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## NATO, strategy and net assessment \*

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In late 2020, analysts recommended for the first time the establishment within NATO of a net assessment (NA) capability to deal with an increasingly complex strategic environment.<sup>1</sup> The same recommendation was reiterated in the NATO 2030 report to address the problem of “strategic simultaneity”: i.e. the emergence of multiple, simultaneous and interconnected threats. According to the Reflection Group appointed by the Secretary General, “NATO should consider creating a new net assessment office [...] with the mission of examining NATO’s strategic environment on the basis of agreed threats and challenges across the whole spectrum of military and non-military tools. [...] A net assessment function [...] would bring a systematic methodology distinct from horizon scanning. It would exist to analyse the organisation’s strengths and options [...]”.<sup>2</sup>

The term NA was first coined in the US during the early 1970s by national security official Andrew W. Marshall to refer to a constellation of concepts and techniques for evaluating relative power. In Western usage, however, and for some decades now, it has been employed in a broader sense to denote the function of combining the appreciation of one’s own strength against that of one’s opponents in international affairs at the highest level.

The NA function is firmly entrenched in Russia’s national security establishment. It is a legacy of the Soviet era, and is regularly applied to inform both political-strategic and defence planning decisions. An NA capability has also been recently established within the UK Ministry of Defence “to boost strategy-making capability” and figure out “how much strength is required, and of what kind”.<sup>3</sup> NATO also possesses an NA capability: a small cell was established at the Defence Policy and Planning Division in 2010 to make sure that the Alliance Headquarters (HQ) was not completely dependent on the Supreme Headquarters Allied Powers Europe (SHAPE) in this regard.

To determine whether or not NATO should adopt NA as one its tools for developing strategy, this *Policy Brief* provides an overview of the concept; illustrates its connection to strategy; examines its content; and considers how NA would alter NATO’s strategic decision-making. Such an analysis lends itself to an appreciation of how NA could fine-tune NATO strategy-making and address the problem of “strategic simultaneity”.

\* This *Policy Brief* is published together with A. Gilli, “Net assessment: ‘competition is for losers’”, *NDC Policy Brief*, No.9, May 2021.

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1 Amb. T. Koster and I. Barzashka, “Revitalize NATO’s grand strategy”, Atlantic Council NATO 2020 podcast.

2 NATO 2030: United for a New Era Analysis and Recommendations of the Reflection Group Appointed by the NATO Secretary General, 25 November 2020, p.24.

3 C. Reach, V. Kilambi, M. Cozad, *Russian assessments and applications of the correlation of forces and means*, Santa Monica, RAND, 2020; G. Elefteriu, *A question of power: towards better UK strategy through net assessment*, London, Policy Exchange, 2018.

## The link between net assessment and strategy

In order to understand how a NA capability might serve NATO, it is necessary to transcend simplistic notions such as “one of the multiple approaches to strategy” or “what you do before strategy”.

*Net assessment can be understood as one of the mechanisms encompassed by strategic appraisal, specifically the one concerned with interrelating evaluations of the adversary's strength with appreciation of one's own*

Strategy is the *calculated* relationship of means to ends: the links that are established between the two are deliberate, rather than fortuitous. These links are generally based on some form of investigation of the present and future condition of the international environment. Such a diagnostic effort undergirds the entire strategy-making

process and serves as the basis for developing a strategy's “*if x, then y*” type of statements about ends and means. In principle, this may occur informally and in a purely intuitive way, as policymakers, national security officials and senior military leaders get together and exchange judgments grounded in their own competences and experiences.

In reality, however, this diagnostic activity takes place in a more structured, stove-piped, and analytical way. The overall appraisal is segmented into distinct mechanisms or functions, with discrete organizational entities tasked with identifying and tackling different issues deemed strategically relevant. Diagnosis is often conflated with planning.<sup>4</sup> This process is how national security councils in several NATO countries conduct strategic appraisal, by way of various specialized units and groups performing specific types of assessments. NA can be understood as one of the mechanisms encompassed by strategic appraisal, specifically the one concerned with interrelating evaluations of the adversary's strength with appreciation of one's own.

Two aspects related to the general nature of NA are relevant for this discussion. Firstly, NA serves strategy instrumentally. Other mechanisms – take “threat assessment” – define the content, the *what* of strategy, and identifies threats materializing in the strategic environment. NA, by contrast, construes the *how* of

<sup>4</sup> M. Augier and A. W. Marshall, “The fog of strategy: some organizational perspectives on strategy and the strategic management challenges in the changing competitive environment”, *Comparative Strategy*, Vol.36, Iss.4, 2017, pp.275-292.

strategy, evaluating comparative strengths between oneself and other subjects in the external environment identified as enemies or competitors.<sup>5</sup>

Secondly, NA concerns every type power, but only comes into play when prospective confrontational applications are on the horizon. NA has often been portrayed as the comparative analysis of “hard power”. This expression, however, does not refer to power's material bases, but rather to their relational mode of employment. In both principle and practice, NA can be employed to assess any type of power, even “structural power”.<sup>6</sup> It is important to bear in mind, nonetheless, that it remains concerned only with a certain type of power behavior, namely competitive and conflictual ones. In its 1977 “Comprehensive Net Assessment”, the Carter administration considered the US/USSR balance of power also in terms of diplomatic and cultural/ideological tools. Yet, it assessed only possible competitive applications.

