

**KNOWN UNKNOWNNS:
UNCONVENTIONAL “STRATEGIC SHOCKS”
IN DEFENSE STRATEGY DEVELOPMENT**

Nathan Freier

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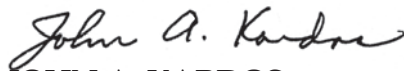
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FOREWORD

This timely PKSOI Paper on unconventional strategic shock provides the defense policy team a clear warning against excessive adherence to past defense and national security convention. Including the insights of a number of noted scholars on the subjects of “wild cards” and “strategic surprise,” the author, Nathan Freier, argues that future disruptive, unconventional shocks are inevitable. Through strategic impact and potential for disruption and violence, defense-relevant unconventional shocks, in spite of their nonmilitary character, will demand the focused attention of defense leadership, as well as the decisive employment of defense capabilities in response. As a consequence, Mr. Freier makes a solid case for continued commitment by the Department of Defense to prudent strategic hedging against their potential occurrence.

The Peacekeeping and Stability Operations Institute and the Strategic Studies Institute are pleased to offer this insightful monograph as a contribution to the debate on this important national security issue.

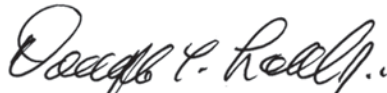


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BIOGRAPHICAL SKETCH OF THE AUTHOR

NATHANFREIER is a Visiting Professor of Strategy, Policy, and Risk Assessment at the U.S. Army's Peacekeeping and Stability Operations Institute and a Senior Fellow in the International Security Program at the Center for Strategic and International Studies (CSIS). Mr. Freier joined CSIS in April 2008 after retiring from the U.S. Army after 20 years as a lieutenant colonel. His last military assignment was as Director of National Security Affairs at the U.S. Army War College's Strategic Studies Institute. Prior to that, he served in the Office of the Deputy Assistant Secretary of Defense for Strategy, where his principal responsibilities included development of the 2005 National Defense Strategy. Previously, he was an Army fellow/visiting scholar at the University of Maryland's Center for International and Security Studies and a strategist with the Strategy, Plans, Concepts, and Doctrine Directorate, Department of the Army Staff in Washington, DC. Mr. Freier twice deployed to Iraq as a strategist while assigned to the Army War College. From January to July 2005, he served in the Strategy, Plans, and Assessments Directorate of Headquarters, Multi-National Force-Iraq, and from May to August 2007, he served as a special assistant to the Commander, Multi-National Corps-Iraq, in the Commander's Initiatives Group. In his current capacity, he continues to provide expert advice to a number of key actors in the security and defense policymaking and analysis communities. Among his research interests and areas of expertise are U.S. grand strategy; national security, defense, and military strategy and policy development; irregular, catastrophic, and hybrid security challenges and conflicts; strategic net and risk assessment; terrorism; and the Iraq War. Mr. Freier holds masters' degrees in International Relations from Troy State University and Politics from The Catholic University of America.

SUMMARY

The current defense team confronted a game-changing “strategic shock” in its first 8 months in office. The next team would be well-advised to expect the same. Defense-relevant strategic shocks jolt convention to such an extent that they force sudden, unanticipated change in the Department of Defense’s (DoD) perceptions about threat, vulnerability, and strategic response. Their unanticipated onset forces the entire defense enterprise to reorient and restructure institutions, employ capabilities in unexpected ways, and confront challenges that are fundamentally different than those routinely considered in defense calculations.

The likeliest and most dangerous future shocks will be unconventional. They will not emerge from thunderbolt advances in an opponent’s military capabilities. Rather, they will manifest themselves in ways far outside established defense convention. Most will be nonmilitary in origin and character, and not, by definition, defense-specific events conducive to the conventional employment of the DoD enterprise.

They will rise from an analytical no man’s land separating well-considered, stock and trade defense contingencies and pure defense speculation. Their origin is most likely to be in irregular, catastrophic, and hybrid threats of “purpose” (emerging from hostile design) or threats of “context” (emerging in the absence of hostile purpose or design). Of the two, the latter is both the least understood and the most dangerous.

Thoughtful evaluation of defense-relevant strategic shocks and their deliberate integration into DoD strategy and planning is a key check against excessive convention. Further, it underwrites DoD relevance

and resilience. Prior anticipation of September 11, 2001 (9/11) or the Iraq insurgency, for example, might have limited the scope and impact of the shock. In both instances, wrenching periods of post-event self-examination did help solve our current or last problem. They may not have been as effective in solving our next one.

