THE ARSENAL OF DEMOCRACY

TECHNOLOGY, INDUSTRY, AND DETERRENCE IN AN AGE OF HARD CHOICES

EYCK FREYMANN
HARRY HALEM

FOREWORD BY ADMIRAL JAMES O. ELLIS JR., USN (RET.), AND NIALL FERGUSON

CONCLUSION

This book has examined how the changing character of air-naval warfare, emerging technology, and America's declining industrial and logistical power are shaping US-China competition. The short-term challenge over Taiwan is widely recognized, but sustaining deterrence over time will be harder—especially in an era of constrained budgets. The United States cannot afford to neglect immediate deterrence, but neither can it allow China to gain long-term structural advantages. History offers no ready-made answers, but it remains the best guide we have. Every major power has struggled with military transitions in response to emerging threats. Those that failed to adapt in time have paid the price.

Techno-optimists have the right idea, but they tend to miss a crucial point: Technology alone doesn't win wars—or deter them. What matters is how nations produce and deploy capabilities at scale. Militaries are complex systems that must be able to reconstitute and adapt under fire. Technology competition matters, but the greatest risk to US deterrence isn't falling behind on any particular capability. The risk is that China might conclude that US and allied forces lack the overall capacity and resilience to sustain a prolonged fight.

Key Insights

A force that cannot see the battlefield cannot win on it. The history of modern warfare makes clear that reconnaissance and counter-reconnaissance are just as important as strike capability. Whichever side enjoys better surveillance, disrupts the enemy with electronic warfare, and maintains secure communications can enjoy compounding advantages in an ongoing engagement. China's actions show that it understands this fact. The United States must treat resilient space-based C4ISR networks, counter-space capabilities, and electronic warfare as critical enablers of deterrence.

Meanwhile, the precision revolution is fundamentally reshaping how militaries fight and organize themselves. Precision weapons and autonomous systems are getting smarter and their ranges are getting longer. These trends existentially threaten aircraft carriers and forward bases, which either must adapt or become obsolete. The US military must continue its shift toward a more dispersed and survivable force posture, integrating unmanned platforms, resilient logistics networks, and adaptive strike capabilities. History suggests that defensive capabilities advance in parallel with offensive breakthroughs, and sometimes even outpace them. At the same time, America must ensure that it has enough long-range munitions and related production capacity to strike all key enemy targets, plus a comfortable margin for error, and an industrial base that can ramp up as needed.

A US-China war would likely begin with a dramatic, high-intensity engagement, but it could transform into a prolonged contest of attrition and adaptation lasting months or even years. China holds a large industrial advantage in the mass production of key military hardware, including missiles, drones, ships, and air defenses. If China assesses that it can outproduce and outlast the US in a war of attrition, it may conclude that war is a rational gamble. History demonstrates that perceptions of industrial strength inform decisions about whether and when to start wars. Imperial Japan miscalculated in 1941. It assumed

that the United States would take years to mobilize a counterattack and that in the meantime Japan could fortify its position in Asia well enough to defeat an American counteroffensive. Washington must ensure that Beijing does not make a similar miscalculation today. That's why it must invest in stockpiles, workforce training, and production capacity at scale. America must also show it can ramp up production of key defense articles quickly if needed and keep its critical combat and logistics systems functional if China attacks them.

More money would be very helpful for addressing these challenges, but this is not just a question of spending: Bureaucratic inefficiency and inertia are as much a threat to readiness as underfunding. The Pentagon's procurement system remains paralyzed by red tape, delaying critical programs and inflating costs. By contrast, China has spent decades building an enormous defense-industrial ecosystem and is moving quickly to fill the remaining gaps in its force structure. As long as the United States and its allies maintain disconnected, slow-moving industrial bases, they will be at a structural disadvantage. The allies must coordinate to exploit comparative advantage and economies of scale. Without policy alignment, higher allied spending on defense will be largely wasted. Critical capabilities will remain in short supply when they are needed most.

Meanwhile, technological superiority remains America's most important asymmetric advantage, and we must work with its allies to keep it. Foundational research in areas like undersea warfare, space-based surveillance, AI sensor fusion, and precision munitions will be a key area of competition into the 2030s. Beijing is aggressively mobilizing its entire industrial and technological ecosystem to catch up in these technologies. The United States must fully leverage its own private sector, universities, and alliances—particularly in areas where it is falling behind, such as autonomous systems and quantum computing. The long-term goal should be a fully integrated allied defense-industrial base in which each ally brings distinctive assets to the table. Coordination on procurement and force integration is no longer optional. Even if China lags behind in inventing new technologies,

it can compensate by cutting down the time to deployment, turning second-mover advantages into battlefield dominance.

