CHAPTER 14

STRATEGIC RISK

James F. Holcomb, Jr.

> In a tactical situation one is able to see at least half the problem with the naked eye, whereas in strategy everything has to be guessed at and presumed.[1]

The hierarchical chart of the Army War College strategy formulation model at Appendix I, shows a final block labeled "Risk Assessment." The implication of the diagram is that risk assessment is peculiar to the development of military strategy. Indeed, it figures prominently in that process, but not uniquely so. Policy and strategy properly arrived at, demand a continuous and thorough assessment and reassessment of risk throughout the total process.

Strategists and strategic theorists throughout history have grappled with the concept of risk and methodologies for its assessment. The motivation to eliminate uncertainty in policy and strategy development as well as execution is natural if at times chimerical. There will always be uncertainty. It often will be unmeasurable. The very nature of war and conflict and the increasingly complex strategic environment ensures that this is so. Where then does this leave the aspiring student of strategy? Is risk assessment simply the "comfort level that senior planners experience as they assess key variables?"[2] It is this and more. The concept of risk assessment is worth examining in more detail to put some substance to the form.

DEFINING RISK.

Defining risk is a relatively simple task. John Collins, in his primer on grand strategy, reduces it to its essentials: "Discrepancies between ends, which we have identified as interests and objectives, and means-available resources-create risks, which can rarely be quantified."[3] At its core, risk arises when ends and means are not in consonance. This is known as an "ends-means mismatch." Collins is on solid ground with this definition, the legacy of which springs from Clausewitz and his discussion of "the political object of war and the effort to be made."[4] B. H. Liddell-Hart also focused on this basic truth: "Strategy depends for success, first and most, on a sound calculation and coordination of the end and the means . . . An excess may be as harmful as a deficiency."[5] Strategic risk then is the probability of failure in achieving a strategic objective at an acceptable cost. The concept is simple to articulate and easy to understand. But, as in war, the simplest things in strategy are the most difficult.

The first difficulty is in understanding what Clausewitz and others meant by "means" in the ends-means equation. Current use of the term generally accepts that means constitute resources, that is, personnel, treasure, equipment, political will, time and so on. Clausewitz also intended a larger meaning that includes concepts or courses of action to achieve

Reproduced from U.S. ARMY WAR COLLEGE GUIDE TO STRATEGY; Eds. Joseph R. Cerami and James F. Holcomb, Jr.; Strategic Studies Institute, U.S. Army War College, Carlisle Barracks, PA; February 2001, pg. 187-202.

particular objectives; these coupled with resources constitute the means or "effort to be made."[6] It has become increasingly useful to separate these two components of Clausewitz' "means", for consideration in strategy formulation without confusing Clausewitz' original intent. Consequently, risk can be represented by a mismatch in ends and ways or means.

Art Lykke makes the case for this approach in Chapter 12, developing a model comprising three variables: ends (objectives), ways (concepts, options or courses of action for achieving them) and means (resources). Using a simple metaphor of a three legged stool, he points out that if the ends, ways and means (the legs of the stool) are not of equal length then we are left with a stool (and a strategy) that is out of balance. Continuing the analogy, he defines this angle of imbalance as risk. The greater the mismatch between ends, ways and/or means, the greater the risk of not achieving ones objectives. This is a subtle but important addition to the simple ends-means equation. One can correctly and accurately identify the objective to be achieved and provide adequate resources to achieve it. However, if the "way" of achieving it is not in balance then there is an inherent risk of failure to achieve the strategic objective. For example, during the Cuban Missile Crisis the objective of the Kennedy administration was fairly straightforward: Get the missiles out of Cuba. The means available were adequate and deliverable. However, there were several different ways to achieve the objective. Graham Allison identifies six major categories of possible response: Do nothing, apply diplomatic pressure, secretly approach Castro, conduct an invasion, conduct air strikes, or blockade.[7] One can also see this in the continuing debate over the strategy for Kosovo and the use solely of airpower to achieve particular political objectives. In the Lykke model of the stool, the balance varies depending on which option is chosen. The degree of lopsidedness or imbalance defines risk. Choosing the right policy option (or way) to achieve the strategic objective is therefore a critical consideration even assuming a clear objective and adequate means. That is, an adequately resourced "way" that is inappropriate to the "end" would still create risk of failure to achieve the strategic objective.

Thus, the definition of risk is the degree to which strategic objectives, concepts and resources are in or out of balance. Since strategy is a dynamic process, one must understand that all three elements are variable and subject to change over time. The formulation of effective strategy for any endeavor is a constant quest to ensure balance among the variables. The definition applies to all aspects of strategy development whether dealing with national security (grand) strategy, defense, military or theater strategies, business strategy or even personal strategies.