It follows that a new NA office would work in co-ordination with NATO's threat assessment function, the Joint Threat Assessment (JTA), to assess and rank *previously agreed* threats as suggested in the NATO 2030 Report. Moreover, a new NA office could support NATO in the development of competitive strategies concerning China and Russia, specifically designed to leverage the advantages of the Alliance and the weaknesses of Beijing and Moscow. At the same time, however, NA could not be employed to support all of NATO's core tasks. Since NA deals with adversarial applications of power, it would prove most useful in serving NATO's core task of Collective Defence, much less so for Crisis Management and Cooperative Security, which are characterized by a broader spectrum of strategic relations, most prominently non-adversarial ones.<sup>7</sup>

## Variants of net assessment

In terms of analytical methodology, NATO's possible NA office could perform its task in two different ways. NA renders judgments on what may happen in the future based on whatever information, even if partial, is available in the present by harnessing a wide array of qualitative and quantitative techniques. It

<sup>5</sup> S. P. Rosen, “Net assessment as an analytical concept”, in A. W. Marshall, J. J. Martin, and H. S. Rowen. (eds.), *On not confusing ourselves: essays on national security strategy in honor of Albert and Roberta Wohlstetter*, Boulder, Westview Press, 1991.

<sup>6</sup> J. G. Roche and T. G. Mahnken, “What is net assessment?” in Thomas G. Mahnken (ed.), *Net assessment and military strategy retrospective and prospective essays*, Amherst, Cambria Press, 2020, pp.12, 15, 19.

<sup>7</sup> J. Nye, *The future of power*, New York, Public Affairs, 2011, pp.7-15.

generates “conjectures” on how strategic interactions with an opponent may evolve and produce strategic consequences.<sup>8</sup> At least two variants of this process can be identified in the US experience with NA. Both emerged between 1969 and 1971 after President Nixon and special assistant for security affairs Kissinger decided to establish a national NA function. These might be called “optimization of choices” and “identification of asymmetries”.

The first approach emerged in the Pentagon around 1969 through a series of experimental papers and study groups. At its core, it was reminiscent of the analyses produced in previous years by the Office of Systems Analysis (OSA). In fact, it developed interactive analyses of US and Soviet military forces on the basis of the method of “sub-optimization”: determining the best solutions for lower-level components of the force structure in order to approximate the best possible overall solution. It combined military and economic criteria (costs and effectiveness), and provided a single best estimate (although in a high/low range), rather than alternative possible trajectories of interactions between the US and the USSR.<sup>9</sup> In contrast to previous approaches however, the new NA methodology related empirical data about current and future forces to strategic objectives as deduced from policy.<sup>10</sup> Introducing the actors’ goals as reference parameters for the assessment was considered fundamental for generating more realistic, “adversarially-detailed” input for strategy. Methodologically speaking, this variant of NA proceeded top-down and then bottom-up. It compared alternative possible “blue” and “red” force structures projected for approximately 10 years into the future, on the basis of financial, technological and military-operational criteria.

The second variant emerged around 1970-71 and capitalized on the work of the Net Evaluation Sub-Committee (NESC). The NESC was active during the Eisenhower Administration and entrusted with providing an analytical basis for political-military planning. The NA approach originally crafted by the NESC was later adopted by the Bureau of Intelligence and Research (INR) at the Department of State. The approach was essentially a diagnostic “estimate of the situation”, a descriptive study of the political and military balance between the US and Soviet

Union. It dealt with the relationship between existing, planned and projected Soviet and US forces and relied on a broad approach that generated inferences drawn through a process of deduction to induction.<sup>11</sup> The peculiarity of this approach was that it avoided reaching specific conclusions. Rather, it highlighted critical elements in the balance power, pointing out “asymmetries” between oneself and competitors implicit in projected courses of action that could then turn into opportunities and/or risks.

In the first years of the Nixon administration, the INR strove to institutionalize this NA approach at the national level. Such an effort found a staunch supporter in Andrew W. Marshall, who at the end of 1971, had been appointed director of the Net Assessment Group (NAG) in the National Security Council (NSC). In two papers prepared for the NSC, *The Nature and Purpose of National Net Assessment* and *National Net Assessment Procedures*, Marshall explained why he considered such a descriptive “macro-analytical approach” more useful. In his view, first, an NA approach which described the evolutionary trajectory of the balance of

power and explained the causes underlying it (without prescribing options), would allow for decision-makers to directly and continuously revise strategic assumptions.<sup>12</sup> Secondly, by highlighting major emerging areas of risks and opportunity in national security, NA would implicitly provide a broader analytical base from which policymakers could draw, enabling them to develop a greater number of (potentially) more creative strategy options.<sup>13</sup>

*The general effect of net assessment is to “adversarilize” strategy: to connect it more closely with the choices of adversaries populating the strategic environment*

## Net assessment and NATO strategy-making

As anticipated by those who developed them, the two methodological variants of NA do not impact strategy in the same way: optimization of choices generally makes strategy more adversarially efficient/effective

8 R. Kugler, *Policy analysis in national security affairs. New methods for a new era*, Washington, DC, National Defense University Center for Technology and National Security Policy, 2006, p.20.

