GLOBAL POLICY AND STRATEGY INITIATIVE

Managing National Security in a Time of Geopolitical Transition

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Geopolitics refers to conditions that influence the economic and foreign policy interactions among states. A geopolitical transition, in turn, introduces changes in political alliances, in military technologies and weapons systems, in defense budget outlays, and in a supporting industrial base—all the variables that influence a military force posture intended to meet anticipated conflict scenarios.

The world currently is in such a transition—from the Cold War era that extended roughly from the end of World War II to 1991 to a new era that we and others term the "strategic competition era." This essay argues that the foreign policy and international economic issues arising in this strategic competition era require a radically different US national security structure than the one created for the Cold War era. The policies and institutions of the US defense apparatus were responses to the nature of the geopolitical environment that we then faced. Today's very different geopolitical landscape also requires its own approach and institutional frameworks rather than inherited systems from the past.

A key change in the current transition is China's rapid rise to a global military and economic power. For example, if China's nuclear arsenal increases from six hundred warheads in 2024 to perhaps fifteen hundred and is deployed not only on intercontinental missiles but also by capable long-range bombers and submarines, the world will shift from a bipolar to a tripolar nuclear world. In such a world, what is our understanding of how to establish deterrence or whether the valued US nuclear umbrella will still be effective for our allies?

The transition to the strategic competition era introduces new security-linked economic and business dynamics, as well. Transformative technologies such as artificial intelligence, quantum computing, ubiquitous space-based communications, and relatively inexpensive unmanned vehicles, for example, are being developed primarily by the commercial sector in both the United States and China. But as demonstrated already in the

A Hoover Institution Essay

May 2026

wars in Ukraine and in Iran, they have direct implications for the effectiveness and survivability of deployed conventional US land, sea, and air combat systems.

More broadly, US manufacturing economic competitiveness and capacity are arguably declining relative to China and some of our partner nations in the Indo-Pacific, while it is improving relative to Europe. This has implications for international trade in raw or refined critical materials, in intermediate components such as steel, and in advanced manufactured products such as batteries and semiconductors. Tariffs are a wild card. In a more dangerous world, what are the options for benefiting from comparative advantage through trade while reducing vulnerability to coercion in critical supply chains?

This essay draws on the experiences in government of one of its coauthors to describe the changes needed for the United States to manage the transition from the national security posture in the Cold War era to the strategic competition era.[1]

UNVEILING THE PROBLEM

Misalignment of the existing US national security posture to the challenges of this new era initially emerged from studies commissioned by Congress: the bipartisan FY 2022 report *America's Strategic Posture*; the Biden administration's 2022 *National Security Strategy*, which focused on competition with Russia and China; and the 2024 report of the quadrennial congressional Commission on the National Defense Strategy.[2] Although there are some differences between these reports, they are strikingly similar in the dramatic changes that they expect the allies will face in the mid-2030s and in the judgment that the United States is unprepared to meet challenges from two nuclear peers, Russia and China (possibly allied). The final twenty-two pages of recommendations of the report on *America's Strategic Posture*, while not making specific program recommendations or presenting cost estimates, include dozens of candidate programs that imply massive technological changes and increased US defense expenditures.

Similarly, in January 2023, Michael Boskin and colleagues in the Hoover Institution's Defense Budget Working Group gathered over thirty experts with experience in the Department of Defense (DOD), Congress, the uniformed military, and the commercial sector to present papers on various aspects of national security that form the context for defense budgeting. Their results, summarized in a book entitled *Defense Budgeting for a Safer World*, echo recommendations like those found in the drier congressionally commissioned national security reviews.[3]

President Trump's more recent 2025 *National Security Strategy* takes a turn from past national defense strategy approaches. Although the strategy maintains continuity in some areas such as the Indo-Pacific, it de-emphasizes "great-power competition" attention away from Europe and toward the Western Hemisphere. It also focuses on reestablishing US economic strength as an element of national security.[4]

Although these studies imply costly major program additions for the new strategic competition era, they do not address how the United States should modify its underlying national security system and strategy to adapt to the new geostrategic circumstance. During more stable geopolitical periods such as the Cold War era, changes to the national security posture took place in annual cycles of budget and program reviews undertaken by the executive branch and Congress, which added and subtracted funds among established budget categories. However, times of changing military threats, new technologies, and evolving alliances require broader rethinking about how our national security should be organized and managed.

