



# Drexel Hamilton

A Service-Disabled Veteran Owned & Operated Business

## Outside the Wire

### Maintaining a Strategic Deterrence



U.S. Navy ships assigned to the USS George Washington Carrier Strike Group sail in formation in the Atlantic Ocean in November 2003. Sourced from Wikipedia.

Accompanying next year's United States defense budget proposals are discussions of how to keep the U.S. Navy aligned with the growing threat from China. When last year's defense budget request was finalized, it included proposals for growing the Navy in terms of size, technology, and capability. However, DOD efforts to modernize the entire military have led to concerns about what segments of it should take higher priority. China's continued economic growth and attempted geographic expansion throughout the South China Sea have raised national and global security concern through multiple U.S. administrations. Having a thorough U.S. Naval presence in the Indo-Pacific region is meant to deter China from maritime expansion<sup>i</sup>. The U.S. Navy has encountered an issue with a shortage in resources. Furthermore, some politicians are criticizing the Navy's lack of strategy in the Indo-Pacific theatre.

U.S. House Representative Elaine Luria (D-VA), who is also the Vice Chair of the United States House Committee on Armed Forces, recently stated her recommendation for the Navy to develop a new maritime strategy based on deterring China from making aggressive moves<sup>ii</sup>. Representative Luria is a decorated 20-year nuclear-qualified Navy veteran and commanded a Naval surface-warfare combat unit during her time in the service. During recent public events Representative Luria has advocated for a reform of the Goldwater-Nichols Act, which improved military budget strategy since its establishment in 1986 but may be due for an overhaul.



Representative Elaine Luria.  
Photo sourced from the U.S.  
House Office of Photography.

Disclaimer: The information and statistical data contained herein have been obtained from sources that Drexel Hamilton, LLC ("Drexel") believes are reliable, but Drexel makes no representation or warranty as to the accuracy or completeness of any such information or data and expressly disclaims any and all liability relating to or resulting from your use of these materials. The information and data contained herein are current only as of the date(s) indicated, and Drexel has no intention, obligation, or duty to update these materials after such date(s). These materials do not constitute an offer to sell or the solicitation of an offer to buy any securities.

## **What is the Goldwater-Nichols Act?**

Signed by President Ronald Reagan on October 4, 1986, the Goldwater-Nichols Department of Defense Reorganization Act established increased powers among military leaders at the Pentagon and streamlined how each military branch interacts with each other<sup>iii</sup>. It came at a time when a lack of communication and power distribution within the military was impeding operational success. The failure of the Iranian hostage rescue mission in 1980 highlighted issues in branch cooperation and prompted the need for a reform. In relation to modernizing the military force, the act produced guidelines for submitting budget requests by branch and ordered shared procurement procedures between branches. Some military and political leaders such as Representative Luria argue that the Act may be outdated and unable to address issues that include each branch's security strategy. With a limited budget across the entire DOD, each military branch is faced with unique challenges that cannot necessarily be shared. For instance, funding the procurement of new Naval vessels cannot easily be linked with efforts of improving the Army's ground forces.

While the Goldwater-Nichols Act established and implemented many changes that improved our military capability, the circumstances governing it have changed throughout the years. Representative Luria, along with the late Senator John McCain, former Secretary of Defense Ash Carter, and a handful of other military and political leaders (many within the Center for Strategic & International Studies), have argued that military strategy needs to be planned before budgets should be considered. This is contradicted by guidance from the Act.

## **Why the need for reform?**

Shortages in military resources have surfaced in recent years. One example may be the Navy's lack in funding more carrier strike group operations. Representative Luria spoke about how this lack in funding has led to the Navy having to move Carrier Strike Groups constantly from one area of operations (AOR) to another rather than being able to maintain a consistent presence at multiple locations. This predicament has caused lapses in security within the South China Sea. The result is a lack of deterrence and increase in China's maneuvers toward maritime expansion. At its current operational capacity, the Navy struggles to provide area coverage for the multiple fronts which enable U.S. national security. These areas of operations include the South China Sea for security coverage over the Indo-Pacific region, Arabian Sea for coverage over the Middle East, and the Baltic and Black Sea for coverage over Russia and Europe.

## **Why is this important:**

We continue to believe that the largest geopolitical threat to the U.S. and its economy during the next several decades will be China and conflict in the Indo-Pacific region. The competition between the military powers of the U.S. and China drives the need for technology and innovation across a plethora of industries (most heavily in defense technology). Shipbuilding, Artificial Intelligence (AI), and 5G network development are examples of technology areas that continue to grow because of this conflict.

Disclaimer: The information and statistical data contained herein have been obtained from sources that Drexel Hamilton, LLC ("Drexel") believes are reliable, but Drexel makes no representation or warranty as to the accuracy or completeness of any such information or data and expressly disclaims any and all liability relating to or resulting from your use of these materials. The information and data contained herein are current only as of the date(s) indicated, and Drexel has no intention, obligation, or duty to update these materials after such date(s). These materials do not constitute an offer to sell or the solicitation of an offer to buy any securities.

The other important issue is the geopolitical stability that is provided by U.S. military deterrence. Many studies show the benefits of strategic deterrence and the projection of power in creating global stability<sup>iv</sup>. The Navy, with its incredibly capable Carrier Strike Groups, is our nation's primary resource for projection of power outside of a forward land-based presence<sup>v</sup>. The more forward deployed our Navy is, the more likely we are to deter future Chinese aggression in the South China Sea.



Current approximate positions of the U.S. Navy's deployed carrier strike groups (CSG) and amphibious ready groups (ARG) as of August 2, 2021. Sourced from USNI News.

<sup>i</sup> Huffstetler, R. (September 2017)/ Naval Postgraduate School. *Assessing The Deterrence Value of Carrier Presence Against Adversary Aggression In A Coalition Environment*. Defense Technical Information Center. Retrieved from <https://apps.dtic.mil/sti/pdfs/AD1046853.pdf>

<sup>ii</sup> Eckstein, M. (August 2, 2021). Navy League. *Pentagon Needs Reorg Before Navy Can Develop Maritime Strategy, Says Rep. Luria*. Defense News. Retrieved from <https://www.defensenews.com/naval/2021/08/02/luria-wants-a-thorough-maritime-strategy-from-the-us-navy-but-pentagon-reorganization-may-be-needed-first/>

<sup>iii</sup> 99<sup>th</sup> Congress. (September 12, 1986). *Goldwater-Nichols Department of Defense Reorganization Act of 1986*. United States House of Representatives – Armed Services. Retrieved from <https://www.congress.gov/bill/99th-congress/house-bill/3622>

<sup>iv</sup> Frederick, B., Watts, S., Lane, M., Doll, A., Rhoades, A., Smith, M. (April, 2020). Library of Congress. *Understanding The Deterrent Impact Of U.S. Overseas Forces*. RAND Corporation. Retrieved from [https://www.rand.org/content/dam/rand/pubs/research\\_reports/RR2500/RR2533/RAND\\_RR2533.pdf](https://www.rand.org/content/dam/rand/pubs/research_reports/RR2500/RR2533/RAND_RR2533.pdf)

<sup>v</sup> Gerson, M. & Whiteneck, D. (March, 2009). *Deterrence And Influence: The Navy's Role In Preventing War*. Center for Naval Analysis. Retrieved from [https://www.cna.org/CNA\\_files/PDF/D0019315.A4.pdf](https://www.cna.org/CNA_files/PDF/D0019315.A4.pdf)