WHY IS STRATEGIC RISK ASSESSMENT DIFFICULT?

The subtitle is borrowed from David Jablonsky's piece "Why is Strategy Difficult?" (see Chapter 11). The very nature of war and conflict presupposes a relationship between thinking adversaries. This, in turn, ensures that a degree of ambiguity, uncertainty and yes, risk will exist in any developed strategy. Indeed, Clausewitz devotes the central theme of On War to this very premise; that is what distinguishes his work from his predecessors and ensures its continued relevance to the present day. Clausewitz was not the only one to recognize the subjective nature of war, but he was the first to mark that characteristic as preeminent.

Throughout his work, there are allusions to "chance," "luck," "guesswork," "uncertainty," "probabilities," and so on. The search for hard truths is a frustrating one. This in itself is a lesson. The analogies and metaphors the Prussian philosopher provides to help understand the nature of war are not based on chess, but reflect "a duel on a larger scale," "a pair of wrestlers," "commerce," a "collision of living forces" or a "game of chance." Formulating strategy presupposes "an animate object that *reacts*" and moreover, reacts unpredictably. This equates to Andre Beufre's definition of strategy as the "art of the dialectic of two opposing wills using force to solve their dispute."[8] Just as one actor identifies objectives, develops concepts and allocates resources, so does the potential or actual adversary. The variables in the strategic equation have now doubled, further complicating the task. Moreover, ambiguity and uncertainty *increase* as one climbs up the strategic ladder as moral factors gain primacy over material ones.[9] The problem is that these moral factors can only be guessed at. Clausewitz explicitly refers to this transition from certainty to uncertainty in strategic analysis:

> At this point, then, intellectual activity leaves the field of the exact sciences of logic and mathematics. It then becomes an art in the broadest meaning of the term-the faculty of using judgement to detect the most important and decisive elements in the vast array of facts and situations.[10]

The strategist now faces a prospect "that Newton himself would quail before the algebraic problems it could pose."[11] Risk assessment is difficult because strategy is difficult; strategy is difficult because war is the most complex of human undertakings and filled with unknowns. Liddell-Hart concludes in this regard: "This complicates calculation, because no man can exactly calculate the capacity of human genius and stupidity, nor the incapacity of will."[12] It is the inherent nature of war itself that sets the student adrift in a strategic sea of uncertainty.

GENIUS AND UNCERTAINTY.

Despite this uncertainty, there is comfort in the knowledge that others have navigated these waters before. The challenge is to somehow structure or frame the strategic problem to minimize the unknown or more importantly, to account for it. The effective strategist strives for the "closest approximation of the truth" knowing that full knowledge is an impossibility.[13]

Clausewitz identifies two preeminent qualities in a successful strategist that bear consideration:

> If the mind is to emerge unscathed from this relentless struggle with the unforeseen, two qualities are indispensable: *first, an intellect that, even in the darkest hour, retains some glimmerings of the inner light which leads to truth; and second, the courage to follow this faint light wherever it may lead* (emphasis in the original).[14]

These are the elements that define what Clausewitz terms "genius." The aspiring strategist should not be misled or discouraged by the use of the term however. Clausewitz does not refer to the result of good genetics, but to the development of a mind through study and experience. He is clear on this point as he continues his discussion: "It is the *average result* that indicates the presence of military genius."[15] In other words, "genius" as Clausewitz

describes it is not solely the unique gift of a Napoleon or Gustavus or Hannibal. It is an achievable skill and the "inner light" can be taught and learned.

Von Moltke the Elder took up the same theme several generations later

> What is necessary is to discover the situation, such as it is, in spite of its being surrounded by the fog of the unknown; then to *appreciate soundly* what is seen, to *guess* what is not seen, to *take a decision quickly, finally to act with vigour*, without hesitation.[16]

The message is that an education in strategic subjects, followed by continuous historical study to maintain mental suppleness combined with vicarious experience through exercise, and actual experience, all contribute to acquiring the skills necessary for finding the "closest approximation of the truth." Strategic ability is rarely born, more often learned, but eminently achievable.

Acknowledging the theoretical uncertainties inherent in war, conflict and policy and strategy development is an important, if unsatisfying, step in understanding risk assessment. It allows a better framing of the strategic puzzle. It is simply a matter of knowing what is not known in order to make better use of what is known and, as von Moltke suggests, to guess what is not seen. Guessing well is an inherent part of the art of Grand Strategy.