Three areas in particular deserve new thought in the strategic competition era: the defense budget; the defense industrial base; and the national security planning and implementation system.

HOW MUCH ADDITIONAL SHOULD BE SPENT ON DEFENSE?

The transition from one geopolitical era to the next occurs gradually. For example, the collapse of the Soviet Union in 1989 portended a sharp decline in the military security risks facing the United States, which led to a bipartisan public outcry to reduce defense spending and produce a "peace dividend." Today, at the outset of the strategic competition era, the significant increase in Chinese conventional and nuclear capability and the behavior of North Korea and Iran have resulted in a perceived escalation in the military threat posed to the United States, which has led to bipartisan demand for a large increase in defense spending.

Ups and downs in defense spending depend on international circumstances. And since maintaining national security is expensive, the cost becomes a domestic political issue. During the Cold War era, defense spending fell as a percentage of gross domestic product (GDP) from a Korean War high in 1953 of roughly 13 percent to roughly 3.4 percent today, near the historic low (although the GDP today is about eleven times larger in real terms).

President Clinton, at the beginning of his first term in 1993, in response to public interest in reducing defense outlays, tasked the DOD to undertake a "bottom-up review" to determine an acceptable level of defense expenditures given the reduced military threat. The "bottom-up review" proposed a force posture adequate to meet "nearly two simultaneous conflicts" and recommended a spending decline in nominal annual growth rates from about 6 percent of GDP in 1990 to 4 percent of GDP in 2000.[5]

Moreover, since the fall of the Soviet Union, defense expenditures have been considered a discretionary (as opposed to mandatory) budget expense. The effect has been to keep defense expenditures as a percentage of GDP quite low. Since the withdrawal of forces from Afghanistan in 2021, US policy has been to keep discretionary spending below the growth rate of the economy. Between 2015 and 2025, nominal expenditures under

the National Defense Authorization Act rose at an average annual rate of 2.9 percent, according to the Congressional Budget Office (CBO).[6]

Official estimates of future spending project even smaller average annual increases. The CBO report *Long-Term Implications of the 2025 Future Years Defense Program* projects the DOD base budget (in 2025 dollars) to increase from $849.9 billion in 2025 to $901.4 billion in 2032, a 6.1 percent increase over the seven-year period.[7] The July 2025 One Big Beautiful Bill Act (OBBBA) included an additional $111.3 billion in the DOD budget for mandatory spending on specific defense programs that met some, but not most, bipartisan concerns. When added to the $850 billion FY 2026 authorization, the OBBBA allocation meant an unusual 14 percent increase in the 2026 DOD budget over the prior year, which signals an appetite for substantial future national security expenditure increases. President Trump's FY 2027 budget request, which includes a 40 percent increase for defense, confirms this signal.

Two changing elements in the transition to the strategic competition era directly inform US defense budgets going forward.

ROLE OF ALLIES AND PARTNERS

In the transition from the Cold War era, global economic and security relationships among countries have diverged. Although China has emerged as a major trading partner for many of our closest allies and partners, for example, the United States remains the security guarantor of choice. Such an arrangement was not the case with the Soviet Union. Michael O'Hanlon of the Brookings Institution asks: Can America still protect its allies? And can we handle two wars at once?[8]

Consider NATO's history: In 1949, twelve nations agreed to form a mutual defense pact to counter a perceived threat of Soviet Union conventional forces attacking Western Europe through Central Europe. Today, NATO has thirty-two European and North American member countries, bound together in part to halt Russia's expansion into Ukraine and possibly other Baltic or Balkan countries. Many NATO members have joined because of Article 5 of the treaty that states "an armed attack against any one country is considered to be an attack against all members," which is believed to be a safety guarantee against Russian aggression (though Ukraine is not a NATO member and most likely never will be). The United States effectively is the guarantor of Article 5; however, if asked to confirm this commitment today, it would be unlikely to do so.

