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112TH CONGRESS
1st Session

COMMITTEE PRINT

NO. 3

THE FUTURE OF THE U.S. MILITARY TEN YEARS AFTER 9/11 AND THE CONSEQUENCES OF DEFENSE SEQUESTRATION

PREPARED FOR THE USE OF THE

COMMITTEE ON ARMED SERVICES

OF THE

HOUSE OF REPRESENTATIVES

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Armed Services of the House of Representatives

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NOTE FROM THE CHAIRMAN

As our Nation marked the 10-year anniversary of the September 11, 2001, attacks on our country, the Committee on Armed Services embarked on a series of hearings to commemorate that day and reflect on the lessons learned from this generational struggle. We sought to remember the lives lost and to honor the sacrifices made every day by our military and their families—as our Armed Forces have taken the fight to the enemy to ensure our continued safety at home.

Yet, we were also keenly aware that the current debate in Congress regarding the national deficit has significant implications for the military. As our service men and women return home from multiple tours in Iraq and Afghanistan, they find a military with an uncertain future: Will our country sustain a force that continues to project power, deter aggression, defend the homeland and will we keep faith with veterans? These are questions that came into high relief when the President proposed $400 billion in cuts to national defense in April 2011 and Congress passed the Budget Control Act of 2011 (BCA) on August 2, 2011. Therefore, the committee also sought to examine the future of the U.S. military, the consequences of further cuts in defense spending, and the enduring strategic implications of decisions political leaders will soon make about the future of our force and the strategic direction of the Nation's defense.

At the decade mark, our Nation finds itself at a strategic juncture—Osama bin Laden is dead; Al Qaeda is severely weakened as a global terror network, far less capable, but still functioning; the Taliban has lost strategic momentum in Afghanistan; key Al Qaeda propagandist Anwar Al-Awlaki has been killed in Yemen; and Iraq is an emerging democracy. We are winning this war; but just when our strategic goals are within reach, some would choose to cut military capabilities vital to this critical fight. Unfortunately, with our hard-won tactical success comes the danger of complacency. Faced with serious economic challenges, too many Americans are slipping back into the September 10th, 2001, mentality that presumes a solid defense can be dictated by budget choices, not the hard reality of our vital national interests and national security strategy. As Members of Congress, we will each be responsible for the votes we cast to balance the Federal budget and rein in the Federal deficit. Hard choices will have to be made among many Federal programs and priorities. But as Chairman of the Committee on Armed Services, I fervently believe that the committee's duty is to ensure that

Members of Congress and the American public are informed about the threats our country faces and the cost to our Nation if we fail to provide the resources for a robust national defense.

As pressure mounted in the summer of 2011 to pass legislation to raise the debt ceiling, many argued that Federal spending should be reduced across the board and that defense cuts should "be on the table." I agree that the military cannot be exempt from fiscal belt-tightening; in point of fact, defense has contributed more than half of the deficit reduction measures taken to date. The BCA cut nearly half a trillion dollars from the projected defense budget through 2021. In addition, title III of the BCA established a trigger mechanism that implements additional defense cuts, known as sequestration, should Congress fail to pass an additional $1.2 trillion in savings by December 23, 2011. In the worst-case scenario, national defense would be cut by $1.029 trillion from fiscal years 2013–2021, should sequestration take effect. This represents not simply a cut to growth, but the lowest levels of defense funding, as a share of Federal budget authority, since before the Second World War.

While the future budget picture remains uncertain, we are confident that further cuts are detrimental to our current and future national security capabilities. As the committee is well aware, the United States has sought a "peace dividend" following every major conflict our Nation has faced in the last century. In every instance, the prevailing wisdom has assumed that the threat environment was low and our enemies were contained. History tells us that it is difficult to predict where the next threat will originate, but that it will. We predictably fail to anticipate contingencies, leading to loss of blood and treasure. This is why we must remain vigilant and ready.

The committee sought to better understand the tangible consequences of these cuts. Over the course of 2 months, the committee held six hearings to evaluate the lessons learned from the last 10 years of operations against violent extremists and apply those lessons learned to determine the impacts to our national security should sequestration occur. We received perspectives of former chairmen and vice-chairmen of the Joint Chiefs of Staff of the Army, Navy, Air Force and Marine Corps; former service chiefs, vice chiefs, and commanders of the National Guard Bureau; former chairmen of the Senate and House Armed Services Committees; outside experts; the current Secretary of Defense and Chairman of the Joint Chiefs of Staff; and the four current service chiefs. The committee also held one hearing with a panel of economists to examine the economic consequences of defense sequestration, because although we do not invest in defense to create jobs, there will be significant impacts to the economy if the budget of the Nation's largest employer is cut by nearly 20 percent.

This committee print is a lasting record of what we learned. It contains the prepared statements of each of our 22 witnesses. Although much more was discussed during the hearings, these statements capture the sentiment shared by all who testified before us—further cuts to the Department of Defense (DOD) would create irrevocable harm to our military and be disastrous for our national security. Secretary of Defense Leon Panetta has stated that seques-

tration would lead to the smallest ground force since 1940, the smallest number of ships since 1915, the smallest Air Force in its history, and the smallest DOD civilian workforce ever. Every procurement and sustainment program would be affected, including our fighters, nuclear deterrent, space assets, rotorcraft, and ships.

Our military has proven that the enemy cannot defeat us on the field of battle. But budgetary cuts of this magnitude could do what no army in history has been able to accomplish—break the U.S. military. We cannot forget that our military remains at war. As members of this committee travel throughout the country speaking to military families, we are often asked questions such as, "How can you consider cutting our benefits after we have sacrificed so much?" "How could you vote to shrink the equipment, leadership, and training that keep our spouses alive?" Or "Are our retirement and health benefits we've earned in danger of being eliminated?"

We must keep the human side of national defense in mind as we slog our way through this budget debate. It seems like whenever the Nation has our back against the wall, whenever we are cornered, and whenever we look to be down for the count, a special class of citizens frees us from uncertainty and doubt. It happened during the Revolution. It happened during the Civil War and World War II, and it is happening today. The 9/11 Generation is this Nation's great hope. They will lead the Nation forward—their energy and optimism are our salvation from the fatigue of war and our economic woes. As they hang up their uniforms, they will go into business, government, and other professions, bringing their selflessness, commitment to service, ingenuity, and integrity with them. We must not dishonor their service and sacrifice with further reductions to the training, tools, benefits and care they need to succeed in the great Nation they helped to defend.

It must be noted, that balancing the books on the back of the military does not decrease the security challenges we face. In a networked and globalized world, the Atlantic and Pacific Oceans are no longer adequate deterrents to keep America safe. September 11, 2001, taught us that. But, the converse is also true. Military atrophy comes with an economic cost, as programs are eliminated and service members are involuntarily separated from duty. Currently, the unemployment rate for young veterans is over 20%. While it is true that our military power is derived from our economic power, we must recognize that this relationship is a symbiotic one. It is the military that protects the global commons, ensures free trade, and stabilizes every corner of the economy.

Finally, paraphrasing one of our witnesses, Congress must answer the following fundamental questions before cutting defense further:

1. Isn't our primary constitutional duty to defend our Nation?
2. Is the world suddenly safer today?
3. Is the war against terrorism over?
4. Have our vital national interests changed?

The U.S. military is the modern era's greatest champion of life, liberty, and the pursuit of happiness. It is time we seek solutions to our fiscal woes from the driver of the debt, instead of the protector of our prosperity.

It is with heartfelt gratitude that on behalf of the House of Representatives Committee on Armed Services, I thank our witnesses for participating in this hearing series. May God continue to bless the United States of America.

HOWARD P. "BUCK" MCKEON,
Chairman, Committee on Armed Services,
U.S. House of Representatives.

THE FUTURE OF NATIONAL DEFENSE AND THE U.S. MILITARY TEN YEARS AFTER 9/11: PERSPECTIVES FROM FORMER CHAIRMEN OF THE JOINT CHIEFS OF STAFF

COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS
FIRST SESSION

HEARING HELD
SEPTEMBER 8, 2011

WITNESSES

GENERAL RICHARD B. MYERS, USAF, RETIRED
15th Chairman, Joint Chiefs of Staff

GENERAL PETER PACE, USMC, RETIRED
16th Chairman, Joint Chiefs of Staff

ADMIRAL EDMUND P. GIAMBASTIANI, JR., USN, RETIRED
7th Vice Chairman of the Joint Chiefs of Staff

PREPARED STATEMENTS PRESENTED BY WITNESSES

SEPTEMBER 8, 2011

STATEMENT OF GENERAL RICHARD B. MYERS, USAF, RETIRED, 15TH CHAIRMAN, JOINT CHIEFS OF STAFF

Thank you Mr. Chairman and committee members for the opportunity to appear before you today. First, I would like to thank you for your unwavering support of our service men and women as they dedicate their lives to our freedom.

This country has been at war for the last ten years. The burden of our conflicts and engagement around the world has fallen predominately upon the shoulders of our U.S. Military and their families. The resilience of our active duty and reserve troops has been remarkable; however, as our efforts in Iraq and Afghanistan wind down and it presents the opportunity for fewer people forward deployed, now is not the time to lessen the support for our fighting force. The best thing we can do for our men and women in uniform as they strive to protect us is to provide them with good leadership, robust training, and world class equipment. For the last ten years we've done this. Given our fiscal concerns the question is, "what support is America willing to provide going forward?"

Even though our forward deployed troops are predicted to be fewer in number in the near future, the threats to our security are still very great. Let me mention just three of these concerns. I believe that violent extremism continues to represent the biggest threat to our way of life. While al Qaida is badly wounded, they and their ilk are not finished in their quest for a different world—a world dominated by their extreme brand of Islam and little tolerance. Living as we do in a free society, we will always be at risk to those who wish us ill, who are willing to die for their cause, and who consider innocent men, women and children legitimate targets in their fight. The actions of the last ten years have made us safer than we were on 9/11, but we are not free from this scourge. It will take many years, a comprehensive multinational strategy, and the focus of all instruments of national power (including our military) to make this world safe from this threat.

The nexus between violent extremism and the proliferation of weapons of mass destruction is another concern for our security. There is no question that if terrorists could obtain WMD, they would use them to maximum advantage for their cause. In this regard, Iran is particularly troubling. Iran's quest for nuclear weapon capability is disturbing for several reasons. Chief among those is the proliferation threat from Iran's newly acquired nuclear capability. If fissile material or a nuclear weapon were to fall into the hands of a terrorist group the impact could be much greater than the tragedy of 9/11. The fact that we have little apparent leverage over Iran's actions makes this threat all the more concerning. And if Iran does develop a nuclear weapons capability, that would dramatically increase the potential for the development of nuclear weapons in the region. Obviously this would be destabilizing. Re-

gardless of the solution to the Iranian problem, a strong military will be necessary for any successful outcome.

Finally, the Asia-Pacific region has experienced unprecedented economic prosperity over the last several decades. As a Pacific nation, we must realize and remind ourselves that the prosperity of the Asia-Pacific nations contributes significantly to our prosperity. The U.S. military has played an important role in helping ensure the security and stability of this area. The forward stationing of our land, sea, and air forces has served us well, but our influence in the region is now being challenged by China. We will need highly capable sea, land, air, and space forces to deal with China's anti-access and area denial efforts in this region that's so vital to our security and economic well being.

In addition to these and many other security concerns, we must realize the impact that reductions in defense spending will have on our force structure. History tells us that during reductions in defense spending, despite our best intentions, the procurement and research and development accounts take a disproportional share of the cuts. This leaves our services without the modern equipment they need to replace old, outdated, and worn out equipment. As a nation we've always taken great pride in the fact that our military is the best equipped in the world. Deep budget cuts to defense would bring that fact into question.

And finally, we must be able to provide world class care to those who have been wounded in our current conflicts. As you know well, some of these wounds are visible and some can't be seen. Nevertheless, our obligation is to provide the best health care we can to those who have put their lives on the line for us. Health care is not cheap, but any reduction in health care resources would be breaking faith with those who willingly go in harm's way.

In my view, the world is a more dangerous and uncertain place today than it has been for decades. The three security concerns issues I've outlined above are all different in nature. However, they all will require a strong military to deal with them. Our historic lack of ability to predict where and when the next big threat to our security is coming from is well known, but we can be certain that a security surprise is in our future. What stands between these threats and our freedom is the U.S. military.

Our fiscal difficulties are serious indeed. So are the potential security challenges facing us. We don't need to be the world's policeman, but we do need to provide leadership in this uncertain world. Our military must remain strong with the best leadership, superior training, and the best equipment. In doing so our men and women in uniform will help keep us free and provide the stability that ensures our prosperity.

Thank you, Mr. Chairman. I look forward to the committee's questions.

STATEMENT OF GENERAL PETER PACE, USMC, RETIRED, 16TH CHAIRMAN, JOINT CHIEFS OF STAFF

Good morning, Mr. Chairman, and thank you for this opportunity.

I have appeared before this committee many times before, but every time in uniform. This is my first opportunity to be here as a private citizen. It is a uniquely different perspective, and I appreciate the opportunity.

Although I don't have the privilege of representing the incredible men and women who serve in our Armed Forces anymore, I do take pride and privilege in joining you in thanking them and their families for the sacrifice they have made in keeping us free. It has been a long 10 years, and they have really been taking good care of us.

As you know, the economy and defense are two sides of the same coin. To the extent that you strengthen one, you strengthen the other. To the extent that you weaken one, you weaken the other. But I think we need to be very careful when we get into the budget discussions, which are necessary, that we do not look at defense from a dollar and cents perspective. It is a unique entity of what our government provides to its citizens, which is security. It should be strategy-based. What do you want your military to do for your country? Is it what we are doing today plus one other thing? What is it?

If we know what the strategy is that we want our military to execute, then the folks across the river in the Pentagon who do this for a living can tell you how many planes, how many ships, how many troops they need to execute the combatant commander's war plans. You can then apply budget numbers to that, and you will most likely come up with numbers that are bigger than we can afford. Fair enough.

But once we have the strategy and we know what it would cost to implement that strategy, then we can talk about additional risk by spending a little bit less here, a little bit less there. So I would simply urge this committee to please insist on a strategy-based approach to how you fund your military.

Next, there has been an incredible strain on our force. Less than 1 percent of the Nation has been defending the other 99 percent for 10 years. There are volunteers to do it. God bless them. They are doing extremely well. They are not complaining. But we have got troops and their families who have sustained 3, 4, 5, 6, 8, or more deployments in the last 10 years. We have moms and dads who are deploying away from their families every year or every other year. As we look at how to balance the budget, the message that Congress sends to the military and how you determine pay, benefits and retirement will have significant impacts on the men and women who serve today.

Even today, as I walk through and I see active duty folks, the question they ask me, as they did when I was on active duty, is: are the American people behind us? And it has been the absolute belief that even though some of our fellow citizens prefer that we not be fighting where we are, almost all appreciate the fact that we have warriors who are willing to put themselves in harm's way. That message has come across loud and clear, both from our fellow citizens in the way they have treated our returning soldiers and service members in airports around the country, and in the way that Congress has allocated resources.

We need to be careful not to be premature in cutting back on the resources that we are allocating to our Armed Forces. This is 10 years into a war where, unfortunately, our enemies have a war plan that calls for a 100-year war. That does not mean we need to be in Afghanistan or Iraq or doing that size operation for 100 years, but it does mean that we have a tenacious enemy. And even though we have had great success, it can quickly be overturned if we are not vigilant. So the allocation of resources will be very important, not only to the standpoint of our troops and their families and their ability to fight, but also in how our industrial base is able to raise to the challenge.

We don't know where the next challenge is coming from, but we have always had the ability to bring all of our strength to bear, which includes our industrial base. As we start allocating fewer resources, the impact on our industrial base must be looked at very carefully. We are very, very thin as a Nation in some of our capabilities, some of which could literally disappear overnight if we are not careful.

Lastly, the challenge of which I am most concerned is not one of another nation, where we might have to deploy forces. You can go around the globe and talk about all the hot spots, and I know that our military today, if told to go do something, is capable of doing it. It is simply a matter of deciding whether or not we want to apply what we know how to do, except in one area, and that area is cyber attack and cyber defense.

The more anything is dependent on computers, the more vulnerable it is. And I know what we can do as a Nation as the attacker in cyber, and I know that we cannot defend against what we can do as a Nation. And therefore, as a military man, I have to presume that my enemies can either do the same thing, or they will be able to soon, or they may very well have something that we haven't thought of yet.

So as we look at the budget and we look at strategic places to apply it, certainly the growing concern of cyber must be taken into account. Cyber is having and will continue to have an impact on the relations between nations similar to that of the advent of nuclear weapons, the difference being that nuclear weapons have been used and thank God have not been used again. Cyber weapons are being used thousands of times a day every day, and we are uniquely vulnerable.

Mr. Chairman, thank you for listening, and I look forward to your questions.

STATEMENT OF ADMIRAL EDMUND P. GIAMBASTIANI, JR., USN, RETIRED, 7TH VICE CHAIRMAN OF THE JOINT CHIEFS OF STAFF

Chairman McKeon, Ranking Member Smith, and Members of the committee, thank you for inviting me to testify today. I would like to compliment you for holding these hearings.

Not only are we here to remember the event that led to a pivotal change in our national security strategy ten years ago, we are here to undertake an important discussion of where we go from here. This discussion of our national security strategy is urgently needed—and has been sorely lacking in the recent debate about the greatest economic crisis our country has faced in the past eight decades. Our national security and economic health are inextricably linked and interdependent. They must be considered together and addressed as an integral whole.

As you know, there are those who believe that drastic cuts should be made to our defense spending to help offset our nation's debt. If the new Joint Select Committee on Deficit Reduction does not reach its targeted level of cuts, unprecedented automatic cuts to defense will be triggered. Huge cuts to defense spending, combined with little to no analysis of their impact to our overall national security, would have devastating consequences—something akin to performing brain surgery with a chainsaw. Further, I would characterize this debate as nothing less than determinative of what our role in the world will be in the future—will we continue to be a global superpower and force for good? Or will we allow ourselves to become one amongst many, forfeiting both the freedom of action and leadership role in the world which has done so much for our citizens and for free people everywhere?

Providing for the national defense is the most fundamental responsibility of our federal government. There are certainly ways to be more cost effective and it is unrealistic that the Department of Defense will be spared from shared sacrifices, but it is critical that we analyze our spending levels in the proper context. Our national security is the one area for which our federal government is solely responsible. There is little room for error.