THE ENDS, WAYS, MEANS CONUNDRUM IN RISK ASSESSMENT

The essence of the challenge of strategy in general and risk assessment in particular is the core problem of relating ends to ways and means. Compounding this basic conundrum is the fact that most often the ends will be abstract while the ways and means will be relatively well defined.[17] In addition, the real test of the master of strategic art is to translate obtuse, politically couched objectives into specific actions. This is likely to become more of a challenge as the nature, scope and direction of potential threats multiply. Articulating the political objective in the event of a major theater war is relatively easy; however, achieving significant clarity in political objectives in multiplying crises around the world, especially where vital U.S. interests are not at stake, will become increasingly problematic. One analyst notes in a critique of the U.S. foreign policy process:

> Any ambiguity in the ends-means relationship, any loss in the value roots of policy, or any failure to maintain a firm commitment to the achievement of the national purpose cannot help but deprive a foreign policy of essential meaning and effectiveness.[18]

A second related potential pitfall facing the grand strategist is the "tail wagging the dog" phenomenon. In the absence of clear political objectives or policy guidance, the means can in fact "deflect the direction of ends."[19] What gets done becomes what one has the capability of doing. The ways and means can develop a momentum of their own and the result is strategy by default, usually at the risk of desired political outcomes. The von Schlieffen Plan and America's experience in Vietnam are two stark historic examples of this effect.

This problem has been ascribed to the "triumph of technique" in American foreign policy. One critic specifically targets the militarization of foreign affairs during the Cold War and an emphasis on quantitative assessments based solely on capabilities.[20] In such cases, Clausewitz' "ephemeral factors" are discounted and "consideration of political subtleties tends to be shunted aside."[21] Ferdinand Foch, writing in 1903, complained of the same phenomenon but went further: "while the moral factors were depressed as *causes* [of war], they were also suppressed as *effects*." The unintended result is that strategy can become a function solely of material factors.[22] The dramatic changes of the last decade and the growing complexities and dimensions of current and future world problems make simplistic, capabilities-based approaches dangerous at their worst, or potentially ineffective at best. Getting ends, ways and means right has always been hard; it is becoming harder.

DETERMINING RISK.

The simple definition of risk as an imbalance in ends, ways and/or means is straightforward but clearly incomplete. How does one measure the *degree* of risk in any particular strategic endeavor? This is the heart of the dilemma.

NEUCHTERLEIN AND NATIONAL INTERESTS.

Risk assessment is inherent to the entire strategy formulation process. Donald Neuchterlein addresses risk in his discussion on identifying national interests and their intensities, a fundamental prerequisite to policy and strategy development. He posits sixteen criteria for assessing a particular issue as a vital interest.[23] These are divided into value and cost/risk factors*:

Value Factors	Cost/Risk Factors
Proximity of the danger	Economic costs of hostilities
Nature of the threat	Estimated casualties
Economic stake	Risk of protracted conflict
Sentimental attachment	Risk of enlarged conflict
Type of government and human rights	Cost of defeat or stalemate
Effect on the balance of power	Cost of public opposition
National prestige at stake	Risk of UN opposition
Support of allies	Risk of congressional opposition

* Note that there is no direct correlation between value and cost/risk factors; they are randomly listed.

Neuchterlein advocates using a simple valuation process by rating each factor high, medium or low or even assigning numerical scores to the factors. Likewise, for a particular issue, some factors may be more important than others and can be appropriately weighted or prioritized. The factor scores are then totaled. If the value totals of a particular issue are high compared to a low or medium cost/risk valuation, then the issue probably constitutes a vital interest. Neuchterlein does not claim a scientific basis for his methodology, only that:

> it provides for systematic analysis of specific foreign policy issues; it should therefore lead to better judgments about levels of interest for the United States and its antagonists and, one would hope, to wiser policies than would otherwise be the case.[24]

Thus, it provides a simple tool that assists in the discrimination of interests in relative terms. Having determined "vitalness," the policy maker/strategist is in a better position to articulate a balanced set of ends, ways and means in the strategy formulation process by accounting for degrees of risk up front.

CALCULATED RISK.