There is sharp disagreement about how NATO expenses should be shared among member countries, and much unhappiness in the United States, which believes it is paying more than its fair share. For some years the United States has urged NATO members to increase their annual defense contributions to beyond the 2 percent of GDP "Defense Investment Pledge" made in 2014. Although many NATO countries have lifted

their defense spending in response to Russia's full-scale invasion of Ukraine in 2022, the NATO median contribution in 2023 was 1.82 percent. (The US contribution was approximately 3.4 percent of GDP and has been exceeded only by Poland.) President Trump's recent pressure on NATO to increase alliance spending, especially for support for Ukraine, has led NATO to consider a 5 percent annual "defense investment commitment."[9] Both Japan and Taiwan have recently pledged increased defense outlays. Of course, how these outlays are spent, for example, on equipment or military pay, is an important consideration.[10]

MOVING TO A LESS STABLE TRIPOLAR NUCLEAR WORLD

The common underlying concern of the recent national security reviews is that transition from the Cold War era to an era of strategic competition involves moving to a less stable, tripolar nuclear world. That instability results from the growth of Chinese long-range nuclear weapons capability. During the Cold War era, it seemed that China was satisfied with a doctrine of minimum deterrence that maintained sufficient retaliatory force to preclude attack. But beginning in the 1990s, China changed course and began a steady program of increasing production of nuclear warheads and their deployment on land-based intercontinental missiles. This has created great consternation in the United States as documented by annual DOD reports to Congress in 2024 and 2025 on military and security issues related to China.[11]

In the earlier Cold War era, nuclear stability was preserved by deterrence—durable deployment of Soviet and US nuclear forces that provided survivable forces able to withstand a surprise first attack by either party. Lengthy negotiations between the United States and the Soviet Union resulted in arms control agreements that set limits on long-range nuclear weapons arsenals that precluded the possibility of a disarming first strike. These agreements also limited the costs to the United States of producing and maintaining an ever-increasing nuclear weapons arsenal. The CBO in 2025 estimated that the cost of maintaining and modernizing the US nuclear forces—at the existing levels—will cost $946 billion through 2034.[12] An expansion to meet new deterrence needs would add to that cost.

It is not clear how to achieve comparable deterrence in a tripolar nuclear world. A firm tripartite treaty is most unlikely. The fact that China is likely to remain on the sidelines of any US-Russian arms control accord means that such a treaty will not provide stable deterrence. Informal arms control agreements (as opposed to binding treaties) or a sequence of partial agreements is more likely. The result will be confusion among the three principal nuclear nations and possible destabilizing pressure on smaller nuclear powers, such as North Korea, or inducement for some countries to acquire nuclear weapons capability, such as South Korea or the Kingdom of Saudi Arabia. This could lead to a return to the tense early Cold War era when nuclear war was considered more probable and a return to interest in significant civil defense measures.

CREATION OF A NEW DEFENSE INDUSTRIAL BASE

Technological advances are changing the modern battlefield. Artificial intelligence will have a great impact on the general economy, but it will also introduce major changes to military systems and operations, such as precise control of unmanned autonomous air and undersea vehicles, as well as disruption of digital communication. The major use of drones in the Russia-Ukraine war is evidence of the increasing role drones will play in delivering ordinance at both short and large distances to destroy targets. Russia has launched as many as six thousand drones per month into Ukraine and produces over one million drones per year. Ukrainian inexpensive, first-person view (FPV) drones cost about $400 per unit (below the cost of a guided artillery shell) and can be used to target individual personnel at short and medium ranges. And longer-range kamikaze drones, such as the Iranian-supplied Shahed models, can range hundreds of miles at a cost of tens of thousands of dollars.[13]

It is likely that increasingly sophisticated unmanned air and sea drone networks could replace some combat roles of expensive US long-range force projection systems, such as capable large surface-to-air missiles or high-performance tactical air and naval carrier task groups. They would complement new distributed sensing and information analysis layers that are also demonstrating military value. In the United States, development and production of such systems for both domestic and military applications often involves contracting with smaller and newer firms, or firms that otherwise take commercial risk in proactively developing their own products and technologies to meet customer needs in both civilian and defense sectors, rather than responding to contracts with military specifications.[14] The inherited US defense industrial base, on the other hand, currently is dominated by a few large military contractors: In 2024, the top five defense firms received 30 percent of all federal contract obligations.[15] The DOD defense acquisition system has been sharply criticized as being too lengthy, costly, and inflexible in its dependence on restrictive Federal Acquisition Regulation, military specifications, and cost-plus contracting. This practice leads to dependence on a small group of large defense contractors and an inability to take advantage of the skills of smaller firms.