Our national security strategy must drive any debate over the level of resources that the nation should devote to national defense. And the ability of the American economy to generate these resources must inform our strategic thinking. A failure to do either is likely to cost the United States more in the long run, in both dollars and lives. A lack of discussion and agreement about strategy will ensure that any cuts in our security budgets will be driven by at best arbitrary budget targets rather than reasoned strategic goals, rational operational concepts, and executable investment plans.

Objectives and Threats to Them

Before discussing our strategy—that is, how we achieve our national objectives—we need to understand what those aims are. I also believe that in thinking about the future, we must study and learn from the past. For the better part of a century, the United States has pursued a consistent set of aims. These include protecting U.S. territory from attack, defending our allies against aggression, and preventing a single power from becoming so strong that it threatens to dominate the Eurasian continent. Beyond these core interests, the United States has repeatedly used force in the service of the common good, whether to alleviate suffering, provide relief from natural disasters or guarantee global public goods such as unfettered freedom of navigation on the high seas.

For the foreseeable future, I believe we will face three primary challenges. The first is the ongoing war with Al Qaeda and its affiliates: a protracted conflict with irregular adversaries using unconventional means that spans the globe. The second is the threat that the proliferation of weapons of mass destruction—and especially nuclear weapons and associated delivery systems—by hostile regimes, such as North Korea today and prospectively Iran in the future, pose to the U.S., our allies and the stability of key regions. The third, and potentially the most consequential, challenge is the rise of China. Chinese military modernization, financed by a burgeoning Chinese economy, promises to reshape the balance of power in Asia. As that occurs, we need to ensure our ability to defend our territory, assure our allies, and maintain full and free access to the Western Pacific.

Although each of these challenges is very different, meeting each successfully will require the United States to formulate and implement a long-term strategy. Further, each demands a comprehensive response. Military capabilities have a role to play in meeting each challenge, but so too do other instruments of statecraft and elements of national power. Nor should the United States meet these challenges alone. America's allies, partners and friends can and should play an important role as well.

In addition to these long-term challenges, the United States must be prepared to respond to any number of disruptive events that could destabilize the international system, ranging from the outbreak of a virulent pandemic, to the collapse of a strategic state, to the use of nuclear weapons.

While successive administrations have framed these challenges differently or have ranked them differently in terms of likelihood and impact, I believe that there is a consensus spanning administrations that these are the challenges that we face today and are likely to face in the future. The adequacy of our forces needs to be measured against our ability to meet these challenges—specifically, to assure our allies and dissuade, deter and, if necessary, defeat our adversaries.

Matching Ends and Means

Each administration attempts to match ends and means within economic constraints. I have been involved in every such effort, at increasing levels of responsibility, since the fall of the Berlin Wall

in 1989 until the 2006 Quadrennial Defense Review (QDR). The 2010 QDR represents the most recent administration's attempt to match ends and means. As a complement to this QDR, the 2010 QDR Independent Panel, commissioned by Congress and co-chaired by former Secretary of Defense Bill Perry and former National Security Advisor Steve Hadley, identified a number of shortfalls in the ability of the United States to protect its interest against the threats that I have outlined. These included the need to counter anti-access capabilities, defend the homeland, and bolster our cyber capabilities.

It is worth noting that neither the 2010 QDR nor the 2010 QDR Independent Panel anticipated the current budgetary environment. Both counted on real budget growth to be able to bridge the gap between our commitments and our capabilities. Yet, the current situation is such that the debate is not about how much growth there will be in security budgets, but rather how extreme the cuts will be to those budgets.

Defense cuts, if too deep or too hasty, will open up further and perhaps unbridgeable gaps between our commitments and our capabilities. In this situation, the United States will, in theory, face two broad alternatives: either to reduce our commitments or accept greater risk. Such a choice is largely academic, however, because neither the President nor the Congress can determine U.S. commitments on their own in our ever more interconnected world. Moreover, reducing commitments is something that is easier said than done. In my view, for example, it would be extremely unwise to skimp on defending U.S. territory or maintaining the fundamentals of nuclear deterrence. It is also difficult for me to imagine, let alone recommend, that the United States abrogate any of our mutual defense treaties that commit us to the defense of allies across the globe.

As a result, defense cuts will force us to accept greater risk. In concrete terms, that means a reduced readiness to wage war and, should we go to war, in conflicts that will go on longer and cost more American lives than would have been the case if we were better prepared. As terrible as the loss of any life is, our men and women in uniform face the lowest casualty rates in our nation's—or the world's—history. This is largely due to investments that have been made in precision weapons; intelligence, surveillance and reconnaissance; personal and vehicle protection; strategic airlift; and military medicine. Should Congress or the Defense Department make major cuts without thinking them through, I fear that we will face far higher casualties in the future.

Reducing readiness and increasing risk applies to times of peace as well as war. It also amounts to a decreased ability to reassure allies, partners and friends and deter competitors. Our day-to-day military posture and global presence are responsible for more of our security and freedom than we know or consciously appreciate. When, beginning with the 2006 QDR, we began to portray seriously the demands of day-to-day operations on our forces, we realized that the demands of presence, engagement and responding to small scale contingency operations require considerable forces. This is a demand that will continue even as we draw down in Iraq and Afghanistan. Cutting back on our engagement with our allies, part-

ners and friends threatens to undermine their confidence in us, and reducing our presence in key regions could tempt potential adversaries.

In addition, we cannot always determine when and where we will be required to fight, and recent experience shows us that it is difficult to fix capability shortfalls rapidly. We all know the difficulties the Defense Department experienced in fielding up-armored Humvees and later MRAPs. In fact, the only armored Humvees that we had in the U.S. force posture ten years ago were few in number and were procured for example to protect our nuclear ballistic missile submarines and their nuclear weapons.

The Defense Department and American industry cannot generate capabilities overnight. This is particularly true of naval and aerospace platforms, which often take more than a decade to field and are expected to last for decades. In these areas, stability in programs is extraordinarily important. Requirements need to be realistic, reasonable and stable over time to allow for effective acquisition strategies. And investment budgets must be stable and consistent. Swings in funding cause problems and often yield systems that take longer to acquire, cost more, and underperform. Even worse, instabilities in requirements, acquisition programs or procurement funds can lead to billions of dollars wasted on programs that never deliver any capabilities to our men and women in uniform.

Generations to come will inherit the force structure that results from your deliberations, just as we inherited decisions made by those who came before us. It is worth remembering that many of the weapon systems that our men and women in uniform are using to fight today's wars were the product of the defense buildup of the 1980s. Many of these platforms are rapidly approaching the end of their lifespan, and failure to modernize the force will lead to significant shortfalls in the U.S. force posture. Our industrial base has been drawn down to such an extent that in a number of areas, such as shipbuilding, solid rocket motors and naval nuclear propulsion, we are down to the bare bones; marginal cuts may very well eliminate an entire defense industrial sector. As a result, any cuts need to be thought through very carefully indeed.

Let me offer an anecdote to illustrate the need for patient long term investment to generate needed capabilities. In September 2002, the senior civilian and military leadership identified as a top priority making the Defense Department an organization capable of tracking down and capturing or killing Al Qaeda leaders. This began a process of developing capabilities, some of them quite sensitive, which allowed us earlier this year to find and kill Usama Bin Laden. It didn't happen overnight; it took time and required a lot of work. But it did have a big impact.

In this regard, I would like to comment on a trend that I find particularly worrisome. The United States invests considerable sums in highly sensitive capabilities. In recent years, it has become all too common to reveal, for a variety of reasons whether advertent or inadvertent, some of these sensitive capabilities. As a submariner, I learned at an early age that exposure of sensitive U.S. operational capabilities squanders painstaking and often expensive work and jeopardizes American lives.

The Department of Defense should be credited with beginning the process of seeking greater efficiencies, and I believe that process can and should continue. Underperforming or unrealistic programs should be terminated. Excess infrastructure should be shed. Needless bureaucratic layers in the Pentagon and other defense organizations should be eliminated. I also believe that it is worthwhile to look at the area of military benefits, including retirement. Any such review should be conducted in a very careful, systematic and fair manner; one which recognizes the gratitude our Nation owes to those who sacrificed their lives or well-being in our defense.

Before I end, I would like to re-emphasize what I said in the beginning, and that is that it is both urgent and vitally important to the nation that a discussion of strategy precede any attempt to institute major cuts in the defense budget. Accordingly, I would like to offer the following recommendations.

First, that the Congress, working with the Administration, commission an independent, bipartisan panel of experts to examine our strategy, explore alternatives, and make recommendations for future strategic options. This panel could be modeled on the 2010 QDR Independent Panel or the 1997 National Defense Panel.

Second, I believe that Congress, working with the Administration, should stand up a panel to carefully examine military benefits, to include compensation, health care and retirement. As I noted previously, I believe that there is room to examine benefits. Such an examination should be comprehensive, thoughtful and employ significant grandfathering of provisions with the ultimate aim being to preserve the vitality and sustainability of the All Volunteer Force, a key American asymmetric advantage. As one who served both during the draft era and the All Volunteer Force, our military today is by far the best we've ever fielded.

Third, I believe that any cuts to defense must preserve our ability to recapitalize our forces. We must make sure that we bequeath to future generations the world's most capable, most effective military. Only that will allow us to ensure that we can protect our interests against threats we cannot even imagine today.

Thank you again for giving me the opportunity to testify before you today. I will be happy to take your questions.

THE FUTURE OF NATIONAL DEFENSE AND THE U.S. MILITARY TEN YEARS AFTER 9/11: PERSPECTIVES FROM OUTSIDE EXPERTS

COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS
FIRST SESSION

HEARING HELD
SEPTEMBER 13, 2011

WITNESSES

MR. JIM THOMAS
Vice President and Director of Studies
Center for Strategic and Budgetary Assessments

DR. MICHAEL E. O'HANLON
Director of Research and Senior Fellow
The Brookings Institution

MR. THOMAS DONNELLY
Director, Center for Defense Studies
American Enterprise Institute

MR. MAX BOOT
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Council on Foreign Relations

PREPARED STATEMENTS PRESENTED BY WITNESSES

SEPTEMBER 13, 2011

STATEMENT OF MR. JIM THOMAS, VICE PRESIDENT AND DIRECTOR OF STUDIES, CENTER FOR STRATEGIC AND BUDGETARY ASSESSMENTS

Chairman McKeon, Ranking Member Smith, and Members of the Committee, thank you for inviting me to testify today. On September 11, 2001, I was working in the Pentagon as part of a small team drafting the 2001 Quadrennial Defense Review. The 9/11 attacks were a watershed event for me personally and for the Department of Defense. The attacks immediately reduced the peacetime bureaucratic processes of the day, including the QDR, to trivialities, as the Department—and the Nation—unified in their intent to vanquish the Islamist terrorists who perpetrated the attacks and to prevent future attacks on the United States.

This week, it is appropriate that we remember those who were murdered by al Qaeda on that sunny Tuesday morning in New York, Washington, and Pennsylvania. We also remember those who serve in our intelligence and military services, and their families, and have made such extraordinary sacrifices in Iraq, Afghanistan, and other operations around the world. We honor especially the more than six thousand American Service Members who have died and more than 45,000 who have been wounded while fighting since 9/11. While we are thankful that in a decade's time al Qaeda has never succeeded in conducting another major terrorist attack on American soil, we also remember that America is not alone in facing al Qaeda and its affiliates' indiscriminate acts of terror. Allies and friends around the world—nowhere more so than in the Muslim world—have also lost countless lives to al Qaeda's acts of barbarity.

In my testimony today, I will outline some of the pertinent lessons to be drawn from the past decade, the security and fiscal challenges we face looking ahead, and how we might reconcile them in the years ahead.

Lessons Learned Since 9/11

Looking ahead, it is important to draw the right lessons from our experiences over the past decade:

First, we criticized ourselves in the aftermath of the 9/11 attacks for "failing to connect the dots." Although we have made significant improvements in our intelligence enterprise to prevent future attacks, we should not kid ourselves: Despite our best efforts to anticipate and prevent strategic surprises, we must also be prepared for future shocks and inevitable surprises. We must develop the resiliency to minimize them and the agility to adapt rapidly and respond appropriately. We should avoid the mistake of the 1990s, where we over-optimized U.S. general purpose forces for the wars we preferred to fight that resembled OPERATION DESERT STORM. Instead, we must ensure our future forces organize, train,

and equip themselves to fight in ways that defy our preferences: when our satellite communications are jammed; regional airfields are bombarded with rockets and missiles; ports are mined so that transport ships cannot enter their harbors; and anti-ship missiles force naval and amphibious forces to operate from greater distances.

Second, over the past decade the U.S. military has come to embrace a modern version of what B.H. Liddell Hart called the strategy of the indirect approach. By enabling and working with and through allies and partner security forces in Iraq, Afghanistan, and elsewhere in the world, the United States has been far more effective in defeating al Qaeda and other irregular forces than if we had fought them unilaterally. As we look ahead, the United States should continue to employ indirect approaches that leverage the advantages of others with whom we share common security interests. Especially in an age of austerity, we will need to encourage and enable our allies and friends around the world to do more for their own defense, while the United States maintains principal responsibility for securing the Global Commons of the high seas, the skies above, space, and cyberspace.

Third, we have seen the enormous costs that a non-state adversary with limited means has been able to impose on the United States. For less than a million dollars, al Qaeda organized and executed the 9/11 attacks. Conservative estimates reckon the financial impact of the attacks and America's response to be more than $1 trillion. As we enter an age of austerity we must not only think about how we can save money and where we can take risk; we must also think more about how we adopt cost-imposing strategies to turn the tables on those who would pose threats to our security. Especially when resources are limited, we must think harder about increasing our competitors' costs while minimizing our own.

At the same time, we must avoid drawing the wrong lessons from the past decade. While it would be a mistake for the United States to turn its back on irregular warfare and all that we have relearned about counter-insurgency in the past decade, future wars may look very different. For example, we have seen the incredible impact that unmanned aerial vehicles have had in locating and targeting terrorists and insurgents and we have greatly expanded our fleets of non-stealthy Predator, Reaper, Shadow, FireScout, and Global Hawk UAVs. Future adversaries, however, may possess air defenses that limit the use of high-signature aircraft. Simply acquiring future capabilities based on their effectiveness in the past decade could leave U.S. forces less prepared and more vulnerable as they encounter more capable adversaries.

Principal Security Challenges Ahead

Ten years on from the 9/11 attacks, America finds its military forces still engaged in Iraq, Afghanistan, and conducting other combat and non-combat operations around the world. While al Qaeda has been greatly weakened over the decade and the United States has been successful in hunting down its leadership and keeping it on the run, it remains determined to visit violence on the United States, its friends, and allies. Consequently, the United States must remain vigilant.

At the same time, the United States simply does not have the luxury to focus only on the clear and present danger posed by al Qaeda. As a global power, and indeed as the free world's security partner of choice, the United States faces a range of foreign threats. Even while we have checked the evil of al Qaeda, other dangers are growing. Three challenges in particular will require greater attention over the next several decades, and preparing for them represents the most prudent course of action to ensure the appropriate portfolio of military forces and capabilities to confer the flexibility and fungibility needed to deal with the widest range of inevitable surprises and unforeseen contingencies:

The Rise of China. It is instructive that the United States planned for war with Great Britain up to the eve of World War II. The United States did not see Great Britain as the most likely threat, but the potential danger posed by the Royal Navy to hemispheric defense was the most consequential. Similarly, China today has the greatest potential to compete with the United States militarily. China is not an enemy, but the course that it will chart in the next several decades is far from clear. China's spectacular economic growth over the past several decades has contributed positively to the global economy. Its thirst for overseas commodities and unsettled maritime claims, however, are cause for concern. Even more worrisome has been its sustained military build-up, including the development and fielding of so-called anti-access and area-denial capabilities that appear intended to take on the American military's traditional approaches to transoceanic power projection and forward presence in distant geographic theaters. China's A2/AD network includes growing inventories of medium- and intermediate-range missiles; state-of-the-art integrated air defenses; submarine forces; anti-satellite systems; and computer network attack capabilities.

Regional Nuclear Powers. Nuclear threats are not new; the United States has lived with the threat of nuclear weapons in the hands of hostile powers since the Soviet Union tested its first nuclear weapon in 1949. New nuclear powers, however, are emerging and threatening regional military balances. North Korea has not only tested its own nuclear weapon, but has proliferated nuclear and missile technology. It has brandished its nuclear capabilities vis-à-vis South Korea and Japan, and in the event of an internal power struggle following the death of Kim Jong Il, its nuclear capabilities could be up for grabs. The most likely nuclear exchange scenario, however, may involve Pakistan and India. Should Islamist terrorists repeat a Mumbai-like attack against India, or if tensions should escalate resulting in the conventionally superior Indian Army making incursions into Pakistan, Pakistan could resort to the use of nuclear weapons. Increasing instability in Pakistan, moreover, holds the possibility of the army losing control over its dozens of distributed nuclear weapons and specter of them falling into the hands of Islamist terrorists. Finally, and perhaps most consequentially for the United States and its friends in the Middle East, Iran is continuing efforts to acquire nuclear weapons. Should Iran acquire nuclear weapons, instability would characterize the strategic balance between Iran and Israel, with both sides potentially having incentives to pre-emptively attack the other. Iran's

possession of nuclear weapons would also likely compel other regional states, including Saudi Arabia, Egypt and Turkey, to acquire their own nuclear capabilities, further destabilizing an already unstable critical region of the world.

Transnational Non-State Actors. Even after the killing of Osama Bin Laden by U.S. SEALs, al Qaeda and other non-state groups may continue to threaten U.S. security interests. While al Qaeda has weakened over the past several decades, affiliated groups have emerged in Europe, Africa, the Middle East and Southeast Asia. Other non-state actors including insurgent, terrorist, and criminal groups are continuing their attempts to destabilize fragile strategic states around the world. The lethality of violent extremist groups would increase dramatically should they acquire nuclear or biological weapons. Within our own hemisphere, narco-cartels continue to threaten the stability of key partners such as Mexico and Colombia. In the future, transnational non-state actors may grow in importance. The threats they pose will increase as great powers arm them with more sophisticated weaponry and employ them as proxies in peripheral contests to impose costs on their state rivals and bleed them, rather than opposing other great powers more directly.

