

MITT ROMNEY
UTAH

COMMITTEES
FOREIGN RELATIONS
HEALTH, EDUCATION, LABOR,
AND PENSIONS
HOMELAND SECURITY
AND GOVERNMENTAL AFFAIRS
BUDGET

United States Senate

SR-354
RUSSELL BUILDING
WASHINGTON, DC 20510
125 S. STATE STREET
#8402
SALT LAKE CITY, UT 84138

August 2, 2022

The Honorable Lloyd J. Austin III
Secretary
U.S. Department of Defense
1000 Defense Pentagon
Washington, D.C. 20301

Dear Secretary Austin,

Among the most alarming lessons the world is learning from Russia's invasion of Ukraine is the extent to which the United States and our western allies were caught off guard about the true strength of Russia's military. Countless inaccurate assessments provided clear evidence that the United States must invest far greater resources in understanding how our own military power stacks up against not only Russia, but also China.

This was reinforced in a recent *Politico* piece headlined, "The U.S. overestimated Russia's military might. Is it underestimating China's?"¹ It revealed troubling blind spots U.S. analysts had about Russian military strength in the lead-up to the Russian invasion of Ukraine, as well as about the true strength of the Chinese military. It has been more than 18 months since I led an effort in Congress to require such an assessment of our military investments. Not only has the Pentagon failed to report to Congress, but it is my understanding that the work has not begun. If true, it would represent a shocking admission about the state of our military readiness.

What little we do know about both Russia's and China's military budgets makes it painfully clear that they are not messing around. Chairman of the Joint Chiefs of Staff General Mark Milley laid out the problem in his 2021 testimony to the Senate Armed Services Committee, stating, "combined, the Russian and Chinese budgets exceed our budgets if all the cards are put on the table."

We need to understand not just the basic dollar-to-dollar investments of the U.S. as compared to the PRC and Russia militaries, but what that dollar represents. This information is critical for making decisions about how the U.S. should invest in our own defense capabilities.

China is undertaking a military buildup even faster than we had previously anticipated, with plans to build at least 1,000 nuclear warheads by 2030. Conventional wisdom holds that the Chinese defense budget is somewhere between \$200-\$250 billion per year, a figure we know is a

¹ Nahal Toosi and Lara Seligman, "The U.S. overestimated Russia's military might. Is it underestimating China's?," *Politico*, 15 June 2022, <https://www.politico.com/news/2022/06/15/china-military-00039786>.

considerable underestimate.² Numerous more nuanced analyses of the Chinese defense budget have found that the “official budget” is potentially three to four times larger than reported—which would make it rival the size of the U.S. defense budget.³

Accurate assessments will also require basic adjustments when comparing one budget to another. For example, the U.S. military incorporates \$130 billion per year for research and development into its publicly available budgets. However, because China does not classify R&D in this way, its military spending seems artificially low.

Meanwhile, Russia, after spending years rebuilding its military and offensive cyber capabilities, is waging a war of aggression not seen in Europe since WWII. Russian leaders insist that they will continue their military buildup, even as worldwide sanctions try to disrupt the supply chains they depend on for production. It is in our interest to understand the effect that U.S. sanctions are having on Russia’s military budget.

Historically, there have been efforts to compare the U.S. military capacity to that of our adversaries. During the Cold War, the Department of Defense and intelligence community spent significant time, money, and intellectual capital trying to determine what the Soviets were spending on their military.

Today, no such effort exists, despite the fact that the threat is arguably greater. That is why, over two years ago, I wrote Sec. 1299H in the Fiscal Year 2021 National Defense Authorization Act. Sect. 1299H mandates that the Department of Defense conduct a study to understand how China and Russia are investing in themselves, their manpower, maintenance, new conventional and nuclear weapons, emerging capabilities like cyber weapons, and how that stacks up against our own budgeting.

The law is quite simple—it asks the Pentagon to initiate a government study on this issue. And it asks for a second study by a Federally Funded Research and Development Center (FFRDC) to offer Congress a second opinion.

However, this government study—which was to be completed within 270 days of the passage of the 2021 NDAA—is yet to be completed. Worse yet, my understanding is that while the Department of Defense has tasked the Office of Net Assessment to assign a suitable FFRDC, it has yet to assign responsibility for the Department of Defense’s own legally mandated study.

² Office of the Secretary of Defense, “Annual Report to Congress: Military and security developments involving the People’s Republic of China 2021,” A Report to Congress pursuant to the National Defense Authorization Act for Fiscal Year 2000, <https://media.defense.gov/2021/Nov/03/2002885874/-1/-1/0/2021-CMPR-FINAL.PDF>.

³ Frederico Bartels, “China’s defense spending is larger than it looks,” *Defense One*, 25 March 2020, <https://www.defenseone.com/ideas/2020/03/chinas-defense-spending-larger-it-looks/164060/>; Bill Greenwalt, “China already outspends US Military? Discuss,” *Breaking Defense*, 26 May 2021, https://breakingdefense.com/2021/05/china-already-outspends-us-military-discuss/?_ga=2.161350397.1728286861.1621772633-445985842.1617620837; Jacqueline Deal, “China could soon outgun the U.S.,” *Politico*, 27 May 2021, <https://www.politico.com/newsletters/politico-china-watcher/2021/05/27/china-could-soon-outgun-the-us-493014>; Sydney J. Freedberg Jr., “U.S. defense budget not that much bigger than China, Russia: Gen. Milley,” *Breaking Defense*, 22 May 2018, <https://breakingdefense.com/2018/05/us-defense-budget-not-that-much-bigger-than-china-russia-gen-milley/>.

The FY21 NDAA was signed into law on January 1, 2021. It has now been over 18 months since that became law, making this critical study nine months overdue.

Notably, the FY22 NDAA (Sec. 1052) required that this report, among a few others, be submitted to Congress before the Secretary of Defense can spend the last 10% of his travel budget.

Therefore, I am writing to request that you immediately fund and complete the studies. I understand that the Department of Defense is under significant burden from the legislative branch to review policy and other processes. However, failure to do the report is not just a failure to uphold the law, but a failure in adequately protecting this nation. The U.S. needs this information to plan, to budget, and to establish good policy towards Russia and China.

I respectfully request that you respond to the following questions within 14 days of receipt of this letter with the following information:

- 1) Which office at the Department of Defense is assigned the responsibility of the study?
- 2) What is the timeline for the studies completion by an FFRDC?
- 3) What is the timeline for the study's completion by the Department of Defense?

We have to ask the right questions and get the right data—and we have to do it now.

Sincerely,



Mitt Romney
United States Senator