The defense industrial base provides essential functions: It supplies equipment and systems, services required to operate deployed military systems, and standby capability to meet the needs of unanticipated conflicts. The base also must maintain a workforce that remains up to date with evolving technology. Integration of the commercial and defense industrial base offers the benefits of lower cost and more rapid innovation. In the strategic competition era, the DOD must find a way to take advantage of the skills of smaller, more agile firms that are developing new digital technology and artificial intelligence.[16]

Progress is now being made on a variety of initiatives to create a more efficient and flexible industrial base. One remaining challenge, however, is the difference in testing requirements. The commercial sector has testing requirements based on performance in the marketplace. The DOD places greater emphasis on operational test and evaluation

because it must establish a newly developed military system's effectiveness, suitability, and survivability in realistic combat environments.

Today, the concept of defense "innovation" has replaced the highly productive concept of "research and development" (R&D) for early-stage discovery in the Cold War era. Innovation is broader than research and development, and it refers to the entire process of inventing, developing, and deploying a new technology or business practice. In a time of rapid technological changes that lead to important commercial and military innovations, it is important for the DOD to encourage and accelerate such change. Congress and Pentagon leaders are aware that the defense industrial base needs to broaden its reach beyond traditional military contractors to accommodate a larger share of smaller, innovative, commercially driven firms. Elements of an emerging defense innovation ecosystem include the 2015 establishment of the Defense Innovation Unit, the 2022 opening of the DOD's Office of Strategic Capital, an external Defense Innovation Board with members from industry, and a host of procedural reforms as described in the DOD's 2025 *Acquisition Transformation Strategy*.[17] One can be skeptical that innovation can successfully be introduced from the top down, rather than the bottom up. Instead, ways need to be found to more systematically integrate selected parts of the commercial sector with the defense sector, including by shifting the incentives that individual acquisition program managers face—away from the risk-mitigation stance developed through the end of the Cold War era and toward a risk-reward framing that values the potential for outsized returns from unproven bets.

NEEDED STRUCTURAL CHANGES TO THE NATIONAL SECURITY PLANNING SYSTEM

All countries must create supervisory mechanisms to manage their national security and force planning. As this essay has noted, the United States, for example, needs to consider choices around the operation and cost of its defense posture in peacetime and in times of conflict, as well as in cooperation with allies. As each of these factors change through the strategic competition era, however, it is worth asking if a review of the adequacy of the present national security planning structure itself is warranted as well. So far, the executive branch and Congress seem satisfied to rely on the Cold War era annual budget cycle and committee supervisory mechanisms for considering changes to the rolling five-year budget plan as managed by the current executive branch national security planning structure, which spans multiple offices within the DOD and the interagency integrative function of the White House National Security Council.

An instructive example is the situation regarding US nuclear forces.[18] In 2022, the Biden administration's *Nuclear Posture Review* concluded that the historic triad—ICBMs (intercontinental ballistic missiles), SLBMs (submarine-launched ballistic missiles), and long-range bombers—needed to be updated.[19] This large and ambitious "modernization" program is, in reality, a "replacement" program as the new nuclear force structure will not have significantly greater capability against the more complex

tripolar threat, but it will maintain historic nuclear systems that successfully maintained deterrence in the bipolar Cold War era. In the United States, at present, questions are being raised about the adequacy of this planned US nuclear posture, in terms of both the number of weapons and the number and type of delivery vehicles needed to deter nuclear conflict in a world transformed by China's expanded nuclear capability. There are also recommendations for expanded theater-based nuclear delivery systems, such as air and submarine cruise missiles, "to provide a range of militarily effective nuclear response options to deter or counter Russian or Chinese limited nuclear use in theater."[20]

The choices that the United States makes on its nuclear program—what to do—is a policy decision that must match the geopolitical environment. But given the agencies involved in such decisions that span across the Department of State's arms control negotiation authorities, the Department of Energy's stockpile stewardship and weapons productions responsibilities, and the Department of Defense's delivery system and deterrence role, all as driven by presidential guidance, an institutional question is also prompted—how to make the choice. And there are few, if any, analytic techniques applicable to a tripolar nuclear world able to determine stable mutual deterrent postures of the sort that guided the outlines of nuclear arms control agreements that were present in the bipolar era, and necessarily high levels of classification in this space reduce transparency. This will lead to less-than-satisfactory program outcomes.