The noted naval theorist, Admiral J.C. Wylie, took a more rigorous approach to the problem in a tongue-in-cheek article published in 1953 entitled "The Calculation of Risk."[25] The impetus for the short article apparently arose from the 1953 budget hearings in which the Army representative answered difficult questions with the rejoinder "Mr. Congressman, that is a calculated risk." Of course no one knew what a calculated risk was or how to calculate it, so Wylie decided to try.[26] Although intended facetiously, Wylie's little paper does merit consideration in its own right. Using a series of variables and equations, he describes various strategic characteristics.[27]

P = Profit if successful

Cn = Cost if not attempted

Cf = Cost of attempt that fails

Cs = Cost of attempt that succeeds

S = Probability of success

Wylie defines risk as **P/Cf**, or the potential profit divided by the cost of a failed attempt. As long as this is greater than 1, the enterprise (or strategy) is "encouraged"; likewise, if less than 1, "discouraged." These machinations result in general determining equations:

If P x S < Cf (1-S) then "no go"

If P x S > Cf (1-S) then "go"

These equations describe what is already known instinctively: If the payoff times the probability of success is greater than the cost of failure times the probability of failure, the result is a winning strategy.

Risk is further defined by an equation:

Cf/Cs < S/(1-S)

That is, the cost of a failed attempt over the cost of a successful attempt must be less than the probability of success divided by the probability of failure.

Having had his fun with the reader, Wylie further stipulates that:

> To insure success in its use, there is only one condition that must be met: the factors involved must never be expressed in arithmetic quantities. That would blunt the fine edge of judgment and obscure the true balance of intangibles.

Wylie clearly subscribes to the Clausewitzian notions of uncertainty and unpredictability in war and he makes this clear in his important and short book *Military Strategy: A General Theory of Power Control.* In it he further admonishes the reader to plan for a complete spectrum of strategies in order to have a "reserve" of strategies for the inevitable changes that will occur. He also warns that "the player who plans for only one strategy runs a great risk simply because his opponent soon detects the single strategy-and counters it . . . planning for certitude is the greatest of all military mistakes . . ."[28] Wylie's reserve of strategies is essentially conceptual hedging for uncertainty with its inherent risk. This, to borrow from operational art, is planning for strategic branches and sequels or for potential developments requiring adjustments in ends, ways or means as a particular strategy is implemented.

Although Wylie's formulations were intended to ridicule early whiz kids, he actually produced a relatively sophisticated approach to a difficult concept. For example, an examination of a recent study prepared by the CIA to address risk assessment and management of threats to security, uses an identical formulation.[29] Defining risk as the potential of damage or loss to an asset, the study assesses the level of risk as the impact of loss or damage to the asset and the likelihood (probability) that a specific vulnerability could be exploited by a particular threat.[30] The formulation is defensive in nature since it is addressing security protection issues. Nevertheless, it equates exactly to Wylie's **Cf (1-S)**, that is, the **Cost of Failure times the Probability of Failure.** Strategy and risk assessment are indeed eternal.[31]

RISK MANAGEMENT

The process of risk assessment is dynamic in nature over time and circumstance. That is, the variables are in constant flux. Risk assessment is simply the constant effort to identify and correct imbalances among the key variables. The first ability of the strategist is to recognize when variables change. The second is to adjust the remaining variables to account for the "delta" or, as it has been defined, the risk. This is known as risk management. In simplest terms, the strategist has several clear options:[32]

MODIFY ENDS.

When the price to achieve a particular objective is too high or the ability to affect a "center of gravity" is limited, it may become necessary to reduce the overall objective to more realistic

terms. Examples include the decision to forego a cross-channel attack in 1942 in favor of North Africa, or accepting a lesser objective than the unification of the Korean peninsula after the Chinese intervention.

MODIFY MEANS.

An increase or reallocation of resources may affect the ability to implement a strategy and achieve the objective. This is, however, not simply a quantitative solution. A definition of resources includes unpredictable and changeable elements as well. For example, public support of a particular policy/strategy is a key consideration in a democracy and must be accounted for even if difficult to measure. Vietnam is a classic example of not adequately modifying means by calling up the reserves and generating sufficient public support for the effort.

MODIFY WAYS.

Assuming that the objective is sound and resources are adequate, there will likely be multiple ways to achieve the desired end-state. Use of the various elements of power (political, military, economic, informational) in differing combinations with varying emphasis may enhance the ability to achieve the same overall objective. The recent Kosovo experience serves as a good case of modifying ways: The deployment of Task Force Hawk and increasing information about planning for possible ground options coupled with retargeting the air operation are thought to have contributed to Milosevic's decision to withdraw forces.

REASSESS THE RISK.

Over time some of the going-in assumptions may be proven invalid. Additional information may become available or gaps in knowledge filled. The strategist needs to recognize the potential strategic effect of more or less information, recognizing that the 100% solution will always be elusive due to the "ephemeral factors." It is important to reemphasize that this process is dynamic and "at once abstract and rational, [and] must be capable of synthesizing both psychological and material data."[33] Indeed, one man's risk is another man's certitude and therefore grist for the continuously grinding strategic mill.

