



RISK (PART TWO)



INTRODUCTION

“Risk” has traditionally been thought of and quantified in terms of vulnerability- “How much risk am I holding since Adversary X has Capability Y that I have no countermeasure for?”. This type of risk is quantifiable by the equation $\text{Objective} \times \text{Threat} \times \text{Capability/Vulnerability} = \text{Risk}$ but is not representative of Total Risk (it is only half of the Risk equation). Missing from this consideration is the concept of Risk assumed from inaction- the opportunity cost for not exploiting an adversarial vulnerability or shaping the competition space for U.S. advantage.

While an adversary’s application of a capability we are vulnerable against could result in catastrophe for the US and/or Allied Partners, the lack of action taken during a “window of opportunity” could have equally catastrophic results. As an example, consider the costs had NATO and the US not intervened to help supply Ukraine with advanced weaponry when Russian forces invaded in February 2022. Inaction would have led to an emboldened Russia overwhelming Ukrainian forces/citizens and likely continuing to push into Estonia, Latvia, and Finland, resulting in a significant blow to NATO, the U.S., and Western nations.

Another example is North Korea’s and/or Iran’s (or both) possession of a “nuclear option”. Failure to assume risk and act early to disrupt these efforts will likely result in these two nations possessing a potentially catastrophic and globally disruptive capability. While there would have been risk associated with taking covert/ clandestine actions to prevent Nuclear capable Iran and North Korea, that risk pales in comparison to the risk the U.S. assumes with both nations able to collapse the global economy and kills millions with nuclear attacks against Japan, South Korea, and Israel (to name a few).



THE PIVOT TO GREAT POWER COMPETITION

From 2001 to 2021 the U.S. engaged in a Counter Insurgency and Kinetic campaign against violent extremists. Risk assessments were much simpler as most of the attacks were of high likelihood but low impact (compared to a WMD attack, large scale state sponsored attack...etc.), with the enemy possessing less complex/robust capabilities when compared to U.S. and Partner Allies. The calculus for taking action was simple- usually based off available intelligence and predetermined thresholds for battle/collateral damage assessments.

The shift from the Global War on Terror to Great Power Competition requires a paradigm shift in many areas- time horizons (efforts measured in years/decades vice four-month deployments), effects (less kinetic and more strategic/shaping), and risk mitigation (offensive and defensive). The U.S. no longer benefits from the technological and resource advantages we enjoyed during the previous twenty years, as both China and Russia possess near peer capabilities that require a much more sophisticated and complex strategy. Competition for the foreseeable future will take place in the “Gray Zone”- that area just below the threshold of conflict where asymmetric activities, intelligence collection, and low intensity conflict occurs.

Gray Zone activities require a new and improved method for calculating risk- a framework that quantifies the risk associated with a specific activity, as well as the risk of inaction. A sufficient framework is even more important when considering the “lead times” associated with placement/access and capability development. The risk/reward framework must be implemented early to afford time to simultaneously build placement/access while developing the capability as it would prove wasteful to develop either/both without the political will to employ the capability and conduct the Gray Zone action.

SPECIFIC AREAS OF FOCUS

Strategy/Guidance Review



The first requirement is a cohesive strategy that folds in the full spectrum of options afforded by the U.S. Government- conventional, asymmetric, clandestine/covert, overt...etc. GPC requires stronger (overt) global alliances through DoD partnerships, diplomatic relations, and private sector investment as well as options provided by Gray Zone activities in the form of intelligence collection and disruptive activities. Breaking 20 years of learned experience from the COIN strategy will be difficult and clear guidance through Strategy and Policy is a required foundation to break the paradigm and make the pivot to Great Power Competition. This strategy must prioritize adversaries, desired effects, and address the need to shift to longer time horizons and less kinetic activities.

Risk of Action



Risk vs Reward must be assessed early to prioritize efforts for building placement/access and capability development to fund efforts that will provide viable options to Decision Makers. Efforts that would not meet the litmus test of “political will” should be avoided so resources can be better focused and utilized on those actions most likely to be supported by leadership. A framework can easily be developed that quantifies the risk of action (events go south) against the reward of action (if events go as planned) with an understanding that those efforts that meet a minimum threshold will be prioritized and those that do not will be “put on the shelf”.

Risk of Inaction/Opportunity Cost



Once an organization has identified and prioritized potential GPC efforts that organization should re-evaluate the list through the lens of “Risk of Inaction”- focusing on the potential future ramifications of inaction to see the impact on risk vs reward (specifically reward). While the risk vs reward may be unappealing for an action vs China today, when placed in the context of inaction leading to China’s occupation of Taiwan in 5-10 years that action may become more appealing (risk increases). This additional framework/consideration is valuable in highlighting the cost of inaction- doing nothing will lead to adversaries gaining competitive advantage and placing the US and Allied Partners in vulnerable positions.



CONCLUSION

The pivot to Great Power Competition requires a paradigm shift in strategy, and just as importantly, in risk calculus. Risk of action (potential risk vs reward) must be balanced with risk of inaction (future potential outcomes) to prioritize efforts for resourcing/support. The U.S. must conduct the following steps to maintain competitive advantage and be effective in Great Power Competition and Gray Zone Activities:

Specific Efforts

- Strategy/Policy Update: Break paradigm of short time horizons and kinetic strikes to pivot to MUCH longer time horizons with less kinetic actions/activities.
- Risk vs Reward Analysis: Develop a framework and threshold to identify efforts that will be met with support/political will to ensure the most realistic efforts receive maximum support/resourcing.
- “Layer in” Risk of Inaction Analysis: Analyze potential efforts from the lens of future implications to ensure future opportunities are not excluded and missed at the expense of short time horizon thinking.