THE NATIONAL SECURITY SYSTEM IN THE COLD WAR ERA

The Cold War national security system evolved from the challenges of World War II, Korea, Vietnam, and the US-Soviet nuclear arms race. It involved close collaboration between the congressional authorization and appropriation defense committees, coordination across the various executive branch departments notably Defense and State, and it included the defense industry.

For interagency coordination, the 1947 National Security Act defined the management organization and decision-making structure for the National Security Council (NSC), chaired by the president. In years since, the NSC has established mechanisms to coordinate defense and foreign policy matters by government departments and across relevant agencies through both principals' and deputies' committees that report to the president and are supported by an in-house expert and analytical staff.[21]

The NSC organization in 1993 at the beginning of the first Clinton administration consisted of fifty-seven individuals, covering regional and international political/military and economic issues; by the year 2000 the total staff reached one hundred individuals.[22] The staff peaked around four hundred during the Obama administration and had fallen back to roughly three hundred by the Biden administration. President Trump, coming to office in his second term, undertook a major reordering of the "organization of the NSC and its subcommittees," sharply reducing its scope and size.[23]

The defense industry, meanwhile, has had a large voice because a significant fraction of the DOD budget is paid to firms that supply hardware and software under federal procurement contracts. Defense firms are required to follow the cumbersome and expensive Federal Acquisition Regulation, which slows the pace at which new technology and new commercial products, often with superior performance and lower cost, are incorporated into defense systems and operations.[24] (One of us was under secretary of defense for acquisition and technology in the first Clinton administration.)

Within the Pentagon itself, the famed five-year McNamara Planning-Programming-Budgeting System (PPBS), introduced by Secretary of Defense Robert McNamara in 1961, improved the efficiency of operations and maintenance, procurement, R&D, readiness, and personnel activities of the DOD by introducing a sequenced decision-making process. The conceptual advancement of this system was to cut through traditional interservice budget rivalry to instead focus on overall national security objectives (planning) as first defined in the NSC's National Security Strategy and further developed in the Pentagon's National Defense Strategy, the forces and equipment needed to achieve those objectives (programming), and the cost to develop and field that capability. The system influenced both the size of the proposed defense budget and the mix of land, naval, and air forces necessary to meet anticipated threats by analyzing conflict simulations. But its application was limited to defense.

Overall, in the simpler Cold War era, US national security posture focused on foreign military threats to the United States and its allies, the character and deployment of DOD military systems, supporting logistics, and intelligence and diplomatic capabilities required to deter such threats. This posture was derived from comparison of the consequences of alternative courses of action and strived to determine likely military outcomes from the deployment of military forces and resources required in each scenario. Importantly, such analysis relied to some degree on quantitative modeling and simulation. Absent a disciplined process, a cacophony of conflicting voices would otherwise broadcast the perceived interests of participants. But this analytic approach was not always successful, notably during the Vietnam War.

In practice then, during the Cold War era, analysis of the evaluation of alternative security proposals was in the hands of government employees and federal agencies. The pattern of tight central governmental control was similar in other countries, including across NATO, as well as in major adversaries such as the Soviet Union.

THE NATIONAL SECURITY SYSTEM IN THE STRATEGIC COMPETITION ERA

Security decision making in the new strategic competition era is vastly more complex than in the previous Cold War era. The geopolitical situation is more fluid, and the linkages between economics and national security are deeper. The US national security planning system must have answers, or at least credible stories, for a host of difficult questions. For example, what will be the capabilities of Chinese nuclear and

conventional forces? Will Russia and China be allies? What will be the conditions in the Middle East, especially regarding Iran? Will Chinese manufacturing continue to displace the United States in international economic markets? How will trade instability in international markets such as oil or gas affect armed conflict? Will climate change lead to water shortages and destabilizing migration?