Cumulatively, these challenges suggest a more dangerous world—one in which traditional forms of American power projection will become prohibitively costly; nuclear dangers will become more common in distant theaters and as threats at home; and irregular warfare will remain an enduring feature of the security environment.

The geographic nexus of these challenges is the Indo-Pacific region, stretching from the Persian Gulf to the Strait of Malacca and up to the Sea of Japan. Although the U.S. military does not have the luxury of focusing on a single theater, the greatest tests our armed forces will face in the coming decades are likely to emanate from this region. Just as military planners focused their attention upon Europe and Northeast Asia as principal theaters during the Cold War, it is the Indo-Pacific region that will dominate the attention of planners over the next several decades as they wrestle with these challenges.

In confronting these security challenges, the United States is also likely to face multi-dimensional access and operational problems. Future adversaries may:

1. Deny the United States the ability to generate sorties from theater bases and aircraft carriers within range of their missiles, necessitating both carrier- and land-based air operations from far greater ranges;
2. Possess more sophisticated air defense than recent adversaries in Libya, Iraq and Kosovo with mobile passive target acquisition radars that are more difficult to locate and longer-range surface-to-air missiles, resulting in the increased vulnerability of non-stealthy manned and unmanned aircraft;
3. Employ systems to jam GPS signals and deny communications links to aircraft, requiring the United States to develop alternatives to GPS for positioning, navigation and timing, as well as local communications schemes such as airborne

line-of-sight relays if satellite communications are unavailable;

4. Develop their own fifth generation fighter aircraft, challenging U.S. localized air superiority;
5. Employ over-the-horizon maritime ISR, long-range anti-ship missiles, supercavitating torpedoes, and mines to hold off U.S. naval surface and amphibious ships;
6. Threaten regional air and sea ports of debarkation with conventional, chemical, biological, or nuclear attacks to impede the insertion and staging of large ground forces in neighboring countries;
7. Attack U.S. ISR, communications, or GPS satellites using radio-frequency interference, direct ascent anti-satellite missiles, co-orbital anti-satellite weapons, or directed energy systems;
8. Attack U.S. and allied military computer networks used for command and control, logistics and mission control, or civilian networks related to critical infrastructure;
9. Target civilian populations in the United States or allied cities; and
10. Exploit civilian populations to provide sanctuary from attacks.

Overcoming these problems will require forces and capabilities that can respond to threats on a global basis rapidly; operate from range; carry sufficient payloads; evade detection, penetrate into denied areas and persist to strike elusive targets; operate in small, highly distributed formations autonomously; and survive and operate effectively in extreme WMD environments.

America's Fiscal Predicament

Compounding these dangers, Admiral Michael Mullen, the Chairman of the Joint Chiefs of Staff, has justifiably characterized America's fiscal predicament as a national security threat. Unlike previous periods in our history when the United States ran large deficits and increased its debt, it is unlikely simply to "grow" its way out of debt this time around. The rate of increase in the national debt is projected to exceed by a wide margin even the most optimistic estimates of U.S. economic growth rates.

Given this reality, Congress faces difficult choices about raising taxes, curbing growth in entitlement programs, and/or cutting discretionary Federal spending, including National Defense. Should the Joint Committee fail to reach agreement on a deficit reduction plan as directed by the Budget Control Act, the sequestration trigger could result in an additional $500 billion reduction in defense spending beyond the $350 billion already envisaged over the next ten years. Such draconian cuts, especially if level-loaded across the ten-year period, would compel Defense programmers and budgeteers to identify "quick cuts" rather than "smart cuts," thereby stretching procurement programs and reducing operations and maintenance spending to generate immediate savings.

Some believe that it would be relatively easy and painless to cut $500–800 billion from defense over the next decade. Many cite the defense build-up since 9/11 and suggest that with the drawdowns

of forces from Iraq and Afghanistan, we can reduce defense spending as we have after other major buildups in history. It is true that defense spending, including war costs, increased from slightly less than $400 billion in FY01 to around $700 billion in FY11 (in constant FY12 dollars). This build-up, however, is markedly different from defense build-ups of the past. In the aftermath of previous build-ups, budget cutters could count on reducing end-strength and paring back procurement. In the post-9/11 build-up, though, end-strength changed very little; Active Component end-strength has hovered around one-and-a-half million, while recapitalization and modernization plans for large parts of the forces were largely deferred, continuing the so-called "procurement holiday" of the previous decade.

America cannot afford to balance the budget on the back of defense. Reductions beyond the $350 billion in cuts over ten years already anticipated will be difficult for the Department of Defense to make, especially while U.S. forces are still engaged in wars overseas. If the sequestration trigger were pulled, it could result in even more drastic reductions placing the United States at great peril. At the same time, it is increasingly unlikely that Defense will be spared from some reductions in the years ahead. The challenge will be in making adjustments to DoD to develop and maintain those forces and capabilities that are most relevant to the security challenges ahead and capable of operating in non-permissive conditions, while finding efficiencies and reducing those forces and capabilities that are least relevant and most dependent on relatively benign operating conditions.

Making Changes to Meet Security Challenges in an Age of Austerity

The security challenges we face in the decade ahead are greater than they have been at any time since the Cold War, while the resources to deal with them are becoming more constrained. Together, the dual imperatives of preparing for new security challenges and reducing defense spending are likely to drive changes in the military over the coming decade. Ideally, DoD should revise the Defense Strategy to explain how it will reconcile the changing security environment with reductions in defense spending.

Akin to the Nixon Doctrine in 1969, a revised Defense Strategy might call on allies and partners to do more in their own defense, with the United States serving as a global enabler rather than a "first responder" for regional crises. As part of a new bargain with its allies and close partners around the world, the United States might redouble its efforts to police the Global Commons—the high seas, air, space and cyberspace—beyond the sovereign control of other states for the benefit of all, while expecting its allies to do more at home. Just as the United States may find it more difficult to project power in the future, it might once again serve as an "Arsenal of Democracy" to arm allies and friendly states with their own anti-access and area-denial capabilities to defend their own sovereignty from regional hegemonic aspirants.

Emulating President Eisenhower's New Look strategy, a revised strategy might place emphasis on particular elements of the U.S. military to foster deterrence. Just as the New Look emphasized nu-

clear weapons to deter aggression, the United States today might emphasize special operations forces and global strike capabilities—including cyber, conventional and nuclear—to deter aggression or coercion. In its divisions of labor with allies and friendly states around the world, special operations, and global surveillance and strike capabilities represent unique American military advantages that are beyond the means of most states and are thus complementary rather than duplicative. Special operations and global surveillance and strike capabilities, moreover, are among the most fungible capabilities in the U.S. arsenal as they can be applied across a range of theaters in a variety of military operations. Such capabilities may also be among the least vulnerable to anti-access/area denial threats.

DoD should revise its force planning construct to move away from preparing to conduct concurrent large-scale land combat campaigns focused on conducting or repelling invasions. It should consider a wider range of contingencies, including the elimination of a hostile power's WMD capabilities. At the same time, it should assume that the United States would conduct no more than one large-scale land combat campaign at any given time. To deal with opportunistic aggression by a third party if the United States is engaged in war, the United States should maintain sufficient global strike capabilities, including a deep magazine of precision-guided weapons, to halt invading forces and conduct heavy punitive attacks over extended periods of time.

DoD should also reconsider military roles and missions. It should reduce duplication across the services, including in combat aircraft, armored forces, and cyber capabilities. Rather than having all Services equally prepared for all contingencies across the spectrum of conflict, it should explore greater differentiation between the Services. For example:

1. The Marine Corps might reinvigorate its role providing forward presence and optimize itself as the Nation's premiere on-call crisis response force on a day-to-day basis. In a state of general war, the Marine Corps might perform two main roles: first, small teams of highly distributed/highly mobile Marines could conduct low-signature amphibious landings and designate targets ashore for bombers and submarines as a vanguard force in the early stages of a blinding campaign; and second, Marines could play an instrumental role seizing key bases and maritime chokepoints, particularly in peripheral theaters, to enable follow-on operations of the joint force.
2. The Army might focus on security force assistance to foreign security forces steady-state. In a general state of war, it should be prepared with a Corps-sized capability to conduct a large-scale WMD elimination campaign as its most stressing case.
3. As the Army and Marine Corps expand their capacity for security force assistance and foreign internal defense in semi-permissive environments, special operations forces could shift their emphasis toward unconventional warfare, foreign internal defense, counterterrorism, special reconnaissance, direct action, and special WMD elimination in denied environments.

4. The Air Force and Navy might reduce their forward presence while focusing more on delivering globally available capabilities to penetrate enemy anti-access/area-denial networks, providing persistent broad area surveillance and attack as well as mutually assured air and sea denial in contested zones, while maintaining control of the Global Commons.

Beyond changes in the strategy and design of forces, we should explore ways to gain efficiencies in the institutional functions of the Department and reduce headquarters staffs. Over the past several decades almost all headquarters units in the Department have grown significantly while operating forces have remained level or declined. Large headquarters staffs, including the staff in the Office of the Secretary of Defense, do not improve military effectiveness and, arguably, reduce the Department's agility to deal with lean adversaries such as al Qaeda. Congress might consider reducing legislative reporting requirements to facilitate staff reductions.

We must also act to arrest personnel cost growth lest DoD follow the path of large American corporations that have run into trouble in recent years as their healthcare and pension costs have made them less competitive. U.S. military pay raises—in excess of the employment cost index (ECI)—and added or expanded benefits have increased the cost of military personnel on a per person basis by 46 percent in real terms since 9/11. Military healthcare is another significant contributor to the growth in personnel costs, having risen by 85 percent in real terms over the past decade. Congress should consider an overhaul of military compensation, healthcare, and retirement pensions to bring them more in line with private sector best practices.

DoD should develop new operational concepts such as AirSea Battle that address the types of security challenges outlined earlier. Such concepts serve a vital function as the connective tissue between strategic objectives and the types of forces and capability investments that are needed. DoD should evaluate its R&D and procurement programs and prioritize them in light of its operational concepts. Capabilities that are fungible across theaters and combine multiple attributes described earlier—global responsiveness and range; payload; survivability; endurance; autonomy; and counter-WMD—should receive high priority. Those that lack such attributes or make only niche contributions should he accorded lower priority.

Finally, DoD should draw a lesson from the past. Between the First and Second World Wars, the War and Navy Departments faced far graver budgetary austerity than anything currently being contemplated. Their forces were dramatically reduced following demobilization after World War I. Field-grade officers such as Dwight Eisenhower had trouble making ends meet and considered leaving the Service. But despite terrible funding conditions, the Army, Navy and Marine Corps protected their intellectual capital. They used their limited resources to experiment with new capabilities like the airplane, aircraft carrier, and the tank. They conducted a series of wargames, developed a wide range of Color Plans, and they developed operational concepts like Amphibious Warfare that would prove so crucial in the Second World War. Likewise, it would

be prudent to protect DoD's intellectual capital in the current environment.

Conclusion

Despite the conventional wisdom that America is in decline, the United States continues to enjoy unrivalled strategic advantages. We are blessed with insular geography and friendly neighbors. America is rich in natural resources and fertile land. It enjoys deep and enduring alliances and access to a global portfolio of bases. It has a culture of assimilating immigrants and promoting innovation. The United States enjoys the most favorable position relative to all of the other great powers. With ample political will and shared sacrifice, I am confident the United States can get its economic house back in order, while safeguarding the country from those who would harm us.

STATEMENT OF DR. MICHAEL E. O'HANLON, DIRECTOR OF RESEARCH AND SENIOR FELLOW, THE BROOKINGS INSTITUTION

In a stunning change in American policy and politics, it now appears possible that the military budget may be cut by up to a trillion dollars over a decade. This would be far more than the $400 billion in 12-year savings that President Obama had proposed in his April 13, 2011 speech that signaled the White House's full engagement on the deficit issue. That is above and beyond savings that will result naturally, and indeed are already resulting, from troop drawdowns in Iraq and Afghanistan.

And these will be real cuts. The administration's earlier plan, as seen in President Obama's February 2011 budget proposal to Congress for Fiscal Year 2012, had already taken away most of the growth in the longer-term military budget, reducing it to around 1 percent a year in inflation-adjusted terms. But most military costs rise about 2 percent a year *above inflation.* That is a well-established historical tendency due to the fact that many areas of defense activity—health care, environmental restoration, weapons purchases, pay for troops and full-time civilians—do tend to rise in cost slightly faster than the inflation rate. So it will be necessary [to] cut forces, weapons, and operations.

Defense cuts are appropriate, even above and beyond the $150 billion or so in annual spending that will naturally go away as forces come home from Iraq and Afghanistan. Our nation is in economic crisis, exacerbated to a large degree by a huge budget deficit and unhealthy level of accumulated debt. This dilemma also constitutes a national security challenge for the United States; no great power can remain great if the economic underpinnings of its strength erode, as history and common sense both counsel us. And to attack the deficit in a serious way, defense must be on the table—just as all other major elements of federal spending, as well as the tax code, must be.

But before we ask the Pentagon to provide a disproportionate share of spending reductions, as some would counsel, we need to sit back and think. Issues of war and peace are too fundamental to our nation's well-being to be guided by emotional reactions to an economic downturn that, however important, is nonetheless still a temporary phenomenon. We have spent decades building up the best military in the history of the planet and also helping establish an international system of alliances and other security relationships that has prevented another major power war for almost 70 years. Care is required in changing it. Yes the defense budget is huge—at nearly $700 billion it is one-fifth of all government spending, and nearly the equal of all military spending by all other countries on Earth combined. But it is not particularly huge in historic terms as a percent of our economy; it clocks it at about 4.5 percent

of gross domestic product, in contrast to levels of 6 percent under President Reagan and 8 to 10 percent under Johnson, Kennedy, and Eisenhower. Nor is America currently a militarized society that needs to reorient its economy or culture. Even if one counts the National Guard and Reserves, only 1 percent of the population is in uniform, compared with more like 2 percent in the latter decades of the Cold War and even higher figures before that. Modern America is more notable for the distance between the average citizen and its all-volunteer armed forces than by any overmilitarization of its society. And the defense budget is a bargain if the alternative is a higher risk of war.

Making national budgetary decisions with huge strategic impact cannot be done as an arithmetic exercise, or as part of a grand deficit bargain in which some parties trade away several chips' worth of defense spending in exchange for so many tax cuts or entitlement cuts like bargaining chips in a poker game. While it is reasonable, and right, to rethink defense spending in light of our economic straits, we must also ask what is our military for, and what role do we as Americans want to play in the world of the 21st century?

My bottom line is conditionally supportive of the idea of cutting $350 billion over the next decade—as has already been agreed in the first round of the August, 2011 debt deal between President Obama and the Congress. Cumulative reductions of $350 billion to perhaps $500 billion over that ten-year window can probably be achieved. Some can be found by eliminating pure waste. Some can be found by steps like asking non-deployed military personnel and non-wounded veterans to pay health care insurance premiums more in line with what the rest of the country considers standard, and to accept a new retirement system. The bulk of it will, however, have to be found by cutting real military capability and as a result accepting real additional risk to the country's security. I detail my calculations in the long Brookings paper noted above (at www.brookings.edu) and will develop the arguments further in a forthcoming book.

Some cuts are eminently reasonable, even on narrow national security grounds, given how much the deficit has become a risk to the nation's long-term economic and military strength. But to argue that cuts of this magnitude can be made risk-free, as some purport, is not consistent with the realities of the situation. And to cut more than half a trillion dollars, relative to the earlier plan laid out by the President in his February 2011 plan, would be unwise. Unfortunately, there are budget plans that would do so. Most worrisome is the default plan. As part of the August deficit and debt deal, the new Fiscal "Supercommittee" is due to present a plan before Thanksgiving for an up-or-down vote by Congress before Christmas. If such a plan is not approved, defense and national security will automatically suffer another $500 billion or so in ten-year cuts, making for a grand total of about $900 billion. Such draconian cuts would jeopardize irreducible requirements in American defense policy—winding down current wars responsibly, deterring Iran, hedging against a rising China, protecting global sea lanes vital for commerce, attacking terrorists and checking state sponsors

of terror, and ensuring a strong all-volunteer military as well as a world-class defense scientific and industrial base.

Behind these specific recommendations is a broader premise. Not only the United States, but the world in general, benefits from the current international order in which America is the strongest power and helps lead a broader alliance system involving most of the world's other major powers. World peace would not be served by U.S. disarmament or even a trend towards the emergence of multiple, comparable power centers. I do not mean Americans should want to dominate others. Nor should the United States do other countries' fighting for them. But if the United States were to stop playing a global leadership role, competition and conflict would be the likely result. In such a "multipolar" world, countries would often be less confident of their own security, and sometimes inclined to take matters into their own hands by engaging in arms races, building nuclear weapons, or even attacking their neighbors.

We Americans get lots of things wrong, but we usually get around to the right policy after trying all others as Churchill famously remarked. In the end most peaceful democratic states do not fear us and want to ally with us. As such our power is stabilizing, and desirable. Perhaps someday a world made up just of democracies will, as "democratic peace theory" would predict, be inherently stable on its own, without a strong leader.[1] But the world is not there yet.

Put differently, we have to be careful about cutting defense so much that we have to give up some current overseas missions and responsibilities. It would be nice if some parts of the world had become less important, some missions that were previously very important obsolescent, some allies that had previously been too weak to carry much of the burden of maintaining international stability much stronger and more inclined to use their power in productive ways. But the world does not offer many such easy options. One place might be Russia; despite Moscow's prickliness on many issues, it has become more security partner than adversary of the United States, and any threats it might pose to NATO are minimal. However, our force planning already downplays the possibility of scenarios involving Russia, as it should, so there are no big further savings to reap. Some might think that Korea would offer a more promising case where American security commitments could be reduced. And it is true that South Korea's military is stronger than before, North Korea's less strong. But the last time we tried to ignore the Korean threat, back in 1949 when Secretary of State Dean Acheson infamously declared it beyond America's security perimeter of key overseas interests, what we got was an emboldened North Korea and a full-fledged war. Today, North Korea is ruled by the same fanatical regime as before, and while the conventional military balance on the peninsula now strongly favors the Republic of Korea and United States, North Korea now has nuclear weapons.