FIVE PATTERNS OF STRATEGY FOR RISK ASSESSMENT AND MANAGEMENT.

Andre Beaufre addresses the "ends-means" conundrum in his classic book *Introduction to Strategy*. His intent is to provide a series of models, what he calls patterns of strategy, to assist in the process of strategic thinking.[34] The models are intended to show how various and fundamentally differing strategies can spring from the dynamic relationship between ends,

ways and means. These five patterns are macro-descriptors and it is clear to see that countless variations are possible.

Ends Moderate, Means Large. This is described as a strategy of "direct threat" nuclear deterrence strategy is given as example of this pattern.

Ends Moderate, Means Limited. Consisting of a pattern of "indirect pressure," this pattern is useful when freedom of action is limited. It emphasizes political, diplomatic, and economic elements of power at the expense of direct military action. It models the basis of Soviet strategy, that is, avoiding direct military confrontation with the United States.

Ends Important, Ways Limited (Low Freedom of Action), Means Limited. This pattern constitutes a combination of "direct threat" and "indirect pressure" applied in successive actions and reflects the strategy of indirect approach as described by Liddell-Hart. It is most appropriate to nations strong defensively but with limited resources.

Ends Important, Ways Unlimited (High Freedom of Action), Means Inadequate. This reflects a strategy of protracted war but at a low level of military intensity. It is the theoretical basis for Mao Tse-Tung's theory of protracted struggle.

Ends Important, Means Unlimited. This traditional pattern is characterized by "violent conflict aiming at military victory." Beufre describes it as the classic strategy of the Napoleonic era with Clausewitz as its principle theorist.

With these five patterns of strategy as a basis, Collins addresses risk specifically with seven examples of how to balance the strategic equation:[35]

- Eliminate waste [modifying ways and/or means]
- Compress objectives [modifying ends]
- Adjust strategy [modifying ways]
- Augment assets [modifying means]
- Reduce ends and increase means [modifying ends and means]
- Bluff [adversary misinterprets your ends, ways, means]
- Give up on the objective [the ultimate modification of ends]

Intended as examples, achieving strategic balance and hence strategic effectiveness may require application of one, more or other creative elements to induce change in the strategic equation.

READINESS AND RISK.

There does exist detailed and rigorously institutionalized processes for measuring risk within the U.S. defense establishment. The roots of these processes spring from the era of McNamara and the introduction of systems analysis to defense planning. In general, these methodologies represent an attempt to institutionally account for the unknown and help to "guess well." For example, the Joint Net Assessment (JNA) is the informal process that "provides a strategic level risk assessment and provides the basis for developing risk associated with alternative force structures and strategies."[36] The JNA draws on multiple sources of information and contributes to other strategic assessments and potentially to changes in the National Military Strategy. Normally a net assessment is developed every four years but dramatic changes in the geostrategic environment can result in more frequent assessments. One of the sources of information feeding the JNA process is the regularized readiness reporting system. Therefore, bureaucratically and institutionally, at least in the Department of Defense, strategic risk is related closely to readiness. That is the system. But as recent events in Kosovo have demonstrated, the reality of risk assessment can have as much to do with art as with science.

THE CHAIRMAN'S READINESS SYSTEM.

The Chairman's Readiness System is the process by which the Chairman of the Joint Chiefs of Staff assesses the military's readiness to fulfill the requirements of the National Military Strategy (NMS). The vehicle for assessing and reporting readiness across the armed forces is the Joint Monthly Readiness Review (JMRR).[37]

The Chairman's overall strategic assessment draws on three sources of information: The individual services unit readiness reports, the Unified Combatant Commanders (CINCs) joint readiness assessments and the Combat Support Agencies reports on their ability to support the CINCs. A full JMRR takes place quarterly with an assessment of capabilities and risk currently and out to 12 months in the future.

The assessments are scenario driven and derive from the current National Military Strategy. The scenarios normally start with a real-world operation currently underway and include a Smaller Scale Contingency (SSC) or one or two Major Theater Wars (MTW) "in two distant theaters in overlapping timeframes"[38] CINCs are then required to address potential deficiencies in their ability to execute the scenario-based mission requirements. Deficiencies are identified and categorized. Fixes are suggested or they are forwarded for consideration and solution by other working bodies. Unresolved deficiencies are aggregated and considered collectively. These are then termed "key risk elements." Further aggregation may intensify into "overall strategic concerns"; these are potential risks to implementation of the National Military Strategy itself and constitute an overall strategic risk assessment.[39]