DoD is now doing valuable work on strategic shocks. This work must endure and mature through the upcoming political transition. The next defense team should scan the myriad waypoints and end points along dangerous trend lines, as well as the prospect for sudden, discontinuous breaks in trends altogether to identify the next shock or shocks. Doing so is a prudent hedge against an uncertain and dangerous future.

KNOWN UNKNOWN¹
UNCONVENTIONAL “STRATEGIC SHOCKS”
IN DEFENSE STRATEGY DEVELOPMENT

**INTRODUCTION: THE FAILURE OF
IMAGINATION²**

A thoughtful senior policy official has opined that most potentially devastating threats to U.S. interests start being evaluated as unlikely.

Jack Davis³

Defense analysis and strategy are inherently reactive. Historically, defense strategy development and planning have demonstrated three critical flaws. For too long, they have been *overly reactive*. Corporately, they have *lacked sufficient imagination*. And, as a result, both have been *vulnerable to surprise*.

Recent history indicates that defense strategy and planning fail to be sufficiently predictive. When they do venture into prediction, it often comes as linear extrapolation of contemporary challenges, adhering too closely to current convention. These are artifacts of defense conservatism, finite resources, and Bureaucracy 101.

Senior defense and military leadership naturally err on the side of what is known and practiced at the expense of preparing for what is less well-known but perhaps more dangerous. There is an inherent predilection against anything that smacks of speculation. This trend is natural and narrowly reasonable. Cautious senior leaders see too much at stake in the near-term to countenance instituting disruptive institutional change that is predicated on predictive analysis. In their view, there are enough compelling challenges in

the Department of Defense's (DoD) in-box to consume the focus of senior leaders and strategists. Yet, in the contemporary environment, focusing exclusively on the known, practiced, and narrowly reasonable is also naïve. At this juncture, engaging in some sound speculation is increasingly prudent.

*Like the attacks of September 11, 2001 (9/11), the subsequent War on Terrorism (WoT), and the Iraq insurgency, the next defense-relevant challenge is likely to be a strategically dislocating surprise.*⁴ Without continued and more sophisticated "horizon scanning," there is near-certainty that the next compelling *defense-relevant* challenge will be a "strategic shock."⁵ The current administration confronted a game-changing "strategic shock" inside its first 8 months in office. The next administration would be well-advised to expect the same during the course of its first term.⁶

Strategic shocks jolt convention to such an extent that they force affected institutions to fundamentally reorient strategy, strategic investments, and missions. DoD's post-9/11 adjustment to counterterrorism (CT) and counterinsurgency (COIN) illustrates this point. Some of DoD's reorientation on CT and COIN was prudent and necessary, but also, at the same time, late and reactive. Without comprehensive net and risk assessment of future shocks, any defense adjustment based on yesterday's experience but nonetheless intended for tomorrow's unconventional demands could prove far off the mark downstream.

Senior defense leaders and strategists have key questions to answer on the subject of strategic shocks. This monograph examines the role of the strategic shock in contemporary defense strategy development. It targets the incoming senior defense team, seeking to encourage them to institutionalize defense-relevant

shocks in long-range defense strategy and planning efforts. It attempts to begin answering four important questions on the subject: (1) What are strategic shocks? (2) What obstacles militate against their routine employment in DoD strategy development? (3) Why are strategic shocks important to strategy and planning? And, finally, (4) What kinds of shocks would profoundly impact future DoD decisionmaking?

Meaningful consideration of shocks in strategy development and planning would better posture DoD for an unconventional future. The contemporary environment is inherently complex. It will remain so. The likeliest and most dangerous security challenges emerging from it will be unconventional. “Unconventional,” from a DoD perspective, connotes national security conditions and contingencies that are defense-relevant but not necessarily defense-specific. Unconventional security challenges lie substantially outside the realm of traditional warfighting. They are routinely *nonmilitary* in origin and character.⁷ Yet, *nonmilitary*, in this context, does not necessarily mean nonviolent, nonstate, or disordered and unorganized.⁸

This monograph argues that thoughtful evaluation of the most plausible defense-relevant shocks and their deliberate integration into DoD strategy and planning provides senior defense officials with key checks on excessive convention. Further, the institutionalization of deliberate net and risk assessment of defense-relevant shocks, reasoned judgments about their origins, and preliminary analysis of the most appropriate responses to them promises to routinize prudent hedging in DoD strategy and planning. Finally, serial assessment of potential shocks underwrites DoD relevance and resilience in an increasingly unconventional strategic environment. The most recent National Defense

