War reductions in mechanized forces abroad and the war in Kosovo suggest, however, that fighting dispersed forces in uneven terrain may be even more problematic cases in the future.

- Second, each review in its own way treated presence and smaller-scale peace and other contingency operations as “lesser-included cases” that could successfully be managed by a force structure designed primarily for warfighting—and assumed that these contingency operations would impose minimal costs and risks for warfighting. SSCs have not been lesser-included cases, however, and have instead represented competing claimants for increasingly scarce defense resources.

- Third, each review suffered from the absence of a bipartisan consensus on a post–Cold War foreign and defense policy, and this made the gaps that emerged between strategy, forces, and budgets particularly salient while arguably impeding their successful resolution. The new administration should consider how best to establish a shared vision of the nation’s defense priorities, a better partnership with Congress, and a process for fuller consideration of defense funding needs.

We now turn to some lessons for strategy, forces, and budgets.
Regarding strategy, the historical record suggests that it is critically important to understand that changes in strategy—a regular feature of presidential transitions and defense reviews—can have a range of important ramifications. The change in normative aims and conception of engagement pursued by the Clinton administration and documented in the BUR, for example, underscored the importance of ethnic conflict and civil strife, promoted peace operations as a more important tool of U.S. policy, and had strong implications for the resulting pattern of U.S. force employment. Having failed to fit force structure and budgets to strategy, the resulting impacts could and should have been better anticipated and resources realigned to mitigate or eliminate them.

Another critical result has to do with force structure. Table S.1 shows that while there have been substantial reductions in force structure

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aTFWs = tactical fighter wings; AC = active component; RC = reserve component; ICBM = intercontinental ballistic missile.
bRC includes two cadre divisions.
and manpower, only a modest amount of force reshaping has actually taken place. Efforts to meaningfully modernize and transform the force have been hampered by a high discount rate that has elevated current-day threats, force structure, and readiness concerns while effectively discounting longer-term needs. The irony, of course, is that readiness has also suffered.

With respect to budgets, there seems to have been a chronic reluctance to acknowledge what reasonable-risk versions of a strategy and force structure might really cost. While gaps between strategy, force structure, and resources are not unprecedented,5 the tacit agreement of the executive and legislative branches to avoid debates over issues of strategy and policy may actually have impeded full disclosure and consideration of the problems that plagued the defense program for much of the decade. Instead, the reliance on modest year-to-year revisions that did not upset discretionary spending limits, coupled with the recurring exploitation of the loophole provided by emergency supplementals to mitigate particularly acute shortfalls, meant that the debates would occur only at the margin. Failure to tackle these issues head on may have retarded the recognition and remediation of the growing gaps between strategy, forces, and resources.

Turning to the Air Force, the USAF arguably did quite well in recognizing what it could contribute in the post–Cold War environment and was trained and equipped to support the operations it was called on to undertake. Nevertheless, it did less well recognizing emerging opportunities and challenges, recognizing events whose outcomes it did not control, and positioning itself best in those circumstances. It also failed to successfully make the case for a more probing DoD examination of how future roles and missions—and budgets—might be adjusted to better meet the needs of the emerging environment.

5During the Cold War period, for example, airlift capacity remained well short of the 66 million ton-miles per day (MTM/D) that was the stated requirement for responding to a Soviet–Warsaw Pact attack across the inter-German border and a Soviet invasion of Iran. Current military airlift surge capacity is judged to be nearly 20 percent short of the requirement established by the 1995 Mobility Requirements Study Bottom-Up Review Update and roughly 23 to 31 percent short of the requirement established in the more recent MRS05.
Shifting to the present, the new administration’s defense review will wrestle with the same questions its predecessors faced: What are to be the nation’s aims in the world? What are the main threats and opportunities it faces? What strategy and force structure will best meet the needs of the nation? What resources are needed to ensure low to moderate execution risk in that strategy, and capable and ready forces, both now and over the next 20 to 30 years?

In answering these questions, the Department of Defense—and the Air Force—would profit from an assumption-based planning approach in which signposts are established that can be used to gauge whether the key assumptions on which planning is predicated are still justified. These include assumptions about future threats, the likely frequency and mix of future missions, the adequacy of forces to undertake these missions, and what resources are needed.

Such a planning approach is desirable by virtue of another great lesson of the past decade: that failure to recognize and respond promptly and effectively to emerging gaps and shortfalls can lead to the greatest and most protracted imbalances among strategy, forces, and resources.