The system is largely score-based, that is, commanders at all levels are charged with assessing their own readiness and that of their subordinates and assigning a value to it. Scores are aggregated as assessments and forwarded upward. The process would appear at

first glance to be relatively sound, based as it is on seemingly quantitative assessments. However, the "granularity" of assessment becomes less clear as the reports are progressively aggregated. In fact, there are substantial opportunities for commanders to inject subjective assessments into the process.[40] It is here, as Clausewitz says, that "intellectual activity leaves the field of the exact sciences of logic and mathematics. It then becomes an art in the broadest meaning of the term."[41] Differing perceptions of readiness in turn drive differing perceptions of the degree of ultimate risk for the armed forces to implement the National Military Strategy, and by extension, elements of the National Security Strategy. This is the basis of the readiness debate within the services, the Joint Staff, the Department of Defense and the Congress today.[42]

Although the system would appear to guess well on the surface, there is growing concern that an ends-ways-means mismatch exists. Culturally, commanders are naturally reluctant to report their commands unready to execute their missions. Likewise, senior commanders are adverse to less than capable readiness assessments from their subordinates. Further clouding the process is the political scrutiny under which it takes place. The measure of risk may depend on how one interprets the current strategic mandate:

The United States [must be] able to deter and defeat large-scale cross-border aggression in two distant theaters in overlapping time frames. In short, we must be able to fight and win two major theater wars nearly simultaneously.[43]

The current Chairman of the Joint Chiefs assesses the risk factors for fighting and winning the first Major Theater War as "moderate," but the second as "high."[44] What does this mean in real terms, especially with the occasional Smaller Scale Contingency thrown in for good measure? One's point of view depends on where one sits. "Moderate" risk to the Department of Defense may be acceptable to the Senate Armed Services Committee, but as it is derived from an aggregated assessment, it may be considered downright dangerous by CENTCOM or TRANSCOM.

THE CASE OF KOSOVO AND TWO MTW'S.

The conflict in Kosovo provides a fitting vehicle for examining in more real terms the nature of risk in strategy formulation and implementation. It is not the intent to examine the strategy for the conflict itself although this has proven to be a rich field of discussion and debate, especially with regard to matching political ends to military objectives, courses of action and resources. More interesting is the impact the conflict had on the ability to execute, if need be, declared elements of the National Security and National Military Strategies and the risk thereby incurred as a result of the commitment to the Kosovo operation.

As established, the National Military Strategy (as well as the National Security and Defense Strategies) posit as a fundamental element the ability to "deter and defeat nearly simultaneous, large-scale, cross-border aggression in two distant theaters in overlapping time frames." Moreover, this obtains in an environment in which the United States is globally

engaged and indeed conducting "multiple concurrent smaller-scale contingency operations' at the same time.

The National Security Strategy states that in the event of one or two MTW's it may be necessary to withdraw from ongoing contingency operations. In doing so, the NSS acknowledges accepting a "degree of risk" since such a course is necessary to "reduce the greater risk incurred if we failed to respond adequately to major theater wars." What happens when a smaller scale contingency takes on the characteristics, at least in part, of a major theater war?

As outlined earlier, the Joint Monthly Readiness Report (JMRR) is the Chairman's snapshot of the U.S. Armed Forces ability to execute the National Military Strategy. The two JMRRs crafted during and immediately following the Kosovo conflict highlighted some of the risk entailed in the two-MTW component of the National Military Strategy.

The JMRR covering the April to June 1999 timeframe posited as a scenario an expanding Kosovo operation lasting until September with a simultaneous outbreak of war on the Korean peninsula.[45] It assessed the risk of not prevailing in the Korean MTW as "moderate" and the risk of successfully responding to a second, unstated MTW as "high." Moderate risk under the given scenario was defined in terms of time and potential casualties:

> This does not mean that U.S. forces would not prevail in either contingency [Kosovo and Korea], but rather, that potentially longer timelines required to initiate the counter-offensive increase the potential for higher casualties to forces in the interim and during the warfight.

As might be expected, the Air Force was particularly affected due to its significant commitment to Kosovo. In fact, the Air Force level of effort in Kosovo constituted an MTW in its own right.[46] The strategic concerns listed included mobility shortfalls, logistics/sustainment shortfalls, and C4 and ISR deficiencies. Since strategic concerns are "an aggregation of key risk elements that impact [on] readiness to execute the National Military Strategy," the JMRR in effect provides an overall and general articulation of risk.[47]

The overall strategic effect of this risk was well articulated in the Kosovo After Action Report to Congress:

> Without question, a situation in which the United States would have to prosecute two major theater wars nearly simultaneously would be extraordinarily demanding-well beyond that required for Operations Desert Shield and Desert Storm in 1990 and 1991. It would involve our complete commitment as a nation and would entail all elements of our total force . . . Consistent with our defense strategy, U.S. forces could not have continued the intense campaign in Kosovo and, at the same time, conducted two nearly simultaneous major theater wars.[48]

In fact, in the course of operations in Kosovo, higher levels of risk were reassessed and some measures were taken to bring the strategic variables into better balance. One assumption notes that the forces in and around Southwest Asia, coupled with elements enforcing the no-fly zone constituted an effective deterrent to Saddam. The air-bridge supporting the Kosovo operation was also considered to be a positive asset if operations had to

be redirected to the Gulf. However, in Northeast Asia some units were repositioned and others put on a "tighter string" for a quicker response in the event of crisis. The objective was to "maintain a very visible defense capability to discourage leaders in Baghdad and Pyongyang . . . ."[49] In other words, some adjustments in ways and means were undertaken to reduce potential strategic risk in undertaking the Kosovo operation.

If all this language leaves readers slightly dissatisfied with the ability of the defense establishment to measure and articulate risk, then they are in good company. Both the Secretary of Defense and the Chairman of the Joint Chiefs also acknowledge a shortcoming in this particular strategic skill. The Kosovo experience brought home the potential impact that smaller scale contingencies could have on the execution of the National Military Strategy, especially the two-MTW capability.

> Risk analysis is important in judging force readiness where commitments are made to support important and necessary operations but do not involve our vital interests. Some smaller scale contingencies may be in this category.[50]

In fact, the statement of the Secretary and Chairman before Congress acknowledged that:

> managing these risks is a highly complicated endeavor that would benefit from a more structured and dynamic set of tools for assessing our ability to conduct major wars when we respond to contingencies.[51]

The search for "the closest approximation of the truth," like strategy, is eternal

CONCLUSION.

Assessing and managing strategic risk is an inherently inexact process. It encompasses a combination of inputs, both material and moral, that defy empirical resolution. Weighing these inputs, identifying possible outcomes and planning for uncertainty should be done with the clear understanding that a complete solution is impossible to achieve but always striven for. Once a strategy is developed, the most important strategic skill and the true mark of strategic "genius" is accounting for potential change and recognizing actual change in a timely enough manner to adjust the strategic variables and thereby ensure a valid strategic equation oriented firmly on achieving the political objectives at hand. This is increasingly difficult to do in a dynamically changing strategic environment with myriad threats, challenges, actors and unclear potential effects. This is why the development and execution of strategy is primarily an art and why the requirement for developing masters of that art is so essential. In the end though, the essential elements of strategic risk are unchanged through the ages and consist in the proper balancing of ends, ways and means to achieve the desired strategic outcome. Understanding that fundamental relationship and "guessing well" through study, exercise and experience will ensure that assessing and managing strategic risk rises above simply "the comfort level of strategic planners." A gastro-intestinal assessment is not good enough. It never was.

ENDNOTES - CHAPTER 14

1. Carl von Clausewitz, *On War*, ed. Michael Howard and Peter Paret (Princeton, NJ: Princeton University Press, 1976), pp. 178-179.

2. Henry C. Bartlett, G. Paul Holman, Jr., and Timothy E. Somes, "The Art of Strategy and Force Planning," in *Strategy and Force Planning*, ed. The Strategy and Force Planning Faculty, US Naval War College (Newport, R.I.: Naval War College Press, 1995), p. 20.

3. John M. Collins, *Grand Strategy: Principles and Practices*, (Annapolis MD: Naval Institute Press, 1973), p. 5.

4. Clausewitz, *On War*, pp. 81, 92, 585.

5. B.H. Liddell Hart, *Strategy*, 2nd ed. (New York: Meridian, 1991), pp. 322-323. Liddell Hart sounds here very much like Clausewitz. See Clausewitz, *On War*, p. 177: "A prince or general can best demonstrate his genius by managing a campaign exactly to suit his objectives and resources, doing neither too much nor too little."

6. See Clausewitz, *On War*, pp. 92-95 for a discussion of "ways.

7. Graham Allison and Philip Zelikow, *Essence of Decision: Explaining the Cuban Missile Crisis*, 2nd ed. (New York: Longman, 1999), pp. 111-120.

8. Andre Beufre, *An Introduction to Strategy*, (New York: Praeger, 1965), p. 20.

9. Clausewitz, *On War*, pp. 178, 586.

10. *Ibid.*, p. 585.

11. *Ibid.*, pp. 112, 586. Attributed to Napoleon, it is interesting that Clausewitz uses it in support of two different discussions; one on Military Genius and the other on the Scale of the Objective and the Effort To Be Made.