A new strategy is needed to integrate the new economic and military policy and decision-making aspects of the strategic competition era, and that strategy needs to be supported by a new NSC organization. At the present time, the United States does not have a new NSC system fit for the purpose of the new strategic competition era—it has the traditional NSC with much reduced capability. (It has been forgotten that the original postwar concept for the NSC did in fact envision an economic security function, but this was largely unimplemented through the Cold War era.) Such limitations are already evident in conflicts of early 2026, where we can see both exemplary performance of our military operations and deep sectoral expertise across other relevant executive branch agencies, but a lack of integration across them in a way that would improve confidence in how tactical success will lead to strategic goals.

It is tempting to believe that the present NSC organization can be adjusted to manage the challenges of the new era by making discrete adjustments to existing functions and responsibilities. This is a chimera. The new geopolitical era requires a fundamental reassessment of the management of our national security affairs and the key elements of our defense structure to protect US interests and those of our allies. Such revisions need to be shared with US allies. It is not unreasonable to be skeptical about how this will work out. There have been occasions in US history when the necessity for a national security transition was recognized and substantial change to the national security structure occurred promptly, such as the outbreak of World War II, but not always.

The design principles for a new NSC structure should include the following:

- Consideration of the close coupling between defense and economic matters.
- A new tier in the NSC of analysts who have commercial experience and professional standing in the private sector. They must have access to classified material and defense sector practices to define options for the president regarding the costs and benefits of alternative courses of action that affect both national security and economic prosperity.
- No authority to override the formal NSC structure or military judgment.
- Mechanisms put in place to assure the knowledge accumulated by this new organization flows into the national security ecosystem where it will influence DOD practical operations and deployment decisions, in R&D, and in procurement.

- Adjustment in the scope and jurisdiction of congressional committees to conform to the more flexible and integrated defense and international economic policy structure.

Constructing such a new NSC system will not be easy. It will take some time to design alternative models and to deliberate on their merits. An independent advisory committee with broad membership drawn from public and private organizations with national security experience would be a productive first step along this path.

CONCLUSION

The transition from the Cold War era to the strategic competition era is not a matter of policy choice; it has happened because of the interacting policies and actions of all countries. World events will conform to the prevailing environment, with only gentle influence from multilateral institutions that now lack their previous standing. What is under a country's policy control is the choice of measures to develop and adapt to the new challenges. The new geopolitical reality includes the role of three major nuclear powers, injects international trade and competitive commercial innovation into international relations, and justifies fundamental reassessment of the adequacy of this country's current management of its national security affairs. The assessment should encompass reevaluation of US nuclear and nonnuclear force postures in a range of future conflict scenarios in consideration of our ability both to meet treaty obligations and to support US allies, assuring a US military industrial base capable of providing sufficient land, sea, and air weapons in circumstances of protracted conflict. In addition, the new geopolitical reality requires attention to emergent areas of economic competition that are adjacent to traditional security concerns, such as cooperation among willing allies to advance selected technologies and respond to trade distortions; or the creation of public-private mechanisms to improve the resilience of critical supply chains such as critical minerals. Both require an enhanced degree of commercial aptitude within government. Just as our inherited national security governance infrastructure was created in response to a changed world following World War II, we should think anew about how to preserve US security in this era.

NOTES

1. John Deutch has a history in defense and national security affairs. He began in 1962 as a systems analyst in the Office of the Secretary of Defense Robert McNamara. In the Carter administration's Department of Energy, he was the first director of energy research and under secretary of energy. In the first Clinton administration, he was under secretary of defense for acquisition and technology, deputy secretary of defense, and director of national intelligence. He has served on a variety of federal advisory committees related to energy and defense and as a board member of several defense companies.

2. Commission on the National Defense Strategy, cochaired by Madelyn Creedon and Jon Kyl, *America's Strategic Posture: Report of the Congressional Commission on the Strategic Posture of the United States* (Institute for Defense Analyses, October 2023); White House, *National Security Strategy* (October 2022); Commission on the National Defense Strategy, cochaired by Jane Harman and Eric Edelman, *Report of the Commission on the National Defense Strategy* (July 2024).

3. Michael J. Boskin, John N. Rader, and Kiran Sridhar, eds., *Defense Budgeting for a Safer World: The Experts Speak* (Hoover Institution Press, 2023).