For reasons I develop further in the pages that follow, we would be unwise to draw back from the world or take a big gamble on

[1] For a good discussion of democratic peace theory, see John M. Owen, *Liberal Peace, Liberal War* (Ithaca, N.Y.: Cornell University Press, 1997).

simply deciding to forgo certain types of military responsibilities. To be sure, we may choose not to carry out the next "war of choice." But we may not always *have* a choice about when and where to fight; in a world with proliferating nuclear arsenals, transnational terrorists, and other threats that can reach out and touch us even from far away, what happens in other regions can affect Americans much more directly than we might prefer. In his retirement ceremony speech of August 31, 2011, the greatest general of his generation, David Petraeus, warned us that as a nation we do not always get to choose the wars we fight, and it was good advice. Rather than retrench, our primary focus in cutting the defense budget should be to look for ways to be more innovative, cost-effective, and brutally efficient in how we prepare for most possible contingencies and maintain existing obligations. It is not the time for America to come home from the world.

Military budget cuts should not be, and cannot be, our main means to reducing the deficit. Cutting $350 billion over 10 years, or perhaps up to $500 billion, would entail some risk to America's global interests. As such, it can only be justified on national security grounds if the nation's economy is strengthened substantially in the process. Nations with hollow economies cannot be secure indefinitely, so it is legitimate to view the debt as a national security threat, and economic renewal as a national security imperative. However, this idea only works if projected deficits are reduced enough to make a notable difference in America's economic prognosis. And that is only possible if broad-based deficit reduction occurs. As big as the defense budget is, moreover, it is only one of five big components of the federal budget of roughly comparable size—the others being Social Security, Medicare, Medicaid, and the sum total of other domestic programs ranging from science research to infrastructure development to federal support for education. In short, big defense cuts are only sound policy if they are accompanied by entitlement revisions and tax reforms that reduces spending and increases revenue.

There is no exact point at which defense cuts become excessive and unwise. But make no mistake about it: we will have to cut into muscle, and not just fat or waste, to achieve even the $350 billion to $500 billion ten-year cuts that are now being taken as a given. Such reductions would constitute almost 10 percent of planned spending, above and beyond reductions that will occur as the wars end. This book attempts to develop a plan for accomplishing such reductions without jeopardizing the country's security interests. But I hope to show that even cuts of this size would be risky, and that deeper cuts would be too much. I reach this conclusion not as some superhawk or member of the "military-industrial complex" that Eisenhower warned us about, but as a Democrat, former Peace Corps volunteer, scientist by training, budget specialist by background, and independent scholar. And I agree with deficit hawks that we must look hard, in uncomfortable ways, for means of scaling back. But it is equally important not to be reckless in the effort. This book's argument is equally passionate about two points—that the military budget must play a major role in deficit reduction, but also that the process must not go too far and must be grounded in a sound national security strategy for the United States.

There will be pain enough in carrying out the defense cuts already now mandated. My estimates are that the following kinds of changes would be needed:

1. A return of the size of the ground forces to Clinton-era levels;
2. Further reductions in some parts of the Navy and Air Force force structure, winding up for example with a Navy of about 250 ships (but making greater use of crew rotations by airplane to keep ships on forward deployment longer and more efficiently);
3. No large-scale replacement for the Army's Future Combat System and a reduction in the size of the planned F–35 program by at least 40 percent;
4. Serious consideration of eliminating one leg of the nuclear triad and taking one nuclear weapons lab out of that business; and
5. Fundamental redesign of the military retirement system broadly in line with the recent suggestions of the Defense Business Board and perhaps an increase in Tricare premiums for middle-age retirees as well as serious consideration of the end of military commissaries and exchanges.

Such changes will hurt. And they will pose certain strategic risks. They are in my judgment acceptable nonetheless given the nation's economic plight, if done as part of broader federal deficit reduction and tax reform. But deeper cuts would not be.

STATEMENT OF MR. THOMAS DONNELLY, DIRECTOR, CENTER FOR DEFENSE STUDIES, AMERICAN ENTERPRISE INSTITUTE

Thank you, Mr. Chairman and Mr. Smith, for the opportunity to testify today. I know we "outside experts" are an imperfect substitute for the former secretaries of defense who you had planned to hear from today, but given the gravity of the moment—I believe that the future health of the U.S. armed forces and the security of the United States may well be in the hands of the members of the "Super Committee" and, generally, in the consideration of our government's finances.

That is not to say that I concur with Admiral Mike Mullen's view that our deficits and debts are the greatest security challenge we face. Quite the opposite: I am worried that our future prosperity depends first and foremost on our future security. I cannot imagine that today's global economy, itself a manifestation of American power and international leadership, will be nearly so fruitful absent the guarantees we provide. The fiscal problems of the federal government are neither the result of military spending, nor can they be cured by cutting military spending. And, of course, as a percentage of American wealth and federal spending, Pentagon budgets have been constantly cut since the 1980s. And during this administration, the Department of Defense has been the bill-payer of first and almost only choice, coughing up hundreds of billions of dollars while other agencies have been fed a diet rich in "stimulus."

But rather than focus on the finances or even the programmatic consequences of the cuts in prospect—which are severe and, should Super-Committee "sequestration" or the equivalent come to pass, debilitating to our armed forces—I would like to talk a bit about the likely strategic consequences. It has become fashionable to talk about American "decline" in the abstract, or to describe "strategic risk" in an anodyne fashion. And so I will take a quick tour of the strategic horizon, looking at particular global and regional balances of power that can only become more volatile with the diminished presence of American forces or the diminished capabilities that they may bring to bear.

I derive the framework of this tour from the work of the Quadrennial Defense Review Independent Panel, the bipartisan—nay, "nonpartisan"—effort that was essentially the creation of this committee. The panel quickly discovered that the formal process of defense strategy-making in the QDR had become bankrupt, and thus was thrown back upon its own long experience and knowledge about the persistent patterns and habits of U.S. security strategy; that is, not what we have said we would do, but what we actually have done in the course of the post-World War II decades, during the time where America has come to its position of global leadership. This I offer also as the most reliable benchmark about what

would be different about the world to come, the world without American leadership.

The panel deduced four consistent U.S. national security interests:

1. The defense of the American homeland;
2. Assured access to the "commons" on the seas, in the air, in space and in "cyberspace";
3. The preservation of a favorable balance of power across Eurasia that prevents authoritarian domination of that region; and
4. Providing for the global "common good" through such actions as humanitarian aid, development assistance, and disaster relief.

Carrying out the missions associated with securing these four fundamental interests have been the raison d'être of U.S. military forces under presidents of both parties in times of conflict, of Cold-War competition, and in moments [of] relative stability and peace. Taken together, they define America's role in the world. I will consider how each might be affected by a loss of American military power.

Defense of the American Homeland

The tenth anniversary of the September 11 attacks, if nothing else, provided a reminder of the primacy of the mission of defending the American homeland. That there has been no repeat of those terrifying attacks is both a surprise—certainly I anticipated that there might be more to come—and a testament to the efforts made. The al Qaeda organization which conducted those attacks has been badly punished and our defenses vastly improved, indeed to the point where complacency, not "overreaction," is as big a concern. The role of the Department of Defense has often been a supporting and secondary element in the immediate defense of the United States proper, but it nonetheless has brought immense capabilities to bear in that support; the military's intelligence-gathering contributions amount to tens of billions of dollars annually.

Second, the distinction between homeland defense and foreign operations is very slim in the case of international terrorist groups. Homeland defense must not begin at the borders, and, if it is to continue to be effective, must be tactically and operationally offensive, preventing and disrupting attacks, not merely responding to them. September 11 shattered our belief in "strategic depth," that physical distance was sufficient to protect us against otherwise weak enemies.

Lastly, we should not forget the full meaning of America's "homeland." The term traditionally is meant to incorporate all North America and the Caribbean Basin; it is something we share with our neighbors. Over the past decade, our neighborhood has become more dangerous, particularly to the south, where criminal gangs and criminal regimes are increasingly enveloped in a kind of syndicate—one that can include terrorist groups—that preys upon fragile democracies and which makes for violent acts even within the United States.

One measure of the consequences of defense cuts is likely to be that the Defense Department's "homeland commands"—Northern and Southern commands—are prime targets for reductions, consolidation, even elimination under various "reform" proposals that treat these headquarters, which are truly combatant commands, as "overhead." But NORTHCOM is still in its infancy while SOUTHCOM has constantly been a neglected child and a source of "savings" in the post-Cold-War years. Yet these two commands reflect our oldest and most critical security interests.

Access to the "Commons"

Describing the maritime, air, space and cyberspace "realms" as "international commons" is an imprecise term—there are, for example, sovereign waters and air space—but nonetheless these domains are critical components of international security and also commerce. And assured access, and in terms of war, dominance and supremacy, to these realms is a critical element of U.S. national security strategy.

To observe that Americans are seafaring people or to describe the United States as a "maritime power" is hardly a controversial point. Even the most isolationist elements of the domestic political spectrum will support the power-projection posture of the U.S. Navy, despite its British imperial overtones. And the importance of secure sea lines of communication—particularly the shipping route that stretches from the Persian Gulf through the Red Sea, Indian Ocean to the Malacca Straits and South China Sea to Northeast Asia, which carries an immense and growing volume of the world's trade—remains critical to international security. But a smaller Navy, even one with more-capable ships but fewer overseas bases, is less frequently present in places such as the South China Sea, where who "rules the waves" is open to doubt and a matter of potential conflict. Likewise, new technologies are allowing China and others to develop a range of "anti-access" and "area-denial" capabilities that are shifting the naval balance. The U.S. Navy is as small as it has been since World War I; force reductions would both encourage adversaries and discourage allies or would-be strategic partners.

But the cardinal virtue of U.S. military power—and, in the age of the aircraft carrier, even of naval power—has been the quality of American air power. Two decades ago, in the aftermath of the first Gulf War, U.S. air supremacy reached its zenith, fabled not only for its firepower but its unprecedented precision; war from the air was a uniquely American way of war. At the core of this mystique was the ability to mass and synchronize large swarms of tactical aircraft. This method of operations built a mountain of effects out of a molehill of airplanes, relying on access to bases in the theater of operations. The same technologies that threaten surface ships now hold these air bases at risk—but also, the swarms of "fourth generation" F–15s, F–16s and F/A–18s are aging and their numbers are shrinking. The cuts in view could result in a fighter force half the size of the "Desert Storm"-era armada. And the generation-long failure to modernize is felt most directly in the tactical air forces: the F–22 program was stopped at 187 Raptors when 750

were once planned, and the F–35 would certainly be the prime target of future cuts.

Access to space—which has long been "militarized" much to the advantage of the United States—is no longer a sure thing. And even where access might be retained, military dominance and supremacy are uncertain. This is a critical vulnerability for U.S. forces, whose weapons, operations, communications and more depend [on] it. As observed above, intelligence satellites are essential in even the smallest, most irregular operations against the tiniest terrorist groups, but the loss of larger networks in a conflict against a more sophisticated foe—and China is at the forefront in developing and recently testing anti-satellite systems—would be catastrophic.

Strategic and operational thinking about "cyberspace" is still being developed, but the best analogies and precedents are to be found in regarding this realm as similar to the maritime domain. The Internet is indeed much more a venue for commerce and civilian communication than a military asset, though it is that; sharing information has been a key to the process of "transformation." It has already been a domain for private "pirates" and used, notably by Russia, as a battlefield. No one is quite sure what it means to "secure" cyberspace, but suffice it to observe that the failure to do so in a significant way would be a critical test of international politics and an easily imaginable provocation to war.

In sum, even as the "common" realms where commerce, communication and security intersect are expanding and the burdens of "securing the commons" or "assuring free access" to them appear to be growing, the U.S. military is already at full stretch. A fading of American power would inevitably result in a contest to control these commons.

Continental Balances

The corollary of the commonplace observation that America is a "maritime power" is that U.S. strategic posture has been—and should return to—that of an "offshore balancer," intervening only in conflicts across the Eurasian landmass to prevent a "hostile hegemon" from dominating Europe or the Middle East or East Asia. But, as quickly became clear to the members of the QDR Independent Panel, close attention to these continental balances has been the core of American strategy-making for decades.

The most obvious example and most obvious success is to be found in Europe—a continent that has been intertwined with the American security since the discovery of the "New World." The pursuit of a "Europe whole and free" was the central goal of the Cold War, but even that was a recognition that World War II left the situation across the continent dangerous and unstable. Conversely, the end of the Cold War appears to have put a punctuation mark on centuries of conflict; it is hard to imagine a large-scale war in Europe, and that is a direct result not only of American "offshore balancing" but American presence and alliance-building since 1945. U.S. military presence in Europe is a shadow of its former self, though it remains critical as a "lily pad" for deployments elsewhere—Libya is the most recent example but all the recent operations in the Middle East were enabled by Europe-based forces.

And the unprecedented peace of Europe is itself a great blessing that comes at low cost.

Likewise, the American commitment to the "Middle East"—a very loose term—has grown even as we have been able to draw down in Europe. In 1979, U.S. Central Command did not even exist; the Carter Administration cobbled together a "Rapid Deployment Joint Task Force" in the aftermath of the Soviet invasion of Afghanistan that could neither deploy very rapidly nor bring much force to bear. Every president since then has found reason to take a larger hand in a very volatile but important region, from the 1987 reflagging of oil tankers to Iraq, Afghanistan and Libya. In particular, we have come to see the region as many theaters in one. The focus of most efforts of the last generation has been on the Arab world, but it is increasingly clear that South Asia is a problem unto itself; we walk away from Pakistan only at extreme peril.

Finally, our engagement in East Asia, north and south, on Pacific islands and ashore, is as long-lasting and, over time, as large as that in Europe. But no event is of greater geopolitical import than the rise of China; how we respond to that—and the course of China itself—is the salient issue of the moment and for the future. We have treaty allies in Japan, South Korea and elsewhere, whose safety, prosperity and—perhaps surprisingly but assuredly—democracy depend upon our regional posture and our military power. What is not surprising is that China is lately making the most mischief in the South China Sea and Southeast Asia, where we were once constantly present and supremely powerful. Ironically, the one nation to resist U.S. force, Vietnam, is leading the call for [America] to return to the scene.

The Global Good

One of the supreme reasons why the American exercise of military power attracts even former adversaries is that, at least in contrast to others, we can and do use our forces not only to deter, punish and defeat but to relieve, aid and develop. Be it a response to a humanitarian crisis—a tsunami, a nuclear meltdown or a combination of the two—or an uncertain and open-ended attempt to replace what John Quincy Adams called "derelict" states with legitimate government, contributing to a common good beyond the strict national interest has been and ought to remain an important mission for the U.S. military.

To protest that, especially in tough times, we must conserve our strength only for those occasions that demand "warfighting" capabilities or the kind of sophisticated operations and high technologies only possessed by our armed forces is, if experience counts for anything, to expect too much—or too little. Given the character of our political principles and the extent of our power, the kind of hard-nosed "realism" of the international relations professoriat is a theory that American strategic practice is unlikely to fulfill. It is not realistic to expect the United States to be like Bismarck's Prussia.

Moreover, the failure to act in pursuit of a global and common good would make the practice of harder power more difficult. The rest of the world sees how we behave—indeed, they spend most of their own strategy-making energy in first trying to figure out what

we will do—and behaves accordingly. If the United States falters in its attempts at making the world a better place, if we think we can "lead from behind," we will find it harder to make it a very safe place.

Thank you, Mr. Chairman. I look forward to the committee's questions.

STATEMENT OF MR. MAX BOOT, JEANE J. KIRKPATRICK SENIOR FELLOW IN NATIONAL SECURITY STUDIES, COUNCIL ON FOREIGN RELATIONS

Chairman McKeon, Congressman Smith, members of the Committee:

Thank you for inviting me here to talk about the future of the American armed services. That future is very much in doubt at the moment. The armed forces face the most formidable enemies they have encountered in decades. These enemies do not carry guns and they do not plant IEDs. Rather they wear green eyeshades and wield complex spreadsheets. But make no mistake: the impact of budget cuts has the potential to devastate our armed forces. It will, in fact, do more damage to their fighting capacity than the Taliban, Al Qaeda, or any other external foe could possibly inflict.

Already this year the budget has been cut by approximately $478 billion—$78 billion in cuts announced in January by the administration, and another $400 billion under the Budget Control Act this summer. Now we face the prospect of sequestration this fall—which could mean another $600 billion in cuts, or more, over the next decade. Hundreds of billions more will be lost assuming the disappearance of funding for Overseas Contingency Operations as we wind down operations in Iraq and Afghanistan. Todd Harrison of the Center for Strategic and Budgetary Assessments estimates that in all the defense budget could decline by 31 percent over the next decade. That compares with cuts of 53 percent after the Korean War, 26 percent after the Vietnam War, and 34 percent after the end of the Cold War.

Some might argue that there is nothing wrong with this—that we always downsize our military after the conclusion of hostilities. Leave aside the fact that hostilities have not yet ended—our troops are still in combat every day in Afghanistan and they still face the constant prospect of attack in Iraq. Moreover they continue to conduct military operations against Somalian pirates and Al Qaeda terrorists which put them in harm's way on a regular basis. It is beyond bizarre that we are rushing to spend the peace dividend at a time when we are not actually at peace. But, again, leave that aside for a moment, and simply consider the consequences of past drawdowns (as I laid out in the Washington Post last year).

After the American Revolution, our armed forces shrank from 35,000 men in 1778 (plus tens of thousands of militiamen) to just 10,000 by 1800. The result was that we were ill-prepared to fight the Whiskey Rebellion, the quasi-war with France, the Barbary wars and the War of 1812—all of which might have been averted if the new republic had had an army and a navy that commanded the respect of prospective enemies, foreign and domestic.

After the Civil War, our armed forces shrank from more than a million men in 1865 to just 50,000 in 1870. This made the failure

of Reconstruction inevitable—there were simply too few federal troops left to enforce the rule of law in the South and to overcome the ruthless terrorist campaign waged by the Ku Klux Klan and other white supremacist groups. Segregation would remain a blot on U.S. history for another century.

After World War I, our armed forces shrank from 2.9 million men in 1918 to 250,000 in 1928. The result? World War II became more likely and its early battles more costly. Imagine how Hitler might have acted in 1939 had several hundred thousand American troops been stationed in France and Poland. Under such circumstances, it is doubtful he would ever have launched his blitzkrieg. Likewise, Japanese leaders might have thought twice about attacking Pearl Harbor if their homeland had been in imminent danger of being pulverized by thousands of American bombers and their fleet sunk by dozens of American aircraft carriers.