12. Liddell Hart, *Strategy*, p. 323.

13. *Ibid.*

14. Clausewitz, *On War*, p. 102.

15. *Ibid.*, p. 103.

16. Von Moltke is quoted here in Ferdinand Foch, *The Principles of War*, (New York: Holt, 1920), p. 7.

17. Roger S. Whitcomb, *The American Approach to Foreign Affairs: An Uncertain Tradition*, (Westport, CT: Praeger, 1998), p. 71.

18. *Ibid.*

19. *Ibid.*

20. *Ibid.*, p. 72.

21. *Ibid.* See also M. Thomas Davis, "Size Military to Strategy, Not Vice Versa," *Government Executive*, 31 no. 12 (December 1999): pp. 81-82.

Foch, *The Principles of War*, p. 3.

23. Donald E. Neuchterlein, *America Overcommitted: United States National Interests in the 1980s*, (Kentucky: University Press of Kentucky, 1985), pp. 18-28.

24. *Ibid.*, p. 28.

25. J.C. Wylie, "The Calculation of Risk," *United States Naval Institute Proceedings* (July 1953): p. 725.

26. See introduction by John B. Hattendorf in J.C. Wylie, *Military Strategy: A General Theory of Power Control*, (Annapolis, MD: Naval Institute Press, 1989), p. xxvii.

27. have modified the variables for greater ease of understanding.

28. Wylie, *Military Strategy*, pp. 71-72.

29. Center for CIA Security, *Analytical Risk Management*, (December 1998).

30. *Ibid.*, p. 29.

31. A reference to Chapter 13 "Strategy Eternal" in Colin S. Gray, *Modern Strategy*, (Oxford: Oxford Jniversity Press, 1999).

32. Bartlett, Holman and Somes, "The Art of Strategy and Force Planning," *Strategy and Force Planning*, p. 19.

33. Beufre, *Introduction to Strategy*, p. 29.

34. *Ibid.*, pp. 26-29.

35. Collins, *Grand Strategy*, pp. 6-7.

36. CJSCI 3100.01A, *Joint Strategic Planning System* (1 September 1999), p. E-5.

37. CJCSI 3401.01B (July 1, 1999), *Chairman's Readiness System.*

38. William J. Clinton, *A National Security Strategy for a New Century*, (Washington, D.C.: The White House, December 1999), p. 19.

39. *The Chairman's Readiness System*, Enclosure E; see also Michael A. Pearson ed., *How the Army Runs*, (Carlisle, PA: U.S. Army War College, 1 April 1999), pp. 8-6 – 8-10.

40. Admiral Joseph W. Prueher, "Measuring Readiness," *Armed Forces Journal International* (January 1999), p. 16.

41. Clausewitz, *On War*, p. 585.

42. David Abel, "Two War Strategy is 'Unrealistic,' Senator Says," *Defense Week*, December 6, 1999, p. 1

43. Congress, Senate, Armed Services Committee, "Joint Statement of William S. Cohen and General Henry H. Shelton," *Hearing on Kosovo After-Action Review*, 14 October 1999.

44. Henry H. Shelton, Chairman of the Joint Chiefs of Staff, *Posture Statement before the 106th Congress Committee on Armed Services, United States Senate*, 8 February 2000, p. 5.

45. JMRR information from Elaine M. Grossman, "U.S. Forces May Have Faced High Risk If Major War Erupted Last Spring," *Inside the Pentagon*, 21 October 1999, p. 1 and Elaine M. Grossman, "U.S. Forces Still Faced High Readiness Risk After Kosovo Air War," *Inside the Pentagon*, 6 January 2000, p. 1. See also Elaine M. Grossman, "DOD Finds Readiness Risks in 'One-And-A-Half' Overlapping Wars," *Inside the Pentagon*, 25 May 2000, p. 2.

46. William S. Cohen and Henry H. Shelton, *Report to Congress: Kosovo/Operation Allied Force After-Action Report*, 31 January 2000, p. 121.

47. The subsequent JMRR (July-September 1999) had an even more dire assessment. The scenario assumed all real-world ongoing commitments with an outbreak of war in Southwest Asia. The JMRR assessed "moderate to high risk factors for conducting this scenario." See Grossman, "US Forces Still Faced High Risk After Kosovo Air War."

48. Cohen and Shelton, *Report to Congress*, p. 12.

49. Joint Statement ." *Hearing on Kosovo After-Action Review*, p. 7.

50. Cohen and Shelton, *Report to Congress*, p. 121

51 Joint Statement ." *Hearing on Kosovo After-Action Review*, p. 8.