9 P. Karber, *Net assessment for SecDef future implications from early formulations*, Washington, DC, Potomac Foundation, 2014, pp.31-41.

10 See for instance: Melvin Laird Papers, Gerald Ford Presidential Library, Box A82, Folder: Net Assessment White House, 1972.

11 R. Cline, *Secrets, spies and scholars: blueprint of the essential CIA*, Washington, DC, Acropolis Books, 1976, p.141.

12 A. Krepinevich and B. Watts, *The last warrior: Andrew Marshall and the shaping of modern American defense strategy*, New York, Basic Books, 2015, pp.121-153.

13 A.W. Marshall, “Nature and objectives of a national net assessment program”, 9 April 1973, *CLA Crest*, pp.1, 2.

by delineating adversarial micro and/or meso-choices. “Identification of asymmetries” on the other hand, lays down the basis for a more purely “competitive” strategy by outlining adversarial macro-choices for policymakers to consider. The general effect, however, is to “adversarialize” strategy: to connect it more closely with the choices of adversaries populating the strategic environment. Although limited to the collective defence core task, such an effect could represent an important contribution in the management of “strategic simultaneity”.

“Simultaneity” is a particularly acute problem for NATO in light of the Alliance’s pattern of strategy. Over the last decade, strategy has been put off balance by the integration of what Luttwak calls the “vertical

and horizontal dimensions” of strategy: the alignment of both objectives (vertically) and adversaries (horizontally). Strategy in NATO has, in other words, tended to emerge as a stream of apportionment decisions aimed

*Incorporating a mechanism such as Net assessment would help the Alliance achieve a better vertical/horizontal balance in strategy*

to produce a very broad toolbox of defence resources firmly connected to the Alliance’s multiple goals, but tenuously linked with its strategic environment and opponents.<sup>14</sup>

To a certain extent, this is unavoidable in an organization which must accommodate a multiplicity of diverging threat perceptions and levels of capabilities, in addition to addressing the requirements of a shifting strategic environment. Strategy-making within NATO has always proven a complex coordination game, to the point of being labeled as an “odyssey”.<sup>15</sup> In the last 10 years, the process has been further complicated by the enlargement of the Alliance and the multiplication of its core tasks. The particular nature

of NATO’s strategy, however, can also be ascribed to the very structure of the NATO Defence Planning Process (NDPP).<sup>16</sup> The NDPP adopts in fact a “bottom-up” approach. It uses existing forces rather than required ones as the baseline reference. Moreover, supporting analysis for the NDPP focuses on capability requirements and risks relative to a broadly defined “Level of Ambition (LOA)”, rather than on specific objectives. These features, designed around the collective nature of NATO’s strategy-making for the purpose of attuning divergences in ends and means between the Allies, inevitably ends up favoring vertical over horizontal integration in strategy.<sup>17</sup> Neglecting the “horizontal dimension” of strategy, in turn, makes the management of “strategic simultaneity” extremely difficult.

Incorporating a mechanism such as NA, which specifically addresses strategy’s “horizontal dimension”, would significantly improve the NDPP process and help the Alliance achieve a better vertical/horizontal balance in strategy. By providing objective common “adversarial” yardsticks, NA would contribute to injecting into NATO’s strategy a unitary, consistent, logic of execution – exactly what is currently missing. For instance, as a recent study demonstrated, employing NA to develop NATO strategy *vis-à-vis* Russia would generate more “bang for the buck” for each member of the Alliance, as well as provide increased overall coherence to the strategic effort.<sup>18</sup>

In light of the above, it is possible to conclude that NA could contribute to the breaking of “strategic simultaneity”. It would do so, first, by linking NATO’s strategy to the strategic environment and the opponents and competitors populating it in a permanent and structured manner. Second, NA would enable more solid specification of domain and scope in the generation and employment of defence resources.

14 J. Becker and R. Bell, “Defense planning in the fog of peace: the Transatlantic currency conversion conundrum”, *European Security*, Vol.29, Iss.2, 2020, pp.125-148.

15 D. Ruiz-Palmer, “A strategic odyssey: constancy of purpose and strategy-making in NATO, 1949-2019”, *NDC Research Paper*, No.3, June 2019.

16 J. R. Deni, *Security threats, American pressure, and the role of key personnel: how NATO’s defence planning process is alleviating the burden-sharing dilemma*, Carlisle, USAWC, 2020.

17 A. Campbell, “Analytic implications of the NATO Defence Planning Process”, SAS-081 Specialist Team Summary Report, The Hague, NATO C3 Agency, 2010.

18 A. H. Cordesman, *NATO’s “brain death” burden sharing blunders. Focusing on the right investment, force strength, and readiness needs*, Washington, DC, Center for Strategic and International Studies, 2019.



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