After World War II, our armed forces shrank from 12 million men in 1945 to 1.4 million in 1950. (The Army went from 8.3 million soldiers to 593,000.) The result was that ill-trained, ill-armed draftees were almost pushed off the Korean Peninsula by the North Korean invasion. The very first American ground force to encounter the invaders—Task Force Smith—was routed and decimated because it did not have enough ammunition to stop North Korean tanks. Kim Il Sung was probably emboldened to aggression in the first place by the rapid dissolution of America's wartime strength and indications from parsimonious policymakers that South Korea was outside our "defense perimeter."

After the Korean War, our armed forces as a whole underwent a smaller decline—from 3.6 million men in 1952 to 2.5 million in 1959—but the Army lost almost half its active-duty strength in those years. President Dwight Eisenhower's New Look relied on relatively inexpensive nuclear weapons to deter the Soviet Union and its allies, rather than a large, costly standing army. As a result the Army that was sent to Vietnam was not prepared to fight guerrillas—an enemy that could not be defeated with a hand-held Davy Crockett nuclear launcher.

After the Vietnam War, our armed forces shrank from 3.5 million personnel in 1969 to 2 million in 1979. This was the era of the "hollow army," notorious for its inadequate equipment, discipline, training and morale. Our enemies were emboldened to aggression, ranging from the anti-American revolutions in Nicaragua and Iran to the Soviet invasion of Afghanistan. We are still paying a heavy price for the Iranian Revolution, with Iran on the verge of going nuclear.

After the end of the Cold War and the Persian Gulf War, our armed forces shrank from 2.1 million personnel in 1989 to 1.3 million in 1999; the Army went from 769,000 soldiers to 479,000. The result: an Army desperately overstretched by its subsequent deployments. Part of the reason too few troops were sent to stabilize Iraq in 2003 was that senior officials thought there simply weren't enough to go round.

We are still suffering the consequences of the post-Cold War drawdown. The Navy, down from 546 ships in 1990 to 284 today (the lowest level since 1930), is finding it hard to fight Somali pirates, police the Persian Gulf and deter Chinese expansionism in

the Western Pacific. The Army and Marine Corps are forced to maintain a punishing operational tempo that drives out too many bright young officers and NCOs. The Air Force, which has been reduced from 82 fighter squadrons in 1990 to 39 today, has to fly decades-old aircraft until they are falling apart. The average age of our tanker aircraft is 47 years, of strategic bombers 34 years, and some older fighter aircraft are literally falling out of the sky.

The bipartisan Quadrennial Defense Review Independent Panel led by Stephen Hadley and William Perry found last year "a growing gap between our interests and our military capability to protect those interests in the face of a complex and challenging security environment." The panel further noted:

"There is increased operational tempo for a force that is much smaller than it was during the years of the Cold War. In addition, the age of major military systems has increased within all the services, and that age has been magnified by wear and tear through intensified use. . . . The Department of Defense now faces the urgent need to recapitalize large parts of the force. Although this is a long-standing problem, we believe the Department needs to come to grips with this requirement. The general trend has been to replace more with fewer more-capable systems. We are concerned that, beyond a certain point, quality cannot substitute for quantity."

The Hadley-Perry commission recommended that "as the force modernizes, we will need to replace inventory on at least a one-for-one basis, with an upward adjustment in the number of naval vessels and certain air and space assets." It also recommended maintaining the size of our current ground forces because "the increased capability of our ground forces has not reduced the need for boots on the ground in combat zones."

Both of those recommendations are absolutely right. And both are increasingly difficult to carry out given the magnitude of defense cuts already agreed upon. They will become an utter impossibility if sequestration occurs. You have heard the services say that they can deal with the current level of cuts but that's only because they're being good soldiers. In reality even the current cutbacks are already cutting into muscle; sequestration, if it were to occur, would be akin to lopping off entire limbs. In either case American power will not survive in its present form.

Those who argue in favor of cuts point out that defense spending has doubled in real terms since 9/11. That's true but much of the spending has gone to current operations, personnel costs, ballooning health care costs, and other necessities—it has not been used to recapitalize our aging inventory of weapons systems or to substantially expand a ground force that was cut by a third since the Cold War.

Instead, even as we continue to fight in Afghanistan and Iraq, the Defense Department has been eliminating or reducing one system [after] another. Defense Secretary Bob Gates closed headquarters, eliminated general-officer slots, and even shut down the whole U.S. Joint Forces Command. He cancelled or capped 30 procurement programs that, if taken to completion, would have cost more than $300 billion. The cancellations included the Army's Future Combat System, the Marines' Expeditionary Fighting Vehicle,

the VH–71 presidential helicopter, the Navy's CG(X) next-generation cruiser, the Air Force's F–22 fighter and C–17 cargo plane, and the Airborne Laser. Other programs, such as the Navy's new aircraft carrier, were delayed, while the planned buy of F–35 fighters, Littoral Combat Ships, and other systems was reduced.

And it's not just weapons systems, we're losing—it's personnel. Before leaving office, Gates announced that he was whittling down Army and Marine end-strength by 47,000 personnel, reversing the increase in the size of the ground force that he had pushed through to deal with the wars in Afghanistan and Iraq. Further cuts in end-strength are undoubtedly coming as a result of greater budget cuts, thus throwing out of work—at a time of already high unemployment—tens of thousands of men and women who have signed up to serve their country.

That may make sense if you assume we will have no need of large numbers of ground combat forces in the future, but as Gates himself said earlier this year: "When it comes to predicting the nature and location of our next military engagements, since Vietnam, our record has been perfect. We have never once gotten it right, from the Mayaguez to Grenada, Panama, Somalia, the Balkans, Haiti, Kuwait, Iraq, and more—we had no idea a year before any of these missions that we would be so engaged." That's absolutely correct, and because the world is such an uncertain, dangerous place we need the deterrence and flexibility provided by a large ground force. But maintaining soldiers in an all-volunteer force is expensive, and you can bet that they will be sacrificed to achieve arbitrary budget targets.

This points to a larger issue: What strategy are we following here? Is there any strategy at all? None is apparent from the outside—or, from what my friends in the Pentagon tell me, from the inside either. It has been said this is a budget in search of a strategy, but we will be hard-put to achieve all, or even most, of our strategic objectives with a third-less money. The Hadley-Perry commission identified four enduring security interests for the United States: "The defense of the American homeland; assured access to the sea, air, space, and cyberspace; the preservation of a favorable balance of power across Eurasia that prevents authoritarian domination of that region; providing for the global common good through such actions as humanitarian aid, development assistance, and disaster relief." None of those interests will change no matter what budget decisions are made in Washington; all that will change will be our ability to defend those interests.

Certainly there has not been—nor is there likely to be—a decreased demand for the armed forces. They are constantly having new missions thrown their way, from defending our nation's computer networks to deposing a dictator in Libya and providing relief to Japanese tsunami survivors. Those who call for austerity in our defense budget do not suggest which missions, which specific operations, they will willingly forego. And when they do the suggestions are usually insufficient to achieve serious savings. For instance I have heard it suggested that we could save a lot of money by pulling our forces (currently 80,000 strong) out of Europe. But in fact, as Secretary of Defense Donald Rumsfeld discovered, that is simply a prescription for incurring higher short-term costs because we

have to recreate in the United States the base infrastructure that already exists in Europe. And of course troops based in the U.S. will be farther away from where they are likely to deploy: the Middle East, Africa, and Central Asia. By not having them forward-deployed, we will lose significant strategic flexibility, political influence, and deterrence capacity.

Don't get me wrong. It is impossible to deny that there is waste, fraud and abuse in the defense budget. The problem is that, as you know, there is no line item for waste, fraud, and abuse, and hence no way to pare only wasteful spending. Indeed it is hard to agree about what constitutes wasteful spending since every defense program has its passionate defenders, especially here on the Hill, and it is possible to make compelling arguments in favor of them all. We all know that the procurement process is bloated, but I have never [heard] anyone suggest in a compelling or realistic way how to reform the procurement process so that we can buy substantially more with less. Indeed as we pare back our programs we increase unit costs and only heighten complaints about runaway acquisitions programs. At the end of the day, less money results in less capability.

And less capability is something we cannot afford at a time when we face so many actual or potential threats: threats from a rising China, a nuclear North Korea, an Iran on the verge of going nuclear, a Pakistan that is threatened as never before by jihadists, and by numerous terrorist groups, ranging from the Afghan and Pakistani Taliban to the Shabab in Somalia and Al Qaeda in the Arabian Peninsula, all of whom continue to pose a significant threat despite Osama bin Laden's demise. These groups threaten not only vital U.S. interests abroad but also increasingly the American homeland itself, as seen from AQAP's attempt to mail parcel bombs to the U.S. and from the Pakistani Taliban's sponsorship of an attempt to set off a car bomb in Times Square. Both of those attempts are recent—they occurred last year. As the more recent frenzy over a possible terrorist attack on the 10th anniversary of 9/11 makes clear, such threats are not going away, despite all of the counter-terrorism success we have enjoyed.

China presents a particularly worrisome long-threat: It is in the midst of a rapid defense buildup which has allowed it to field a stealth fighter, an aircraft carrier, diesel submarines, cyber-weapons, "carrier-killer" and satellite-killer ballistic missiles and numerous other missiles. Even as things stand China is increasingly able to contest the US Navy's freedom of movement in the Western Pacific. As long ago as 2008, Rand predicted that by 2020 the U.S. would not be able to defend Taiwan from a Chinese attack, and that was before the surprise unveiling of China's J–20 Stealth fighter or its new aircraft carrier; the timeline for American dominance being threatened is only accelerating. The safety of U.S. bases in Okinawa, Guam, and elsewhere in the region can no longer be assured, creating the potential for a 21st century Pearl Harbor. That trend will be exacerbated—leading to a potentially dangerous shift in the balance of power—unless we build up our shrinking fleet. But given the budget cuts being discussed here we will have trouble maintaining the current size of our fleet much less expanding it.

We have already cancelled the F–22 and cut back the procurement of the F–35. Is the F–35 to be cancelled altogether or cut back to such an extent that we will have no answer to the fifth-generation fighters emanating from Russia and China? If that were to come to pass, it would signal the death knell for American power in the Pacific. If our power wanes, our allies will have to do what they need to do to ensure their own security. It's easy to imagine, under such a scenario, states such as Japan, South Korea, and Taiwan acquiring their own nuclear weapons, thus setting off a dangerous and destabilizing nuclear arms race with China.

Even given the dire consequences, it might still make sense to cut the defense budget—if it were bankrupting us and undermining our economic well-being which, we would all agree, is the foundation of our national security. But that's not the case. Defense spending, including supplemental appropriations, is less than 5 percent of gross domestic product and less than 20 percent of the federal budget. Both figures are much lower than the historic norm. That means our armed forces are much less costly in relative terms than they were throughout much of the 20th century. Even at roughly $550 billion, our core defense budget is eminently affordable. It is, in fact, a bargain considering the historic consequences of letting our guard down.

The United States armed forces have been the greatest force for good the world has seen during the past century. They defeated Nazism and Japanese imperialism, deterred and defeated Communism, and stopped numerous lesser evils—from Slobodan Milosevic's ethnic cleansing to the oppression perpetrated by Saddam Hussein in Iraq and the Taliban in Afghanistan. I cannot imagine a world in which America is not the leading military power. It would be a brutal, Hobbesian place in which aggressors rule and the rule of law is trampled on. And yet Congress will be helping to usher in such a New World Disorder if it continues to slash defense spending at the currently contemplated rate.

THE FUTURE OF NATIONAL DEFENSE AND THE U.S. MILITARY TEN YEARS AFTER 9/11: PERSPECTIVES FROM FORMER SERVICE CHIEFS AND VICE CHIEFS

COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS
FIRST SESSION

HEARING HELD
OCTOBER 4, 2011

WITNESSES

GENERAL JOHN P. JUMPER, USAF, RETIRED
17th Chief of Staff, United States Air Force

GENERAL RICHARD A. CODY, USA, RETIRED
31st Vice Chief of Staff, United States Army

LIEUTENANT GENERAL H. STEVEN BLUM, USA, RETIRED
25th Chief, National Guard Bureau

PREPARED STATEMENTS PRESENTED BY WITNESSES

OCTOBER 4, 2011

STATEMENT OF GENERAL JOHN P. JUMPER, USAF, RETIRED, 17TH CHIEF OF STAFF, UNITED STATES AIR FORCE

What threats to our homeland can we anticipate as we look forward?

As we attempt to anticipate future threats it's important to remember our track record on successful predictions. Any objective assessment must begin with the fact that we are lousy predictors. Before the first Gulf war (Desert Shield, Desert Storm) we had no idea how the likes of Saddam Hussein, Slobodan Milosevic, or Osama bin Laden, would perpetrate aggressions and atrocities that dominated US policy and shaped military actions for the next 20 years.

We are safe in assuming two things.

1. The terrorist threat will continue to pose the greatest threat inside our borders and to US forces and interests overseas. This danger becomes more serious as we consider that nuclear weapons get ever closer to the hands of irresponsible, rogue leaders throughout the world.
2. We must be prepared for more than counterinsurgencies. As nations gain the power to resist US policy in ways that could include aggressive action, our ability to deter and then react rapidly with substantive capabilities is as important as ever.

The argument is not whether aggressive foreign nations harbor ambitions of invading the US. I believe it's more a matter of reacting to, or being dragged into, conflicts perpetrated by frictions or atrocities that compel us to react. In Bosnia and Kosovo we led a NATO force that reacted to ongoing genocide. What should we be prepared for if frictions arise that involve allies in Asia or South America?

We have been able to react to the spectrum of conventional warfare (Iraq, Serbia) as well as counterinsurgency operations in Afghanistan because the US military forces were equipped with needed capabilities, were able to modify or adapt existing technology, or were able to rapidly field necessary capabilities quickly. All the while we have maintained a nuclear deterrent and kept a watchful eye on nuclear proliferation and must continue to do so with focused attention on nuclear safety, reliability and security.

What are appropriate roles and missions for the US Military?

The roles and missions carved out for the military are time tested and well understood. I believe that a certain amount of overlap and redundancy is necessary for absolutely critical functions. In the field, you find the military services falling all over themselves to do what it takes to get the mission accomplished. Joint-minded operations are being carried out every day. Behind the scenes of any

major military operation you will find that very little is done by one service alone.

We could do much more to allow the services to better define the limits of necessary overlap and to further interdependence on one another's capabilities. There is absolutely no doubt that this could best be done by development of Joint Concepts of Operation that requires services to think through how we plan to deploy and fight in various situations, and to define and limit the areas of necessary overlap. This process would force new ways of deriving requirements and reshape the acquisition process by demanding that we describe how we are going to fight before we decide what we will buy to fight with.

The lessons we are learning in this new age of warfare must be applied with due respect for lessons of the past. The key word is balance. As we build capabilities in counterinsurgency we must be respectful of the very traditional and conventional capabilities that are emerging from potential adversaries who have watched and learned from US military successes over the past 20 years. The common understanding of asymmetrical advantage is the use of low technology to defeat high technology. We easily forget that the asymmetrical advantage of the United States is our technology multiplied many-fold by the ingenuity of our Soldiers, Sailors, Airmen and Marines to rapidly shape our technological advantage in the course of battle.

The military also has a role as responsible stewards of nuclear weapons. As we reduce our nuclear posture it must be with the full support of Congress to maintain funding for the safety, reliability and security of the weapons that remain; to include relentless attention to counter proliferation.

As we enter the cyber age it will be necessary to do much more than to defend networks and data sources. We will need to develop the necessary weapons to fight back in a cyber-engagement. As the services and agencies develop the doctrine of cyber intelligence preparation; forensic and predictive analysis; and, doctrine of defense and offense, Congressional support for the weapons and tools of this new type of warfare will be critical.

What are the consequences of further cuts to the military over the next decade and what choices do we have to make?

It will be extremely difficult for the services to implement even the currently projected cuts. If the Joint Select Committee fails to reach consensus the resulting additional cuts to the defense budget would lead to dramatic loss of capability and the adverse impact on morale of a force that has served the nation so well for the decade of the war on terror.

It is unfortunate that when the services are faced with large budget cuts the easiest targets are, in many ways, the most damaging. We tend to hit training, readiness and research & development first as we attempt to save force structure. If all of the projected cuts are implemented, all of these budget categories will be impacted. Thus, our ability to repair and reset the force; to recapitalize the force; to recover lost training; to have the spare parts to keep current systems operating; and, to retain our technology advantage through Research and Development would be simultaneously and severely impacted.

Indeed there is much that can be done to realize greater efficiency with current resources. If significant force reductions eventuate, they must be done with proper balance between Active Duty, National Guard and Reserve forces. All must share in eventual drawdowns and all must share responsibility for all assigned missions and the operational tempo demanded by these missions. This cannot be done without the support of the Congress as our military leadership makes difficult recommendations.

I also believe that enormous savings are available in the logistics functions if the full power of best business practices and competition can be brought to bear. Again, the Congress must stand behind our military leaders as they struggle to find solutions.

In any case our Nation's Military Leadership will be asked to recommend reductions more severe than any I have seen in my career. They cannot do so alone.

What are the impacts of reducing force structure and end strength?

Reductions in end strength and force structure must be tied to a realistic strategy and deliberate policy decisions that can still be supported in the face of cuts. Our current policies of support to alliances, forward presence and stationing, rapid global response, credible deterrence and the ability to sustain operations will all be called into question.

In many cases a proper balance for the United States may call for the redefinition of our alliances and reconsideration of our fair share of defense relationships. These decisions may permit prudent reductions in permanent commitments overseas. However, as an American and a former member of the world's greatest military I believe it is our obligation to maintain a force able to react with authority to instabilities and atrocities in the world when so directed, and to be able to do so rapidly and effectively.

What are the implications of changes in global force posture/increasing US isolationism?

In a world that is on a slippery slope of instability, ungoverned pockets of terrorist growth, rogue leaders in control of nuclear weapons and growing disparity between the world's richest and poorest, it is unreasonable that the world's only great benign superpower should drift into isolationism.

As stated earlier, the time is appropriate to reassess our alliances and our commitments to them, however, it does not seem reasonable to back away from nations who struggle to implement political structures that support self-determination and the liberties promoted by our own policies.

There is no doubt that US military basing and presence has been a force for stability in the world. Even if redefined and deliberately reduced our forward partnerships are important pillars of our credibility and visible signs of our commitment and should not be abandoned.