Emerging technologies will not replace legacy platforms overnight, nor will they deliver their promised capabilities as quickly as optimists predict. The history of military adaptation is one of coevolution—new technologies and traditional force structures often integrate gradually rather than in sudden revolutions, with new technologies at times amplifying the effectiveness of legacy systems rather than replacing them outright. The US must avoid the mistake of gambling on a force transformation that may not arrive in time to matter. Instead, it must pursue incremental, targeted adaptations that strengthen today's warfighters while repositioning the force for future dominance. That means maintaining a robust fleet of attack submarines, hardening forward bases in the Indo-Pacific, integrating unmanned systems across the force, and scaling up the production of high-end munitions. These efforts, too, must be coordinated with allies.

As we write these words, deterrence is already under pressure. Without decisive action, it will continue to erode. US-China military competition is an industrial and institutional race to invent new technologies, translate emerging technologies into warfighting capability, and deploy them at scale. The next five years will determine whether the United States can mobilize itself to compete, or whether it will enter the 2030s with a force and defense industrial base too outdated or brittle to win a sustained fight. The clock is ticking.

Hard Choices

With budgets constrained, US defense leaders must navigate difficult trade-offs. Some argue for prioritizing near-term deterrence, while others call for an ambitious transformation centered on AI and autonomous systems. But this is a false choice. A force built only for today's threats will be obsolete tomorrow, yet deterrence will collapse if the US military is unprepared to fight in the late 2020s. The choice

is not between short-term readiness and long-term transformation—it is about how to integrate emerging technologies at a pace that strengthens, rather than weakens, the current force.

How Should the Defense Budget Be Allocated Across Services?

Because any war with China will be fought primarily in the air, at sea, and potentially in space, the Navy and Air Force must receive priority funding. Then they must spend that money effectively. The Navy must combine its large, exquisite platforms with a number of distributed, survivable capabilities like unmanned surface and undersea vehicles. The Air Force must accelerate investments in long-range autonomous strike, electronic warfare, and advanced air-to-air weapons while rethinking its forward-basing model for fighter aircraft to ensure airpower remains resilient in a contested Pacific environment.

Across the force, the logistics enterprise, space-based reconnaissance, and cyber warfare capabilities must no longer be afterthoughts. The Army's role in a Taiwan contingency is more limited, but targeted investments in expeditionary logistics, air defense, and land-based strike options will still be critical.

Should the US Pursue Incremental Procurement Reforms or a Full Overhaul?

The defense procurement system is broken. A complete restructuring would be ideal, but in reality, reform will probably be an ongoing, incremental process rather than a single planned event. Thus, we should tackle the most urgent problems first.

The first step is shifting to multiyear contracts for key munitions and autonomous systems while banning UAS imports from China to prevent supply chain vulnerabilities. Congress must incentivize contractors to scale up production lines for submarines, munitions, and nuclear warheads—and keep them warm. It must also allocate funds

to expand stockpiles of critical minerals, machine tools, and spare parts. A second priority is building a more competitive defense innovation ecosystem. Start-ups developing cutting-edge defense technologies struggle to transition from prototyping to full-scale production because of bureaucratic barriers. The Pentagon must expand and diversify procurement pathways to prevent the "valley of death" that kills promising defense start-ups before they reach operational use. Finally, the US must expand defense-industrial collaboration with allies, particularly on munitions, drone production, space systems, and shipbuilding. Counterproductive, overly complex export control laws like ITAR slow joint development and need to be reformed to integrate allied production lines into a single, resilient supply chain.

How Should the US Hedge Its Bets on Aircraft Carriers?

Carriers remain essential, but the United States must reduce its dependence on them for strike power, particularly by overhauling their limited-range air wings. As China's anti-ship capabilities grow more sophisticated, the Navy must keep investing in counter-reconnaissance, range extenders, point defenses, and new operational concepts to enhance carrier survivability. At the same time, the US must accelerate investment in unmanned surface and undersea vehicles to diversify the fleet and complicate China's reconnaissance, communications, and targeting.

The future role of carriers depends on continued advances in defensive systems and long-range strike airpower. As long as these trends remain uncertain, the Navy must hedge by building a more adaptable fleet architecture. The Navy must also develop unmanned and manned platforms that can operate as networked, resilient defenders of larger platforms in electromagnetically contested environments. Meanwhile, the Air Force must continue building advanced manned aircraft like the F-35 and B-21, while expanding investments in collaborative combat aircraft (CCA), long-range air-to-air missiles, and a diverse mix of attritable drones. History shows that new mili-

tary technologies tend to coevolve with legacy platforms rather than fully replace them—underscoring the need for a flexible fleet architecture and naval industrial base.

