

Statement of Dr. Jim Thomason  
Research Staff Member  
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to the House Committee on Armed Services  
Readiness Subcommittee  
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Good morning, Chairman Ortiz and distinguished members of this subcommittee. I am Jim Thomason, of the Institute for Defense Analyses (IDA), a Federally Funded Research and Development Center with headquarters in Alexandria, VA. I am honored to appear before you today to summarize the key findings from IDA research related to the National Defense Stockpile. IDA was commissioned by DoD last year to do three specific things in this area: a) develop initial assessments of DoD's ongoing needs for a range of materials; b) design and test an initial framework for evaluating the risks that DoD and the US could face with regard to such materials-- in war and in less-than-full-war conditions; and c) offer recommendations for reconfiguring the NDS in light of these assessments. I led a team at IDA that conducted these assessments, drawing on the best available information. We have provided DoD our independent assessments and recommendations. Today, I am pleased to offer them to you as well. These findings have contributed to the DoD proposal to reconfigure the National Defense Stockpile of strategic and critical materials. Portions of our research were incorporated by DoD into Appendices B and C of its Reconfiguration Report.

Our research suggests two major points relevant to this Subcommittee's purpose this morning:

- 1) First, the magnitude of DoD's purchases of strategic and critical materials warrants an on-going program of analysis to promote purchasing efficiencies and to ensure the stockpile remains relevant in the context of current and emerging national security risks. DoD buys significant amounts each year of many materials that are broadly known as strategic and critical. A sample of the results of IDA's initial efforts to assess these ongoing purchases is provided in Appendix B of DoD's NDS Reconfiguration Report to Congress. That appendix shows that DoD regularly buys at least three-quarters of a million tons of such materials each year.
- 2) A second major point is that while the current basis for estimating NDS requirements centers on US material needs and potential shortages in the context of a full-scale national security emergency scenario (consistent with Sect 14 of the Strategic and Critical Materials Act), such a focus may be too narrow. While a full-scale emergency scenario should be a key part of the US materials security challenge, the appropriate full future "challenge space" for assessing such material needs (both essential defense and essential civilian needs) and associated risks also ought to encompass a range of plausible, less-than-full-scale emergency

situations. These additional situations should include potential material supply disruptions due to natural disasters, political instability in key foreign countries, and selective terrorist attacks. IDA has made several recommendations to DoD regarding potential scenarios that could be used for this purpose, and provided initial results of risk assessments conducted using such scenarios.

IDA recommended that DoD consider establishing a Materials Security Program, incorporating several major components, including:

- A component focused on identifying and then leveraging DoD's significant buying power in various materials markets – in order to reap potential economies of scale.
- A component that would regularly assess the risks to material supplies across a range of possible disruption scenarios –from peace to full scale war. Such a component would also aim to identify and evaluate the benefits and costs of applying various strategies to mitigate such risks. Mitigation strategies could surely include, when appropriate, stockpiling -- as in the NDS. But they could also include: setting up special contingency contract material supply arrangements with US and highly reliable foreign producers; working out expedited supply procedures such as under the Defense Priorities and Allocation System (or DPAS); exploring feasible material substitution possibilities; and, when warranted, investing in domestic production capacity. Failing to work through practical risk mitigation strategies might result in lower *materiel* readiness, which in turn could inhibit operational performance of the US military on high priority tasks under some scenario conditions.
- A final component would work closely with major DoD materials users (chiefly the services and defense agencies) to systematically monitor and update DoD's regular and emergency demands for, and supply chains of, both traditional materials (such as those covered in the 2005 NDS Requirements Report to Congress) as well as leading edge, advanced materials (of the sort depicted in Appendix C of the DoD NDS Reconfiguration Report to Congress). With a strong, ongoing, collaborative partnership of this kind, the fragility of material and vital parts supply chains for essential military and civilian needs will be better understood than they are today. And the risks to materiel readiness and national security should be better mitigated as well.

This concludes my prepared testimony, Mr. Chairman and distinguished members of this Subcommittee. Thank you very much for inviting me to summarize our research on this important proposal this morning. I would be pleased to respond to any questions that you may have about these assessments and recommendations.

About Dr. Thomason:

Dr. Jim Thomason is a senior professional staff member and study director at the Institute for Defense Analyses in Alexandria, Virginia. His degrees are in political science and international relations from Harvard (AB with honors) and Northwestern (MA, PhD). He has taught international relations and research methods at Northwestern University and at the University of Hawaii. At IDA he leads the National Defense Stockpile project, the Defense Planning Scenario project, and the Global Defense Posture Project. In recent years he has led a project for DoD to evaluate the strategic risks to the nation of depending on one or another future force; several studies for the Office of the Secretary of Defense on ways to strengthen the Quadrennial Defense Review process; and studies for DoD and for the Commission on Roles and Missions to evaluate the benefits of U.S. military presence activities for the 21<sup>st</sup> century. He was a senior study group member of the “Hart-Rudman” Commission on National Security for the 21<sup>st</sup> Century. Dr. Thomason has published more than 60 reports and articles on strategic topics, including IDA papers and pieces in *Phalanx*, *Parameters*, *Armed Forces and Society*, and *Joint Forces Quarterly*. He may be reached at [jthomaso@ida.org](mailto:jthomaso@ida.org).