STATEMENT OF GENERAL RICHARD A. CODY, USA, RETIRED, 31ST VICE CHIEF OF STAFF, UNITED STATES ARMY

On 8 April 2008 I testified before this Committee as the Vice Chief of Staff of the Army. Then, I was honored to represent the Nation's one million plus Soldiers, nearly 600,000 of whom were serving on Active Duty and over 250,000 of whom were deployed worldwide, most on 15 month combat tours, as I testified on issues critical to the current and long term readiness of the U.S. Army. Today, I am again honored to testify before you as a private citizen, a retired Soldier, but one who continues to do what I can to support our outstanding Soldiers, Marines, Sailors and Airmen.

Many things have changed since April 2008. The surge in Iraq has ended and the Army is on course to withdraw the remaining 45,000 Soldiers by the end of the year; we have surged more forces into Afghanistan. The end strength growth of 65,000 additional Soldiers that we started in 2004 is complete, though now there is movement to reduce the Army's active duty strength by significant numbers. The Army has completed the restructuring of the force and just finished the largest BRAC, MILCON and global repositioning of our Army since World War II; all while fighting in Iraq and Afghanistan. Today our U.S. economy is in crisis mode, and probably most importantly, we have now been at war for over 10 years.

That said, many things have not changed. In 2008 I reported to you that the world we live in is exceedingly dangerous. Recent events in Southwest Asia, the Pacific, and the Arab Spring only highlight this fact, in spite of courageous efforts of our service men and women. I also reported that our Army was out of balance, that repeated tours of 12 months in combat with only 13 months back before deploying again was putting tremendous stress on the All Volunteer Army and their Families. Today that stress is still there as the Army continues to deploy Soldiers on 12 month combat tours with less than 24 months between tours. I testified then that we were consuming our strategic readiness, people and equipment, with repeated tours in the harshest environments we have ever fought in. And most importantly, that our ability to man, equip and train for full spectrum operations somewhere else in the world, while fighting the current battles in Iraq and Afghanistan, was not possible.

In 2008 I reported that the cumulative impact of 6 years of Continuing Resolutions was causing significant problems within the Services' ability to run their programs, prepare our Soldiers for their next rotation and to reset the equipment; equipment that has been in combat for over 6 years. Today we enter another Fiscal Year with a CR while at war. It is one thing to have to deal with the uncertainty of our enemies and what new threat to prepare for.

But it is entirely another to have to deal with uncertainty of year to year budgets and what resources will be available to sustain today's fight and reset an Army that has been at war for over 10 years for the next fight.

As Congress, the Pentagon and the Executive Branch wrestle with the budget reduction required by the Budget Control Act, the real questions with regard to the Services' budget is simple: What missions do you want our military to continue to perform? What threats do you want our military to counter? What level of readiness do you want the military to sustain? History has taught us that we have not been very good at predicting where, when and against whom, the U.S. military will have to fight to protect the national interest and the security of this nation and its 315 million citizens. Simply put, when we size, scope and resource our military for the peaceful and U.S. friendly world we hope for, and not the dangerous, hostile and unpredictable world we live in, it is the American service men and women, and our nation, that we put at risk.

During my six years in the Pentagon as the Army's G–3 and as Vice Chief, the Congress has always responded to the critical needs of our force, especially during the early years of operation Enduring Freedom and Iraqi Freedom. It is well documented that we entered this Global War on terrorism woefully short of equipment, resulting from the defense budget cuts in the late 90's after the first Gulf War, especially for our Guard and Reserve forces, and Congress responded. That spirit of support by this Congress is still needed today.

Thank you and I look forward to answering your questions.

STATEMENT OF LIEUTENANT GENERAL H. STEVEN BLUM, USA, RETIRED, 25TH CHIEF, NATIONAL GUARD BUREAU

Thank you for the opportunity to testify today before the House Armed Services Committee on the Future of National Defense and the U.S. Military Ten Years After 9/11. Throughout my 42 years of service in uniform to this nation, I have found that the House Armed Services Committee has always been able to provide outstanding non-partisan support. It has taken the often difficult, but always necessary, actions to ensure that our men and women in uniform have the resources and policies that make it possible for them to accomplish their myriad missions.

Today, we face a security environment that may be the most complex and dangerous in our nation's history. The international security landscape shifts literally every day. As a result, our nation requires more than ever of its armed forces. At the same time, fiscal realities force constraints on current and future defense budgets. To state the obvious and this challenge faces not just the military but every sector of our society—we must find ways to do more with less. To do this job right, we should establish the National Security Strategy independently of budget constraints. Strategy must come first. Only then can we make meaningful decisions, based on informed dialogue, to determine how best to accomplish our strategy within existing fiscal constraints.

Let us recognize that today we have the most experienced, professional and capable military force ever to serve our nation. We must maintain this peerless military readiness and capacity to protect our nation against often uncertain and sometimes unpredicted threats. We also must avoid repeating past mistakes when numbers and parochial interests, rather than geopolitical realities, drove decisions and produced unexpected and undesirable second and third order effects.

As this committee considers and deliberates the tough choices our nation faces, I ask you to consider the strategic approach being embraced today by many of the most successful for-profit corporations around the world. They are responding to difficult market conditions by sizing their fulltime professional work force to handle the lowest expected level of business activity. At the same time, they are building a part-time workforce designed to handle the largest expected surge requirements. With this strategy, these excellence-focused companies can focus deployment of capital on cost-effective modernization, profit-enhancing expansion, and research and development. They avoid committing themselves to pay, benefits and entitlements commitments that inexorably diminish performance now and in the future.

Does not this enlightened strategy argue for increased reliance on the National Guard and Reserves? History would suggest that

this task will fall to this body. When it inevitably does, remember this.

The performance of the National Guard and Reserves in the decade following 9/11 has been nothing short of stellar. They have consistently met and exceeded all mission requirements both overseas and at home. Their truly exceptional service and sacrifice argues forcefully for consideration of an expansion of their role and significance in our National Security Strategy. I respectfully commend to the members of this committee a white paper entitled "The National Guard: A Great Value Today and In the Future" by General Craig R. McKinley, current Chief of the National Guard Bureau, published March 31, 2011. It is a work worthy of your time when considering cost versus force structure options. It is a fact that when you call out the Guard and Reserves, you indeed call out America. The value of such a powerful national capability? Priceless!

Thank you for what you do for our nation, and for the opportunity to appear before this committee and hopefully contribute to resolving the very serious issues at hand.

THE FUTURE OF NATIONAL DEFENSE AND THE U.S. MILITARY TEN YEARS AFTER 9/11: PERSPECTIVES OF FORMER CHAIRMEN OF THE COMMITTEES ON ARMED SERVICES

COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS
FIRST SESSION

HEARING HELD
OCTOBER 12, 2011

WITNESSES

THE HONORABLE JOHN W. WARNER
Chairman, Senate Committee on Armed Services (1999–2001, 2003–2007)

THE HONORABLE DUNCAN L. HUNTER
Chairman, House Committee on Armed Services (2002–2006)

THE HONORABLE IKE SKELTON
Chairman, House Committee on Armed Services (2007–2010)

PREPARED STATEMENTS PRESENTED BY WITNESSES

OCTOBER 12, 2011

STATEMENT OF THE HONORABLE JOHN W. WARNER, CHAIRMAN, SENATE COMMITTEE ON ARMED SERVICES (1999–2001, 2003–2007)

I am deeply privileged to accept the Committee's invitation to testify in this very important series of hearings regarding the future of our nation's defense posture.

I am joined today by two highly valued colleagues Duncan Hunter and Ike Skelton. It's interesting to note that each of us had a very long period of service on our respective Armed Services Committees and each served, at various times, as a Chairman and as a Ranking Member. Likewise, we alternated over many years being the Chair of the House-Senate Conference Committees and never failed in getting an authorization bill—on behalf of the men and women of the armed forces—to be signed into law by a sequence of Presidents.

Working with our Committee colleagues during our tenure, we strengthened the foundation of laws that today supports our nation's defense posture and provides for the needs of our brave uniformed personnel and their families.

Today, the citizens of our nation rank members of the armed forces at the very top of public esteem.

That leads me to the first of several points I will offer today.

The concept of an all-volunteer force had its origins during the period—1969 to 1974—when I was privileged to serve as Undersecretary, then Secretary of the U.S. Navy. A very serious, costly war was in progress to preserve freedom for the people of South Vietnam. There was substantial controversy among elements of our population; and, month by month, the controversy became more intense. I well remember appearing to testify, time and time again, before the Committees of Congress.

This history you know well but out of this cauldron emerged the law, regarded by many, upon passage, a big "gamble" which Congress thrust onto the military.

As you know well, the concept has worked exceptionally well; indeed well beyond any expectations.

The challenge facing Congress today, is not just to preserve what we have, but make it even stronger.

I say most respectfully, every action the Committee takes must keep that challenge in mind.

My next concerns are the proliferation of weapons of mass destruction and how rogue elements, and persons participating in violent extremism, can interact to threaten our way of life and that of other nations.

As you make your programs and other budget decisions, place emphasis on how we can increase and support new ideas in the fields of intelligence and surveillance. In these areas spend wisely; and, accept a level of risk with new innovations. Our military will

always do their best, at whatever sacrifice; but every citizen must help in their own way.

As you look to future programs I urge your support for innovations to come in the unmanned systems. About a decade, or more, ago I introduced legislation directing each of the services to place greater emphasis on such programs, with specific benchmarks and dates for each service to meet. There was strong opposition from all Department of Defense; but, with the strong support of the two House leaders sitting with me today the language survived in Conference and became law. Within but a few years thereafter each of the Services needed no inducement to move out way ahead of the benchmarks with the many systems operational today. Now it's an international race and we must stay well ahead.

As I closed out my 30 years in the Senate I worked again with the bipartisan team to write a new G.I. Bill. Again, the Authorizing Committees did it; and, wherever I go service persons step forward to thank us for including as beneficiaries families as alternates for the educational benefits earned by the uniformed member.

May I share a personal story? I was privileged to speak just months ago at the Navy Post Graduate School at Monterey, California. As guests were filing past me to say good-bye a proud husband and wife stopped to say we are soon to be blessed with our first child, whereupon her hands dropped, and she said "you made it possible for this child to have my husband's G.I. Bill." Having advanced my career largely because of the old G.I. Bill, I shall always remember this young happy family.

All of us who have had the good fortune to serve in Congress must remain ever mindful of the needs and hopes of others.

I thank you for this opportunity.

STATEMENT OF THE HONORABLE DUNCAN L. HUNTER, CHAIRMAN, HOUSE COMMITTEE ON ARMED SERVICES (2002–2006)

Mr. Chairman, members of the committee, good morning. Thanks for allowing me to give my views on America's security challenges and the adequacy of our present force structure, as well as that which is projected under the massive automatic cuts that would occur should the Joint Committee on Deficit Reduction deadlock or should the contingency plan requested of DOD by OMB, which requires 10% cuts, be carried out.

Bluntly, these massive cuts disserve: 1) the present war against terrorists; 2) the difficult build-up of the Army and Marine Corps in which this committee has played such a significant role; and 3) the constitutional obligation of this government to defend its citizens.

In the last century, World War I, considered to be the "war to end all wars" was followed by a period of neglect for America's defense apparatus. In 1941, jolted by the Axis Powers and particularly the attack on Pearl Harbor, we mobilized massively, aided by a robust industrial base and a secure homeland, and saved the world. Only a few years after World War II, America stacked arms to such a degree that a third-rate military power drove our defenders down the Korean Peninsula and almost into the ocean before we managed to hold the Pusan perimeter and push north, weathering a Chinese intervention and stalemating the communists into a divided Korea that continues to this day.

After Vietnam, America's defenses declined precipitously, resulting in the so-called "hollow army" of the late 1970's, a period in which fewer than 50% of our tactical fighters were fully combat mission-capable and a time when more than 1,000 petty officers a month were leaving the Navy due to inadequate pay and support.

In 1981 we commenced to rebuild defense, with President Ronald Reagan partnering with this committee to enhance our ground forces, build the Navy toward a goal of 600 ships, initiate a missile defense program, and increase airlift, sealift, and sustainability.

With this new muscle we stood up to the Soviet Union, which, disassembled by American strength, released hundreds of millions of its people from its tyranny into the sunlight of freedom.

The 1990s found the U.S. dominating the First Gulf War with an array of conventional weapons from the build-up of the 1980s. Then, in the mid-1990s defense was cut substantially. The Army was reduced from 18 to 10 divisions and only about fifty percent of our aging weapons systems were adequately replaced. Administration budget cutters went after defense. This committee lead the Congress in adding back over 40 billion dollars during this period. It wasn't enough.

In 2001, spurred by the 9/11 terrorist attack, our nation went into a period of rebuilding aging systems, increasing end strength and moving ahead on missile defenses. While the build-up was not as robust as that of the Reagan years, we did fill many of the short-falls of the 1990s.

Today the Iraq War is won, with Iraq's elected government enduring and the military that we built from the ground-up holding. Iraq is now an ally thanks to the one million American volunteers who served in uniform in that war. The Afghanistan mission continues, complex, but winnable.

China is emerging as a military super-power, stepping into the shoes of the former Soviet Union, developing high performance missiles, aircraft and ships, outproducing the U.S. in key areas such as attack submarines (5 to 1), and ballistic missiles.

Iran, having failed to defeat America with its interference in the Iraq War, is continuing apace with its program aimed at producing a nuclear weapon. Its path over the past five years is littered with failed sanctions, imposed by the allies and blunted by China and Russia. Iran is following the model of its fellow nuclear weapons aspirant, North Korea which talked, wrangled and lied until it had produced a nuclear device.

Russia, shorn of its captive nations, retains an immense strategic strike capability.

This, Mr. Chairman, is the state of the world, the backdrop against which America is poised to massively cut defense.

To assess the huge cuts that are projected, I use the committee's calculation on the numbers: 1 trillion dollars cut from the Presidents FY 2012 FYDP, counting 465 billion dollars in cuts already enacted.

The enormity of these cuts will almost certainly result in large reductions in the size of the Army and Marine Corps.

A few years ago, we began correcting the downsizing of our land forces. Remember that we cut the Army almost in half during the 1990s.

During the height of the Iraq war our troops felt the pain of the downsizing as multiple deployments and 15 month tours stressed the force. We stressed the force. We policy makers swore "never again" and increased the Army to 569,400 and the USMC to 202,000.

Now we are poised to repeat the mistake of the 1990's downsizing.

People costs are "right now" expenditures the projected cuts cannot be carried out without slashing end strength.

The cuts will also disserve the Navy in multiple ways. The 288 ships will face an unprecedented threat in the near future.

China has clearly moved to implement a new strategy to handle the U.S. Navy in a "Taiwan scenario." They are building the capability to destroy American warships. Including carriers, at long ranges, before U.S. Naval projection can reach the straits.

China's ship killers are ballistic missiles, tipped with anti-ship precisely targetable warheads.

Never before has the US Navy had such an immense survivability challenge.

The projected budget cuts will preclude the Navy from fielding missile defense systems of necessary robustness to defend against sustained anti-ship ballistic missile attacks.

Also, the Navy's "leverage weapon," its fleet of attack submarines, will be reduced substantially. Meanwhile, China's submarine program accelerates.

Our heavy bomber force is already at its historical low point of 135. A two war contingency involving heavy Armed Forces will require a "swinging" of bombers from one war to the other, with a risk that substantial casualties will be taken without the fist of immediate air power.

Today, the U.S. has less than 70% of the airfields available worldwide that we had in the 1960's. Yet our strategic and tactical airlift is comprised of only 651 aircraft.

In this age of quick flare contingencies, tactical aircraft are high leverage. Today the Air Force has only 1990 fighters, half of what we had at the end of the Cold War.

The questions this committee must ask the President and your colleagues are these:

1. Is the world suddenly safer to the degree that we can let our guard down and cancel the insurance policy that a strong defense has given the U.S.?
2. Is the war against terrorism over?
3. Do we want to "unlearn" the lesser of the "too small" Army and Marine Corps, and reduce them again?
4. Should we concede space competition to our potential adversaries?
5. Does it still make sense to stop incoming missiles?
6. Do we want our Navy to have fewer than 250 ships?
7. Do we want to cede military dominance in this century to communist China? All these questions stage this greater question for every Member of Congress:
8. Isn't our primary duty to defend our nation?

The defense cuts already made should be restored and any new reductions soundly rejected.

These cuts, should they be attended, along with China's military ascendance and growing industrial base, guarantee that China will become the world's dominant military power in this century.

Thank you Mr. Chairman.

STATEMENT OF THE HONORABLE IKE SKELTON, CHAIRMAN, HOUSE COMMITTEE ON ARMED SERVICES (2007–2010)

Chairman McKeon, Ranking Member Smith, members of the Armed Services Committee, it is a signal honor to return to this chamber where I served three decades in support of our men and women in uniform to discuss a matter of great importance: whether the United States will continue to have the finest military force in history. I am deeply concerned with the prospect of cuts to our defense budget while our sons and daughters are still at war in Iraq and Afghanistan and still fighting Al Qaeda around the globe. Our pilots are often younger than the planes they fly, and our Navy is not growing even as China builds a fleet that may threaten our ability to preserve freedom of navigation in the Western Pacific. And yet significant cuts are being contemplated to our defense budget.

In fact, the Budget Control Act could lead to defense cuts that would be downright devastating. I concur with the past statements of Admiral Mullen and Secretary Panetta that the cuts to the defense budget that could occur under sequestration would imperil our nation. Should sequestration cuts happen, in 10 years our country will be relegated to the sidelines of history.

The Congress has the sole power to raise and maintain our military under Article 1, Section 8 of our Constitution. Thus, my message to the Congress is: don't scuttle the American armed forces. Our military is the best ever. I implore the Congress to pursue cuts to the defense budget with the utmost care. I recommend to the committee the report "Hard Choices" released by the Center for a New American Security (or CNAS), where I serve on the Board of Advisors. CNAS's report outlines some of the significant consequences of cuts on American combat capabilities. I echo the warning of this report that budget cuts beyond the $480 billion dollars already designated will endanger our national security.

Cuts of this magnitude will jeopardize our ability to uphold our vital interests. Our future military must have the capacity to deter potential aggressors and quickly and decisively defeat any direct threats. This means maintaining a strong ground force that can defeat the Taliban in Afghanistan and then transfer security responsibility to our Afghan partners. Yet any responsible defense budget must also prioritize the Navy and the Air Force. This is especially important in South and East Asia where rising powers such as China and India increasingly serve as fulcrums of global economic and political power. They could serve to bolster, or challenge, the security of the global commons.