How Should the DOD Address the Industrial Manpower Crisis?

The defense-industrial workforce faces a recruitment and retention crisis that threatens America's ability to sustain deterrence. Nowhere is this more urgent than in the submarine industrial base, where workforce shortages risk derailing fleet expansion. While vocational training programs must be expanded, the fundamental issue is uncompetitive pay.

Skilled workers will remain in the defense sector only if compensation is competitive with private industry over the long term. Expanding visa programs for foreign-born STEM talent could help address shortfalls, but bringing foreign workers into sensitive defense production lines carries security risks. This reality is one reason why industrial collaboration with trusted allies is essential.

What Parts of the US Defense Industrial Base Must Be Expanded First?

Munitions, attritable UAS, and submarine construction and maintenance should come first. China already vastly surpasses the US in production of long-range precision munitions, mines, and attritable drones. If war were to break out in the Indo-Pacific, America's current strategy relies on winning quickly, since the defense industrial base can't ramp production of munitions or conduct maintenance on attack submarines fast enough to sustain a prolonged fight. Allies can and must share some of the cost of this capacity expansion. Congress should reform export controls so that trusted partners like Japan, South Korea, the United Kingdom, and Australia can jointly build some of this manufacturing and shipyard capacity.

What Is the Role of Allies in Future Deterrence?

Allies must increase defense spending, but their money alone will not solve America's deterrence problem. Without effective policy coordination, allies will spend their money inefficiently and critical capabilities will remain in short supply.

The United States must take the lead in harmonizing defense-industrial partnerships to create a fully integrated and resilient security ecosystem for the Indo-Pacific. Japan, South Korea, Australia, and the United Kingdom are boosting defense spending, but their defense production and procurement are not closely coordinated with US priorities. Europe is spending more but seeking "strategic autonomy" from US defense producers. The result is wasted resources, procurement inefficiencies, and missed opportunities to leverage combined technological talent and productive capacity for American and allied benefit. Washington must advance joint production agreements, streamline export controls, and co-invest in key technologies to ensure that allied supply chains become assets rather than vulnerabilities.

Building a unified allied defense-industrial base is a multi-decade project that will require sustained political will. Special interests and entrenched bureaucratic barriers will fight it, and the United States cannot assume that allies will integrate naturally or trust America to keep its end of the bargain. America must therefore drive the process forward with clear incentives and binding agreements, seeking long-term relationships based on trust. Even though this process may not be fully realized by the time a crisis with China arrives, now is the time to start moving toward closer allied coordination.

A Call to Action

The choices the United States makes in the next five years will determine whether it can deter China in the 2030s or whether Beijing will seize the initiative and reorder the Indo-Pacific on its own terms.

China is building capabilities to hold US forces at risk across the region. Its long-term goal is to break America's treaty alliances and expel America geopolitically from the region. While America remains distracted by crises in Europe, its ability to project power across the Pacific is eroding. Political will is wavering, and budgets are constrained.

History can be a guide for decision-makers navigating these hard choices. After the fall of France in 1940, Congress wisely authorized the Two-Ocean Navy Act, anticipating that it might need to fight Germany and Japan at the same time. This massive investment in shipbuilding laid the foundation for America's eventual victory in World War II. Unfortunately, it came too late to deter Japan from attacking Pearl Harbor in the first place. The lesson is that reactive buildups rarely prevent conflicts. The United States cannot afford to wait for a crisis to force its hand because by the time the situation in the Indo-Pacific becomes acute, it will be too late to address the nation's structural challenges. Another lesson from the Pacific War is that if deterrence fails, the consequences will not be limited to Taiwan or the Indo-Pacific. Any military conflict with China would fundamentally alter the global order, forcing the United States and its allies into an extended struggle that would be far more costly than deterring aggression in the first place.

America still has the technological, political, and strategic strength to sustain deterrence—but it needs strong political leaders who can explain to the American people why the investment is worth it. The world of the post–Cold War era is gone, and the United States cannot assume that peace and stability are self-sustaining. But at the same time, America's interests are aligned with those of fellow democracies facing a shared challenge from rising authoritarian powers. The last time America confronted such a moment, Franklin Roosevelt framed the stakes clearly:

> Some of our people like to believe that wars in Europe and in Asia are of no concern to us. But it is a matter of most vital

> concern to us that European and Asiatic war-makers should not gain control of the oceans which lead to this hemisphere.
>
> . . . The decision as to how much shall be sent abroad and how much shall remain at home must be made on the basis of our overall military necessities.
>
> We must be the great arsenal of democracy.[1]

If American leaders can take inspiration from this history, they can rise to the occasion once again.