4. White House, *National Security Strategy of the United States of America* (December 2025), https://www.whitehouse.gov/wp-content/uploads/2025/12/2025-National-Security-Strategy.pdf.

5. Les Aspin, *Report on the Bottom-Up Review* (US Department of Defense, October 1993).

6. This increase reflects both inflation and program additions. Many believe that a large portion of the 2015 OCO (Overseas Contingency Operations) expenditures should be more accurately classified as base DOD operating expenditures. If 100 percent of the FY 2015 $63.7 billion OCO expenditures is included in the base budget, the FY 2015 budget reaches $560 billion, which translates into $742 billion in 2025 dollars, an average increase of just 1.7 percent. We thank Michael Boskin for drawing our attention to his important point.

7. Congressional Budget Office, *Long-Term Implications of the 2025 Future Years Defense Program* (November 2024), https://www.cbo.gov/publication/60665.

8. Michael E. O'Hanlon, "The Fantasy of a Two-Front War," *Foreign Affairs* 98, no. 5 (September/October 2019): 14–20; Michael E. O'Hanlon, "America's Military Strategy: Can We Handle Two Wars at Once?," *National Interest*, June 6, 2024.

9. NATO, "Defence Expenditures and NATO's 2% Guideline," last updated July 7, 2023.

10. NATO Public Diplomacy Division, "Defence Expenditure of NATO Countries (2014–2023)," press release, July 7, 2023.

11. US Department of Defense, *Military and Security Developments Involving the People's Republic of China* (Annual Report to Congress, 2024 and 2025).

12. Congressional Budget Office, *Projected Costs of US Nuclear Forces, 2025 to 2034* (April 2025).

13. Eyck Freymann and Harry Halem's recent book *The Arsenal of Democracy*, which details trends in economic competitiveness, military technology, and conventional and nuclear weapon deployment in the current geopolitical era with a focus on China and the Indo-Pacific region, offers a nuanced accounting of the capabilities and roles of autonomous systems in the context of conventional capabilities. See Eyck Freymann and Harry Halem, *The Arsenal of Democracy: Technology, Industry, and Deterrence in an Age of Hard Choices* (Hoover Institution Press, 2025).

14. These firms include, for example, Palantir, SpaceX, Anduril, or Saronic.

15. The top-five defense firms are Lockheed Martin, RTX Corporation (formerly Raytheon), General Dynamics, Boeing, and Northrop Grumman. See SAM.gov, the official US government website for contracting, accessed December 17, 2024, https://sam.gov/.

16. Shyam Sankar, *The Defense Reformation* (Palantir Technologies, October 2024).

17. US Department of Defense, *Acquisition Transformation Strategy* (November 2025).

18. Congressional Research Service, "Defense Primer: Strategic Nuclear Forces," IF10519, November 2024.

19. US Department of Defense, "2022 Nuclear Posture Review Fact Sheet," October 27, 2022; US Arms Control Association, "US Nuclear Modernization Programs," fact sheet, August 2024.

20. Commission on the National Defense Strategy, *Providing for the Common Defense: The Assessment and Recommendations of the National Defense Strategy Commission* (November 2018).

21. Congressional Research Service, "The National Security Council: Background and Issues for Congress," R44828, updated October 19, 2022, https://www.congress.gov/crs-product/R44828.

22. I. M. Destler and Ivo H. Daalder, "A New NSC for a New Administration," Brookings Policy Brief No. 68, November 15, 2000.

23. White House, "Presidential Action: Organization of the National Security Council and Its Subcommittees," memorandum, January 20, 2025.

24. Federal Acquisition Regulation, accessed January 2026, https://www.acquisition.gov/sites/default/files/current/far/pdf/FAR.pdf.

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Preferred citation: John Deutch and David Fedor, "Managing National Security in a Time of Geopolitical Transition," Global Policy and Strategy Initiative, Hoover Institution, May 2026.

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The United States faces a different threat landscape in this century than it did in the last. Strategies for meeting the international security challenges we face today need to address the many attributes of national power. Military strength is necessary but no longer sufficient. Effectively managing our national security problems will require cooperation with allies and partners, and recognition of the importance of diplomacy, economic strength, and science and technology. The GPS Initiative offers a fresh look, through a broad lens, to help navigate this emerging security landscape.

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