For this reason the United States cannot degrade our naval and air capabilities. Cuts to the Navy and Air Force will limit our power projection capability, make our allies and partners question

our commitments to them, and give China a free hand in the Western Pacific. The Army and Marines are also critical for this theater. The ground forces must support our Asian allies, improving American ties with those countries and discouraging China from bullying them.

The new strategic situation means that in the spirit of Goldwater-Nichols, which had its genesis in this Committee, we must embrace a joint vision for our future military. An interdependent military will more effectively protect our national interests through greater cooperation, thereby making more intelligent battlefield decisions. Already we have seen our past attempts at this policy bear fruit: the Navy and the Air Force have made major strides through their evolving "Air-Sea" Battle concept. Any future strategic concept must envision how a combined arms approach on Air, Sea, and Land will deter threats, and defeat them if deterrence fails.

Significant defense cuts could also endanger the vitality of our services by compromising our ability to keep and train excellent officers, especially if personnel cuts degrade our officer training institutions. The strength of the U.S. military flows from the dedication and skill of our All-Volunteer Force. Indeed, the new defense budget must maintain our nation's security by keeping the "Profession of Arms" professional. The American military's most important edge over our adversaries comes from the unparalleled professionalism and training of our men and women.

However, this edge is fragile: when just over fifty percent of service academy graduates remain in service after ten years, our military loses its best and brightest. We must combat this by incentivizing retention of officers in the military. The Quadrennial Defense Review Independent Panel last year recommended new bonuses for high-caliber soldiers, regardless of rank, and reforming the up-or-out system. By completing these imperative reforms, we will significantly improve the quality of our officer corps.

We must complement these reforms by continuing our commitment to our professional military education; in the words of Admiral James Stavridis, we will prevail by "out-thinking the enemy." Our military's service academies and ROTC programs are the best in the world, yet learning must continue as soldiers remain in the service. Warriors matching the strength of a Spartan hoplite, the flexibility of a Roman legionnaire, and the brilliant tactical mind of a Hannibal or Scipio are commissioned every year. As we face new domains of warfare in space and in cyberspace, officers who understand the past and anticipate the future will be well prepared to adapt the world's finest military to new ways of war.

Deep defense cuts could endanger Professional Military Education programs needed to prepare our officers and enlisted personnel for this future. Indeed, if the military hopes to adapt to the ever-changing nature of warfare, we must commit to fully funding Professional Military Education and providing scholarships and support to those individuals pursuing higher education. Doing so will broaden the expertise of soldiers and prepare our men and women for the threats of the future. Doing otherwise will turn our military into a profoundly moribund organization.

Any defense budget must also not break faith with the men, women, and families who comprise our All-Volunteer Force. We

must honor the sacrifices of our soldiers and their families by preserving their hard-earned medical, pay, and retirement benefits. We also must ensure that we provide the resources to confront a lethal crisis affecting our military: suicide. In light of rising suicides since 2001, especially amongst the Army and the Marines who have served so faithfully in Iraq and Afghanistan, we must continue to pursue innovative ways to ensure mental wellness in the armed services.

I would like to conclude by emphasizing how important it is to get this right. It is no longer question of if, but when, the cuts will fall: already the Defense Department is looking at cuts of about $489 billion over the next ten years. Our future force must be able to quickly defeat threats all over the world and to respond properly to the growing importance of Asia. Our Congress must remain vigilant that budget cuts do not irreparably damage our military forces. It must fight to preserve the education, training, and health care that make our military the best in the world. We must not break faith with those who have sacrificed so much over the past decade.

Thank you again for this opportunity to address this committee, Chairman McKeon.

THE FUTURE OF NATIONAL DEFENSE AND THE U.S. MILITARY TEN YEARS AFTER 9/11: PERSPECTIVES OF SECRETARY OF DEFENSE LEON PANETTA AND CHAIRMAN OF THE JOINT CHIEFS OF STAFF, GENERAL MARTIN DEMPSEY

COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS
FIRST SESSION

HEARING HELD
OCTOBER 13, 2011

WITNESSES

THE HONORABLE LEON E. PANETTA
23rd Secretary of Defense

GENERAL MARTIN E. DEMPSEY, USA
18th Chairman, Joint Chiefs of Staff

PREPARED STATEMENTS PRESENTED BY WITNESSES

OCTOBER 13, 2011

STATEMENT OF THE HONORABLE LEON E. PANETTA, 23RD SECRETARY OF DEFENSE

Chairman McKeon, Congressman Smith, members of this committee, it is an honor for me to appear before you for the first time as Secretary of Defense. I'd also like to join you in recognizing General Dempsey, a brilliant soldier and leader who I'm delighted to have alongside me in his new capacity as Chairman of the Joint Chiefs of Staff.

On behalf of the men and women of the Department of Defense, I want to thank the members of this committee for your determination to join me in doing everything possible to ensure that they succeed in their mission of protecting America. I really do believe that Congress must be a full partner in our efforts to protect the country. In that spirit, I've had the opportunity to consult with many of you about the challenges that the Department faces, and I will continue to do so.

I'd also like to thank you for convening this series of hearings on "The Future of National Defense and the U.S. Military Ten Years After 9/11," and for giving me the opportunity to be here today to add my perspective to this discussion.

September 11th was a defining moment for our country, and for the military. We have been at war for ten years, putting a heavy burden on our men and women in uniform to defend our nation and our interests. More than 6,200 have given their lives, and more than 46,000 have been wounded, in the wars since 9/11. The conflicts have brought untold stresses and strains on our service members, and on their families. But despite it all, we have built the finest, most-experienced, battle-hardened all-volunteer force in our nation's history.

These ten years of conflict have transformed the military, with our men and women in uniform showing their adaptability and versatility in the face of a new combination of threats and operating environments. Our forces have become more lethal, and more capable of conducting effective counterterrorism and counterinsurgency operations. New or enhanced capabilities, including the growth of special operations forces, unmanned aerial systems, counter-IED technologies, and the extraordinary fusion between military and intelligence, have provided the key tools we need to succeed on these 21st century battlefields. And make no mistake, we are succeeding. Ten years after 9/11, we have significantly rolled back al-Qaeda and are closer than ever to achieving our strategic objectives in Afghanistan and Iraq, although significant challenges remain to ensuring stability and security in these conflict zones.

These conflicts are nearing a turning point—and so too is the military as a whole. As the current mission in Iraq ends, as we continue to transition security responsibility in Afghanistan, and as

we near our goal of dismantling al-Qaeda, the Department is also facing a new fiscal reality at home. As part of the debt ceiling agreement reached in August, the Department must find more than $450 billion in savings over the next decade. Our challenge is taking a force that has been involved in a decade of war, and ensuring that we build the military we need to defend our country for the next decade even at a time of fiscal austerity.

We have a strong military, but one that has been stressed by a decade of fighting, squeezed by rising personnel costs, and is in need of modernization given the focus the past decade on capabilities for the current wars. Meanwhile, we face an international security environment that is growing in complexity and uncertainty. We continue to deal with the threat of violent extremism. States like Iran and North Korea continue to pursue nuclear capabilities. Rising powers are rapidly modernizing their militaries and investing in capabilities to deny our forces freedom of action in vital regions such as the Asia-Pacific. We also face the prospect of cyber attackers who could inflict great damage on our nation's infrastructure while operating with relative anonymity and distance.

We need to build a force that can confront this growing array of threats even as we meet our fiscal responsibilities. We should also recognize, however, that the military has to constantly adapt to meet changing security demands and threats—and that is what we will continue to do even in the face of serious budget constraints. That will require setting clear strategic priorities, and making tough decisions. Working closely with the Service Chiefs, Service Secretaries and Combatant Commanders, I intend to make these decisions based on the following guidelines.

First, we must maintain the very best military in the world—a force capable of deterring conflict, projecting power, and winning wars. After all, America has a special role in the world—we are looked to for our leadership, values and strength.

Second, we must avoid a hollow force and maintain a military that, even if smaller, will be ready, agile and deployable.

Third, we must take a balanced approach and look to all areas of the budget for potential savings—from efficiencies that trim duplication and bureaucratic overhead, to improving competition and management in operating and investment programs, to tightening personnel costs, and re-evaluating modernization efforts.

Finally, we cannot break faith with our men and women in uniform—the all volunteer force is central to a strong military and central to our nation's future.

If we follow these four principles, I'm confident that we can meet our national security responsibilities and do our part to help this country get its fiscal house in order. This will not be achieved without making difficult choices, but those choices are essential if we are not to hollow out the force and meet the threats we confront.

To achieve the required budget savings, the Department also must work even harder to overhaul the way it does business, and an essential part of this effort will be improving the quality of financial information and moving towards auditable financial statements. Today DoD is one of only two major agencies that has never had a clean audit opinion on its financial statements. While the Department's systems do tell us where we are spending taxpayer

funds, we do not yet have the details and controls necessary to pass an audit. This is inexcusable and must change. In order to achieve fiscal discipline, we need to have the strongest possible financial controls in place.

The Department has made significant progress toward meeting the Congressional deadline for audit ready financial statements by 2017, with a focus on first improving the categories of information that are most relevant to managing the budget. But I want us to do better—and we will.

Today I am announcing that I have directed the Department to cut in half the time it will take to achieve audit readiness for the Statement of Budgetary Resources, so that in 2014 we will have the ability to conduct a full budget audit. This focused approach prioritizes the information that we use in managing the Department, and will give our financial managers the key tools they need to track spending, identify waste, and improve the way the Pentagon does business as soon as possible.

I have also directed increased emphasis on accountability and a full review of the Department's financial controls, with improvements put in place where needed. I have directed the DoD Comptroller to revise the current plan within 60 days to meet these new goals, and still achieve the requirement of overall audit readiness by 2017. We owe it to the taxpayers to be transparent and accountable for how we spend their dollars, and under this plan we will move closer to fulfilling that responsibility.

The Department is changing the way it does business and taking on a significant share of our country's efforts to achieve fiscal discipline. We will do so while building the agile, deployable force we need to confront the wide range of threats we face. But I want to close by cautioning strongly against further cuts to defense, particularly with the mechanism that's been built into the debt ceiling agreement called sequester. This mechanism would force additional cuts to defense of about $500 billion, or roughly $1 trillion in total—cuts that in my view would do catastrophic damage to our military, hollowing out the force and degrading its ability to protect the country. I know you share my concern about both the extent of such cuts and the process of sequester. It is a blind formula that makes cuts across the board, hampers our ability to align resources with strategy, and risks hollowing out the force.

I do not believe we have to make a choice between fiscal security and national security. But in order to succeed in this effort, I am going to need your support—to do everything possible to prevent further damaging cuts, and to help us implement a coherent strategy-driven program and budget that we will identify in the months ahead as critical to preserving the best military in the world. I pledge to continue to work with you closely as we confront these challenges and thank you once again for your tireless efforts to build a stronger military for our country.

STATEMENT OF GENERAL MARTIN E. DEMPSEY, USA, 18TH CHAIRMAN, JOINT CHIEFS OF STAFF

Chairman McKeon, Ranking Member Smith, members of the Committee, thank you for the opportunity to testify on the future of national defense and the U.S. military ten years after the attacks of September 11th. As this is my first time testifying before this committee in my new position as Chairman of the Joint Chiefs of Staff, I want to note that I look forward to continued cooperation with you. I take seriously our shared responsibility of maintaining a military that provides our leaders with a wide range of options to counter the threats and crises we face and that preserves the trust placed in us by our citizens. I believe we can sustain this trust while also being good stewards of our nation's resources. In that spirit, I thank the Committee for engaging in this important discussion of the future of our national defense.

Last month marked the tenth anniversary of the September 11th attacks. It is appropriate to reflect on what we have achieved, what we have learned, and where we see ourselves going forward.

In the past decade, over two million men and women have deployed overseas in support of operations in Afghanistan, Iraq, and elsewhere. Our Joint Force, along with our interagency and international partners, has remained resolute and resilient throughout a decade of hard combat in hard places. We have demonstrated initiative, we have demonstrated strength, and we have demonstrated resolve. We have met our sacred obligation to protect our nation and our fellow citizens.

There remains work to be done in achieving our objectives in the conflicts in which we are currently engaged and against the threats we currently face, and we will get it done.

Our military has learned and adapted to a shifting security landscape. Among the many lessons we have learned, a few stand out.

First, we live in an increasingly competitive security environment. Military capabilities proliferate more quickly and are no longer the monopoly of nation states. The distinction between low and high intensity conflict is blurred. This requires us to prevail in the competitive learning environment—we must learn faster, understand more deeply, and adapt more quickly than our adversaries. Our systems and processes must be far more effective, efficient, and agile if we are to keep pace in this environment.

Second, we must continue to value allies and partners. Coalitions and partnerships—with other countries and with other government agencies—add capability, capacity, and credibility to what are shared security responsibilities. As fiscal constraints become more binding, the importance of partnering will only grow. As a consequence, we are committed to expanding the envelope of cooperation at home and abroad.

Third, we must continue to value joint interdependence. Our Army, Navy, Air Force, Marine Corps, and Coast Guard combine to field an unmatched team. We still need our Services to be masters of their core competencies and stewards of their cultures. But, modern conflict is fought across multiple domains. Operating as a single, cohesive team is the imperative. Therefore, we must continue to advance the interoperability of people and equipment.

Fourth, we must value innovation even more than we have in the past. Our forces have expanded many of our previously low-density capabilities and fielded many new technologies. We have found ways to expand our special operations forces, our intelligence systems, and our cyber capabilities. And, our units have combined these capabilities in innovative ways to the great benefit of the mission, our troops, and non-combatants on the battlefield.

Finally, we must always value leadership above all else. Leadership is the core of our military profession. It has been the key to our ability to learn, adapt, and achieve results over the past decade. Modern counter-insurgency and counter-terrorist operations drive us to push combat power and decision making to the edge of the battlefield. Continued development of adaptive leaders will be our nation's decisive advantage in a competitive security environment.

Even as we successfully transition today's conflicts, we are preparing for tomorrow's. The way we recover from combat and reconstitute our capabilities will shape our future military. We are building today the Joint Force we will have in 2020. Joint Force 2020 must be powerful, responsive, resilient, versatile, and admired. It must have the capability and capacity to provide options to our national leadership. It must account for the capabilities we have now to include the relatively new capabilities we have grown. And, it must preserve our human capital. Above all, we must get the "people" right and keep faith with our Military Family.

Developing the Joint Force our nation needs is complicated by known and potential fiscal constraints. Be assured, we understand that our nation needs us to be more affordable. We are fully committed to reducing costs without compromising the capabilities our nation also needs. But, becoming lean and efficient will only get us so far. We will have to make hard choices that balance risk across our global commitments and across time. We will have to consider reforming pay and benefits as well as reducing end strength. If we fail to put everything on the table, we risk hollowing the force by gutting modernization and readiness. Most importantly, we need to be precise. Indiscriminate, across the board cuts would wreak havoc on our plans and programs. Together, we need to avoid self-inflicted wounds to our nation's security.

I look forward to cooperating with the members of this Committee and the rest of Congress. We will need your help in making the tough choices and in supporting the service members we send into harm's way. They deserve the future they sacrificed to secure.

ECONOMIC CONSEQUENCES OF DEFENSE SEQUESTRATION

COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS
FIRST SESSION

HEARING HELD
OCTOBER 26, 2011

WITNESSES

DR. MARTIN FELDSTEIN
George F. Baker Professor of Economics
Harvard University

DR. STEPHEN FULLER
Director, Center for Regional Analysis
School of Public Policy
George Mason University

DR. PETER MORICI
Professor of International Business
Robert H. Smith School of Business
University of Maryland

PREPARED STATEMENTS PRESENTED BY WITNESSES

OCTOBER 26, 2011

STATEMENT OF DR. MARTIN FELDSTEIN, GEORGE F. BAKER PROFESSOR OF ECONOMICS, HARVARD UNIVERSITY

Thank you, Mr. Chairman. I am very pleased to have the opportunity to testify to this Committee. Although I have testified to Congressional committees for more than 30 years, this is the first time that I have appeared before this important committee.

In your invitation you asked me to comment on the effect that reductions in defense outlays will have on total economic activity, i.e., on the GDP of the United States. I am happy to do that but I want to begin with a few words about the larger subject of the national security consequences of reductions in defense spending.

Defense Spending and National Security

In considering the appropriate size of the defense budget, it is of course important to recognize the immediate threats to the United States and to our allies from Iran, from North Korea, from rogue states and from various terrorist groups. There is also the current challenge in cyberspace from espionage directed at industrial and national security targets and from the risk of cyber attacks on our basic infrastructure.

But defense spending today must also relate to the more distant risk from China's future military policy. China is now a poor country with per capita income less than one-fifth of our own. But since China has more than four times the U.S. population, China's total GDP will equal that of the United States when its per capita income reaches only one-fourth of the U.S. level. Even if China's growth rate slows significantly from its current level, its total GDP will exceed ours in less than 15 years.

A country's total GDP determines its potential military budget. The current Chinese political leadership is concentrating on promoting economic growth to raise the standard of living of its people and to deal with the very large inequality that exists between different groups within China. But China is also developing every aspect of its military capability.

The quality of China's military force is not currently up to U.S. standards. But China's defense budget will grow with its GDP. It is important for the United States to recognize that future generations of Chinese leaders could use its larger GDP to pursue more aggressive policies.

America's defense policy and our defense budget should therefore focus on the future generations of Chinese civilian and military leaders and should recognize the virtual certainty of China's growing economic power. The United States should maintain a military capability such that no future generation of Chinese leaders will consider a military challenge to the United States or consider using military force to intimidate the United States or our allies.

China's future military spending and its weapons development will depend on China's perception of what the United States is doing now and what we will do in the future. If we show a determination to remain invincible, China will not waste resources on trying to challenge us in an arms race. But if we keep cutting defense budgets, the Chinese will see this as an indication of U.S. weakness now and in the future.

China is in many ways a resource-poor country that depends on imports of oil, iron, and other raw materials as well as on imports of food to feed its people. That is not likely to change. China is therefore now buying oil in the ground around the world and arable land in Africa to grow food for the Chinese people. Some countries in the past have used military force to gain secure access to such materials. China's future leaders should not be tempted to follow that path.