Strategy (NDS) captures this idea when it observes: “The [Department of Defense] should also develop the military capability and capacity to hedge against uncertainty, and the institutional agility and flexibility to plan early and respond effectively alongside interdepartmental, nongovernmental and international partners.”⁹

The Department of Defense is doing valuable work on strategic shocks. That work must endure and mature through the upcoming political transition. DoD has initiated an embryonic effort on “strategic trends and shocks.”¹⁰ In a critical period of political transition, it might lose momentum with the inevitable change in defense leadership. This would be unfortunate. The new Secretary of Defense and his or her team must continue to build on the work done thus far. Careful examination of the most plausible and disruptive strategic shocks should be routine in all future defense strategy, planning, and decisionmaking.

“KNOWN UNKNOWN”: PREDICTABLE BUT UNPREDICTED STRATEGIC SHOCKS¹¹

(T)here are some risks to national security which . . . can be conceived, but not predicted or fully anticipated. Because they cannot be anticipated, such events are very difficult to plan for effectively. At least two reasons apply. First, by their very nature, these events alter the international system by their reversal of significant trends, thereby undermining the facts upon which future planning is built. Second, many of these events fall outside the scope of traditional or permitted defense planning.

— Sam J. Tangredi¹²

Strategic shocks change the nature of “the game” itself. To Peter Schwartz and Doug Randall, strategic shocks (or “strategic surprises” in their lexicon) are “game changing events.”¹³ Their occurrence suddenly discredits many or all preexisting assumptions about the environment and those conventions that govern effective navigation through it. Schwartz and Randall conclude:

Strategic surprises . . . are those . . . events that, if they occur, would make a big difference to the future, force decisionmakers to challenge their own assumptions of how the world works, and require hard choices today.¹⁴

Schwartz and Randall distinguish strategic shocks or surprises from other contingencies. They argue that they (1) “have an important impact on . . . [the] country”; (2) stretch conventional wisdom in ways that make “it difficult to convince others that the surprise is even possible”; and, finally, (3) are so complex that it is “hard to imagine what can be done in response.”¹⁵

Employing the term “wild card,” John L. Peterson defines strategic shocks as those events that have “a direct effect on the human condition”; have “broad, important and sometimes fundamental implications”; and finally, rise and mature “so fast that there is not enough warning to allow the rest of the system to adjust.”¹⁶ Thus, game-changing strategic shocks catch national security institutions like DoD by surprise by the speed of their onset, as well as by the breadth and depth of their impact. Strategic shocks suddenly and irrevocably change the rules of the game, as well as the contours and composition of playing surface itself.

In a defense context, strategic shocks manifest themselves as sudden surprises to DoD’s collective consciousness. They pose grave risks—perhaps even lasting and irreversible harm—to one or more core

security interests. Defense-relevant shocks force sudden, unanticipated change in DoD's perceptions about threat, vulnerability, and strategic response. Their unexpected onset forces the whole defense enterprise to rapidly reorient and restructure institutions and employ institutional and operational capabilities in fundamentally different ways, against fundamentally different challenges.

Some of the most plausible defense-relevant strategic shocks remain low probability events. Nonetheless, their impact is so fundamental and consequential that hedging against them is a critical activity for the entire defense enterprise. Again, the post-9/11 period is a clinic in this regard.

Defense-relevant strategic shocks present senior leaders and strategists with complex conceptual challenges. Defense-relevant strategic shocks are thunderbolt events. Absent prior consideration, strategic shocks catch senior defense leaders and strategists flat-footed. They are so strategically dislocating that they cause sudden defense adaptation to new, unfamiliar rule sets or the absence of rules altogether. Defense leaders and strategists are forced by circumstances to make snap judgments on the future efficacy of standing defense paradigms — all under the pressure of time and rapidly changing circumstances. As a consequence, responses to them are vulnerable to having hope and chance versus prudent risk-informed planning as their foundations.

Taking some exception with Tangredi's observation above, they are at once both predictable (and often predicted) but also un- or inadequately anticipated and accounted for.¹⁷ According to a 2007 Naval Postgraduate School (NPS) report, "In hindsight, it is clear that most shocks are the product of long-term trends, and are

