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**Research Report**

## Quadrennial Defense Review 2014: Trends in US defense policy and consequences for NATO

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## 2014 Quadrennial Defense Review

Trends in US Defense Policy and Consequences for NATO

Marco Overhaus

Every four years the Pentagon publishes a report on the central developments and trends in US defense policy. The Quadrennial Defense Review (QDR) released in early March 2014 is the first to include in more detail the consequences of the defense budget cuts passed since 2011. Otherwise, the so-called US rebalance to the Asia-Pacific region and the war-weariness of the American people are the principal factors shaping US defense policy. While not representing a watershed for transatlantic defense cooperation, the trends outlined in the QDR do contain risks and potential for conflict in the relationship with Europe.

The US defense budget is currently subject to two-pronged spending cutbacks. Firstly, the 2011 Budgetary Control Act reduces military spending by \$487 billion over a period of ten years. Secondly, the same piece of legislation introduces the so-called sequester cutting an additional \$50 billion annually, also for ten years. The sequester is an enforcement mechanism that remains in place until the President and both parties in Congress reach agreement on comprehensive consolidation measures for the federal budget – in which they have not to date succeeded.

### Misunderstanding and Uncertainties

These measures are surrounded by a series of misunderstandings. Firstly, the “cuts” are in fact reductions in planned future spending increases, rather than contrac-

tions in actual spending. Secondly, budget decisions are not carved in stone. Instead the budget is renegotiated every year. Congress has in fact revoked large parts of the sequester-related cuts for the 2014 and 2015 fiscal years, even though the mechanism formally remains in place.

The Department of Defense bases the 2014 QDR on the assumption that there will be further cuts in the defense budget, but does not expect full application of the sequester to continue after fiscal year 2015. On that basis the Pentagon is pursuing an approach of reducing the force structure and size in favor of investment in modernization and key technologies, such as ballistic missile defense and fifth-generation jet fighters. The Army is hardest hit by the numerical reductions, with active-duty forces slated to fall to 440,000 or 450,000 from the 570,000 men and women serving

at the peak of the wars in Iraq and Afghanistan.

Assessing the consequences of these military cutbacks is also associated with great uncertainties. As well as closing bases in the United States, the Pentagon is also seeking economies in the military pay and benefits that today account for more than one third of the base defense budget. But to date Congress has resolutely blocked both these measures.

The Defense Department is confident that the United States will be able to maintain its global engagement, although subject to compromises involving scaling back military ambitions. Talk of the United States maintaining the capacity to conduct two major regional contingency operations simultaneously has ceased. Instead the QDR states the objective as being able to defeat one regional adversary (not named, but meaning Iran or North Korea) and at the same time restrain aggression by a second adversary in a different region.

### **The American Defense Posture in Europe**

Developments in US defense policy may have repercussions on the strength of US forces and the number of bases it maintains in Europe – in military jargon its defense posture – and thus indirectly affect NATO. Over the past two decades the importance of permanently stationed US forces for transatlantic defense cooperation has shrunk enormously. Today there are only about 64,000 soldiers left under United States European Command (EUCOM).

Financial imperatives increase the pressure to make further reductions, especially where Congress would prefer to see foreign bases closed before domestic infrastructure is affected. But the QDR contains only a general proposal to review and adapt the defense posture in Europe.

The current crisis in Ukraine again spotlights the political and psychological importance of an American presence in Europe. In response to the crisis the United

States has moved additional F-16 fighters to Poland and also temporarily bolstered its air force presence in Lithuania. For its allies in central and eastern Europe, any reduction in the US presence in Europe represents a loss capable of provoking strong political reactions in the Atlantic Alliance.

For NATO's military capability on the other hand, the number of US troops permanently stationed in Europe is of secondary importance. Even under the more drastic scenario of sequester cuts the United States is not going to relinquish its capacity to project power in Africa and the Middle East via its European bases.

The military forces required for NATO crisis management remain available even if troops permanently stationed in Europe are replaced by rotating units – a trend that is already clearly apparent in connection with the NATO Response Force (NRF). For the first time Washington now wishes to contribute its own forces to the NRF, but these are units based in the United States that would only be moved to Europe temporarily as needed for deployment or training purposes.

The greatest risks relate to the ability of the United States and Europe to preserve the interoperability gained in Afghanistan by means of joint training and exercises in Europe. If Congress blocks cuts in “military pay and benefits,” the savings will have to come at the expense of funds for operations and exercises instead. As a consequence NATO could also be forced to prune its ambitious program of training and exercises.

### **Joint Operations**

Under conditions of budgetary constraints the United States will have to be more selective in its global commitments. One significant restriction relates to the conduct of lengthy stabilization and counter-insurgency operations.

In future the United States will have to rely more on a “light footprint,” in the sense of a combination of intelligence activities, drone operations and special operations, together with provision of training and

equipment for security actors in third states. The increase in Special Operations Forces (SOF) from 66,000 to almost 70,000 proposed in the 2014 QDR, while the other military branches suffer significant cut-backs, underlines this tendency toward to a “light military footprint.” The shift offers both chances and risks for transatlantic defense cooperation.

Training armed forces in partner countries is a significant task of the so-called “white” SOFs. This is one of the operational areas where the United States wishes to step up its engagement. Here there is potential for greater collaboration with Europe, where for example the European Union’s “Enable and Enhance Initiative” (E2I) under the Common Security and Defense Policy proposes similar priorities.

On the other hand, the activities of the “black” SOFs, which encompass “direct action,” create potential for conflict. This type of operations, which include preparing and conducting precision strikes against terrorists and their infrastructure, remains politically and legally highly controversial in Europe – not least so in Germany.

The QDR of March 2014 remains vague about the details of the light footprint, and especially the relationship between “black” and “white” SOFs. But after more than ten years of “war on terror” US special forces are strongly orientated on direct action. That is also of immediate relevance for NATO, which has established its own special operations headquarters intended to help improve the interoperability of the SOFs of NATO member-states.

### **Transatlantic Defense Projects**

The general thrust of the QDR 2014 – reducing the size of the armed forces in order to protect central procurement projects and technologies from spending cuts – also creates chances and risks for transatlantic cooperation.

The QDR does not call into question the most expensive programs, such as NATO

missile defense and the F-35 Joint Strike Fighter (JSF). Alongside the United States, as the main partner, six other NATO members are involved in the JSF program: the United Kingdom, Italy, the Netherlands, Turkey, Denmark, and Norway. With respect to the development of missile defense, however, it can be expected that the US Congress will increase the pressure on Europe to make a larger material contribution.

As well as the perennial issue of burden-sharing, the increasing US focus on technology, as reflected in the QDR, is associated with additional risks for the transatlantic relationship. The United States will increasingly invest in technologies designed to maintain its capabilities, also in view of the growing military challenge of China. Alongside missile defense this means submarine warfare, the development of long-range anti-ship missiles, and autonomous unmanned systems (drones), as well as new technologies to intensify control of space and cyberspace.

It is in the growing importance of these technologies that the actual relevance to Europe of the US rebalance to Asia actually lies, rather than questions such as the number of navy vessels deployed to the Pacific. Many of the areas listed are not defense policy priorities for European NATO members or are politically highly controversial. Therein lies a risk of opening up new “technology gaps” between the United States and Europe, and the danger of Atlantic security policy priorities drifting further apart.

### **Outlook**

The QDR of March 2014 again underlines the American claim to global leadership – including by military means. But beyond that, there are many imponderables in the future of US defense policy.

Currently there are no radical reductions in transatlantic defense cooperation in prospect. But risks remain. Budgetary constraints call into question the expansion of joint training and exercise activities desired by NATO. The US military’s turn to a light foot-

print offers, on the one hand, an opportunity to intensify cooperation within NATO and with the European Union in establishing security structures in Africa and elsewhere. On the other hand, there is at the same time a heightened risk of conflict over the issue of US special forces involvement in direct strikes against terrorists. The increasing shift in priorities away from land forces and toward technology-intensive investment in air and naval forces in the course of the “rebalance to Asia” creates further procurement and security challenges for the transatlantic relationship.

Germany and the other European NATO allies should make concrete plans for dealing with these challenges. In their relationship with the United States, the Alliance partners should also expand those areas where the concrete priorities identifiable in the 2014 QDR fit with German and European interests. This applies in particular to European contributions to preserving interoperability through joint military exercises, more of which could also be held in the United States, and to developing the capacities of security actors in third states, not least in Africa.

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