It is important that our allies and friends like Japan and Korea and Singapore and Australia see the commitment of the United States to remain strong and to remain present in Asia. Their relations with China and with us depend on what they can expect of America's future military strength.

The Navy has a particularly important role to play in this, including the Navy's presence in international waters to enforce freedom of the seas, naval visits to Asian ports, and joint exercises with the navies of other governments.

We cannot postpone implementing a policy of future military superiority until some future year. We have to work now to develop the weapon systems of the future. We have to maintain the industrial and technological capacity to produce those weapon systems. We have to make it clear by our budgets and by our actions that we are the global force now and will continue to be that in the future.

While reducing fiscal deficits is very important, that task should not prevent the federal government from achieving its primary responsibility of defending this country and our global interests, both now and in the future.

Defense Spending and GDP

I will turn now to the narrower economic question of how cuts in defense spending affect U.S. GDP.

Since government spending on defense is a component of GDP, the immediate direct effect of a one billion dollar reduction in domestic defense spending is to reduce our GDP by one billion dollars. The resulting reduction in pay to military personnel and in compensation to the employees of defense suppliers then cause their spending as consumers to decline. If defense suppliers expect the reduced level of defense spending to be sustained, the defense suppliers will also cut their demand for equipment. The total effect of the one billion dollar reduction in defense spending is to reduce GDP by more than a billion dollars, perhaps about two billion dollars.

I based this calculation on a reduction in *domestic* defense spending. To the extent that some of the reduced defense spending is overseas and on locally purchased goods and services, the impact on U.S. GDP will be proportionately less. But since about 90 per-

cent of defense spending is domestic, the calculation of a two dollar reduction in U.S. GDP for every dollar reduction in defense spending is probably a good estimate.

Any reduction in future budget deficits and in the resulting level of the national debt will also raise the confidence of businesses and households, leading to increased consumer spending and business investment, thus raising current GDP. Since a similar effect would result from legislated reductions in future deficits achieved by cutting any form of government spending or by raising revenue, we can ignore this "confidence effect" in *comparing* the impact of reductions in defense spending with the effect of other spending cuts or tax increases that have the same effect on future deficits.

The direct effect on GDP of changes in defense spending is larger than the corresponding effect of most other potential changes in government outlays. For example, outlays for unemployment benefits are not in themselves a component of GDP. They lead to increased GDP only by raising the consumer spending of the individuals who receive those benefits. While a high percentage of those cash benefits will be spent, it will certainly be less than a dollar of spending for every extra dollar of unemployment benefits. Some of the consumption purchased with the unemployment benefits would otherwise have been paid for out of reductions in household savings. And of course some of the consumer spending would be on imports, further reducing its effect on GDP.

A change in unemployment benefits also affects GDP by altering the incentive to remain unemployed. Reducing the maximum number of weeks of unemployment benefits will induce some individuals to find work sooner, thereby raising GDP. The resulting increase in total employment is difficult to estimate at a time when total employment is limited by the weakness of aggregate demand. Some of those who are induced to find work because of reduced UI benefits may just prevent others from finding work. The overall effect on GDP of reducing UI benefits will be the net effect of the reduction in consumer spending and the increase in weeks worked. The direct impact on GDP of a one billion dollar reduction in unemployment benefits will certainly be less than the direct effect of a one billion dollar reduction in defense outlays.

Transfers from the federal government to state and local governments are also not a component of GDP. Reducing such transfers only alters GDP to the extent that doing so causes those governments to reduce their spending or raise their taxes. If cutting a billion dollars in transfers to state governments causes them to cut their domestic spending by one billion dollars, the immediate effect on GDP would be the same as cutting one billion dollars of defense spending. But if the state governments offset some of the reduction in funds from Washington by using their "rainy day" funds or temporarily running a deficit, the effect on GDP would be less. Similarly, if the states raise taxes to pay for some of the outlays that had previously been financed by transfers from Washington, the effect on GDP would be smaller.

My comments this morning about the effect on GDP of changes in defense spending and other forms of government outlays focus on the direct effects on *demand* for U.S. goods and services as measured by GDP. That is the appropriate focus in the short run

at a time when unemployment rates are high and we are far from full employment. Over time, the American economy will return to full employment, or, more technically, to the level of unemployment that can persist without causing a higher rate of inflation. Changes in defense spending in the context of full employment must be balanced by changes in other components of GDP.

I hope that these remarks are helpful to you and your colleagues as you consider the important tasks of deficit reduction and of protecting our national security.

STATEMENT OF DR. STEPHEN FULLER, DIRECTOR, CENTER FOR REGIONAL ANALYSIS, SCHOOL OF PUBLIC POLICY, GEORGE MASON UNIVERSITY

Chairman McKeon, Ranking Member Smith, members of the Committee, thank you for the opportunity to testify on the potential economic consequences of reductions in Department of Defense spending as these impacts would affect the economies of states and regions across the United States. I have conducted research relating to this issue for the Commonwealth of Virginia that examined the economic and fiscal impacts of DOD spending. This research was undertaken in 2009 in response to early concerns regarding the Commonwealth's economic vulnerability to changing DOD spending policies. More recently, I was asked by the Aerospace Industries Association to calculate the economic impacts of reductions in DOD outlays for military equipment on the U.S. economy and the states that represent the home base for major aerospace and military equipment manufacturers and suppliers. I am submitting both reports for the record as they contain findings relevant to your deliberations on this important topic.

The economic impacts that occur at the state and regional levels are similar to those that have been reported at the national level and are evident in changes in economic activity—gross regional product (GRP), changes in employment, and changes in personal earnings. Collateral impacts also will occur in the local business base as the loss of sales for single-market businesses could result in the failure of these business establishments—the nature of their business (size and product line) may make these firms more vulnerable to changes in sales due to DOD spending reductions or reductions in civilian or uniform personnel. These latter effects are particularly evident around military installations as witnessed recently here in the District of Columbia among the retail and other commercial businesses having previous served the staff of and visitors to Walter Reed prior to its closing in September. These "BRAC effects," where installations have closed or substantially downsized, provide a good measure of the potential ranges of economic impacts that may result from reductions in DOD spending. All too often these local effects are lost in the impersonal numbers that are used to measure the economic impacts of changes in public spending patterns.

State-Level Economic Impacts of DOD Spending

One approach to understanding the potential impacts of DOD spending reductions is to examine the importance of DOD spending to a local economy. An examination of DOD spending on the Commonwealth of Virginia economy provides a good measure of what could be the impact of reductions in these spending levels.

Spending by the Department of Defense in support of its activities—defense installations, uniform and civilian personnel, retirees, and federal contractors—represents a major source of jobs and income within the Commonwealth of Virginia and generates significant direct and indirect economic activities throughout all sectors of the State's economy. Additionally, DOD spending and the jobs and payroll this spending supports generate a significant surplus of state-level revenues relative to the demands placed on state-funded services. These economic and fiscal impacts are summarized as follows.

1. In FY 2008 DOD spending in the Commonwealth of Virginia contributed $57.4 billion to the State's economy accounting for 15.6 percent of the total value of the goods and services produced in the State—its gross state product;
2. DOD spending and its re-spending within the State's economy supported a total of 902,985 jobs (both directly funded and supported indirectly by the re-spending of DOD funds within the State) representing 18.9 percent of the state's total job base;
3. DOD spending generated $44.4 billion in personal earnings accounting for 17.4 percent of the total personal earnings of all workers residing within the State;
4. The fiscal impacts of DOD spending and the workers it supported generated a significant net revenue benefit for the State in FY 2008. On average, for each job associated with DOD spending, the revenues generated exceeded the expenditure demand placed on the State's budget by $1,848.52; that is, for each $1 in expenditure demand, $2.85 in state revenues were collected for each employee (including military retirees) and these employees related business spending.
5. The total fiscal benefit accruing to the State from DOD-supported economic activities in the State in FY 2008 was $1.1 billion.
6. DOD spending in the Commonwealth totaled $54.5 billion in FY 2008 and ranked first among all states on a per capita basis ($6,713.06) representing a funding advantage of $4.26 to $1.00 compared to the U.S. average.

This DOD spending is an important source of economic activities, personal earnings, jobs and fiscal benefits for the State. In the absence of this spending, the economy would be 15.6 percent smaller, support 18.9 percent fewer jobs and face a budget gap of $1.1 billion.

Summary of Economic and Fiscal Impacts
DOD Spending in the Commonwealth of Virginia, FY 2008
(in billions of 2008 $s)

Source	GSP(1)	Personal Earnings(2)	Jobs(3)
Economic Impacts			
Direct Payroll	$22.4	$19.3	339,941
Contracting	33.6	23.9	537,258
Construction	1.4	1.1	25,786
Totals*	$57.4	$44.4	902,985

Sources: EMSI, GMU Center for Regional Analysis
*sum of the individual values may not add to the totals due to rounding; $118 million in DOD grants were not included in this analysis.
(1) Contribution to gross state product; (2) income accruing to workers residing in Virginia; (3) total direct and indirect jobs supported by type of DOD spending in the State;

Fiscal Impact	Revenues	Expenditures	Net Benefit
Per Job (Actual $s)	$2,849.22	$1,000.70	$1,848.52
Totals ($s in millions)	$1,689.38	$593.34	$1,096.04

Sources: Urban Analytics, Inc.; GMU Center for Regional Analysis

Economic Impacts of DOD Spending Reductions for Military Equipment Acquisition

An analysis of DOD spending reductions for the acquisition of military equipment that has already been approved (BCA 1) totaling $19.324 billion for FY 2013 and the potential additional reduction of $25.686 billion in procurement of military equipment, also impacting FY 2013, illustrate the breadth of these effects on jobs, payroll and GDP as these effects cycle through the economy at the local level. This total reduction of $45.01 in DOD spending for the acquisition of military equipment in FY 2013 would have the following economic impacts:

1. Lost sales throughout the supply chain and induce sales losses through the broader economy would total $164,059,027,945; that is, for each $1 in DOD spending reductions for military equipment, an additional $2.64 in sales losses will be experienced by other businesses;
2. 71% of these lost sales would occur as a result of decreased consumer spending by workers directly and indirectly affected by these DOD spending reductions—workers having lost their jobs and/or experienced salary reductions—affecting local businesses serving local demand;
3. The loss of 1,006,315 full-time, year-round equivalent jobs with only 124,428 of these jobs being lost directly or indirectly from the prime DOD contractors for this equipment and their suppliers while 881,887 jobs or 87.6% of all job losses would come from the induced spending effects across all sectors of the economy as a result of changes in payroll spending within the aerospace and military equipment industry;

4. This total job loss would add 0.6 percentage points to the current U.S. unemployment rate (raising today's 9.1% rate to 9.7%);
5. Wage and salary would decrease by a total of $59.4 billion with $48.4 billion of these losses occurring among workers working in businesses outside of the military equipment manufacturing supply chain—retail, construction, professional and business services, health and education, leisure and hospitality construction, financial services and others;
6. Lost non-wage income—spending for operations, capital investment, retained earnings, profits—would decline by $27.05 billion with 63.4% of this lost income being experienced by non-DOD prime contractors and their suppliers; and,
7. Reduced U.S. gross domestic product (GDP) growth of $86.456 billion representing an amount equal to 25% of the projected annual increase in GDP for 2013; this loss would reduce currently projected growth for 2013 from 2.3% to 1.7% (IHS Global Insight September 2011 forecast).

The State Level Impacts of DOD Spending Reductions

While the economic impacts of DOD spending reductions would affect all 50 states, ten states would account for 58.5 percent of the job and income losses projected to occur in 2013 as a result from a $45.01 billion reduction in military equipment acquisitions. In total, these spending reductions would result in employment decreases of 588,700 jobs in these ten states and generate losses of $34.7 billion in personal income. These decreases in economic activity would reduce these states' gross state product by a total of $50.6 billion in 2013. One-third of these impacts would occur in California, Virginia and Texas.

Economic Impacts of DOD Spending Reductions
for Military Equipment in FY 2013: Top Ten States
(jobs in thousands, GSP in billions of 2013 $s)

State	Job Losses	Lost Earnings	Decrease GSP*
California	125.8	$7.4	$10.8
Virginia	122.8	$7.3	$10.5
Texas	91.6	$5.4	$7.9
Florida	39.2	$2.3	$3.4
Massachusetts	38.2	$2.3	$3.3
Maryland	36.2	$2.1	$3.1
Pennsylvania	36.2	$2.1	$3.1
Connecticut	34.2	$2.0	$2.9
Arizona	33.2	$2.0	$2.9
Missouri	31.2	$1.8	$2.7
Totals-Top Ten	588.7	$34.7	$50.6

Sources: GMU Center for Regional Analysis, EMSI
*gross state product

Summary of Findings

Reductions in DOD spending, whether it involves uniform or civilian personnel, the operations of military installations, the main-

tenance or acquisition of military equipment or goods and services provided by private contractors, will have widespread impacts extending well beyond prime contractors and their direct and indirect suppliers. Each of these prime contractors and their suppliers (direct or indirect) employ large numbers of workers and also make substantial purchases of goods and services from suppliers to support their business operations and the loss of this payroll and business purchases (largely non-manufacturing suppliers) will spread the economic pain of these cutbacks to a far larger population and business base than generally appreciated.

Each $1 decrease in DOD equipment purchases will generate an additional $2.64 in lost sales elsewhere in the economy with 71 percent of these losses resulting from decreased spending by workers having lost their jobs. The employment effect is even greater, with job losses associated with only a $45.01 billion reduction in DOD spending for military equipment acquisition generating a total loss of 1 million jobs of which 88 percent would be on "Main Street" and only 12 percent directly within the aerospace and military equipment industry. This job loss would add 0.6 percentage points to the U.S. unemployment rate. Beyond the loss of jobs there is the loss of earnings and spending that further would undermine state and local tax bases.

Spending reductions have consequences and these consequences disproportionally impact workers and businesses that appear to have little connection to the target of the spending reduction. The breadth and reach of this collateral economic damage should be fully measured and assessed as decisions to reduce DOD spending are debated. Besides the impacts on the nation's military readiness and ability to respond to international crises, the impacts of any proposed DOD spending reductions on local economies, their workers, their incomes, and on local businesses need to be fully assessed and their consequences understood and minimized or mitigated.

Thank you.

STATEMENT OF DR. PETER MORICI, PROFESSOR OF INTERNATIONAL BUSINESS, ROBERT H. SMITH SCHOOL OF BUSINESS, UNIVERSITY OF MARYLAND

My name is Peter Morici, and I am an economist and professor of international business at the University of Maryland. Prior, I served as Director of Economics at the United States International Trade Commission. I thank you for this opportunity to testify on Economic Consequences of Defense Sequestration.

Today, I would like to discuss with you the broader economic consequences of further cuts in U.S. defense spending, as opposed to specific industry or regional impacts. These are largely systemic.

Should the United States fail to maintain military strength necessary to meet its international security responsibilities, as well as those that may be posed by a surging Chinese presence in the Pacific, the international economic institutions that define the rules of the game very likely will change in ways more hostile to American economic institutions, political culture and values, diminishing prospects for U.S. economic success and independence.

The United States offers the world a clear prescription for economic prosperity and the protection of human rights—free markets and democracy. Yet, with the U.S. economy withering and the U.S. ability to project power prospectively diminished, U.S. prescriptions appear increasingly less efficacious abroad.

China offers the world a very different model for economic development and personal security. Its autocratic government intervenes considerably in economic decisions to promote wide ranging development goals, and it limits personal freedoms to ensure domestic order and stability. "Occupy Wall Street" would almost certainly not be tolerated in China and would likely not be permitted to emerge with Beijing's tight censorship of internal communications. Suppression of such movements supports its strategy for tight economic management, quite in addition to maintaining the Communist Party's grip on political power.

China openly flaunts the letter and spirit of international economic rules intended to foster free and open markets, and severely limits intellectual dissent. With its state-directed economy growing at breakneck speed and America struggling, a U.S. failure to maintain a military adequate to meet China in the Pacific will almost assuredly result in other emerging nations embracing, albeit reluctantly or enthusiastically and in varying measure, China's model for economic development and governance.

International institutions—like the WTO—are consensual, and interpret and make new rules by consensus. Perforce, those rules will follow the tide of sentiment among more successful nations, and the United States and its Atlantic allies will become more isolated and somewhat marginalized. History teaches power balances

do change, and often losers are preoccupied with internal squabbling and chaotic dysfunction, and ultimately surprised.

Without a strong economy and military capable of meeting the emerging challenge posed by China in the Pacific, American values and the U.S. economy cannot succeed.

Origins of Budget Challenges

During the closing days of World War II the United States—in partnership with Britain, Canada and others—crafted an international economic system intended to promote democracy and economic globalization. The premise was clear—democracies, integrated by trade and investment, would be much less inclined to war. Military competition would be replaced by economic competition.

On the economic side, the United States encouraged the formation of the European Community, which grew into the European Union, and promoted globalization through the WTO, IMF, World Bank, and regional and bilateral trade and investment agreements. The West—as defined by the OECD economies—is so intensely integrated today that the notion of armed conflict among those nations is absolutely absurd.

On the political/security side, the United States became the *de facto* global defender of free markets and democracy by forcing the permanent disarmament of the third and fourth largest economies—Japan and Germany—leaving only stalwart foes—China and Russia—as potential challengers on the global stage.

Victory in the Cold War—without comparable contributions from the Japanese and German economies—came at a heavy price. And now, dealing with global terrorism and a more muscular China poses new perils and costs that Americans, weary of leadership, seem unwilling and perhaps unable to bear.

Successive rounds of GATT/WTO negotiations substantially liberalized trade among the OECD nations, and granted preferential market access in advanced industrialized countries to developing regions. Through special and differential treatment the latter economies have generally obtained open access to the United States, Canada and EU but are permitted to maintain high tariffs and administrative barriers to western exports, and subsidize domestic industries in endlessly imaginative ways.

Through the 1990s, the North American and European economies were so much larger and stronger that they could afford to give away industrial activities and jobs, even when the dictates of sound economics and comparative advantage would indicate wiser choices, to promote development in less fortunate areas of the world. However, the emergence of China, and to a lesser extent India, Russia and Brazil, has changed all that. By virtue of China's size and ambitions to exert greater influence in the Pacific and to change the rules of international competition, this calculation about the relationship between western and developing nations becomes patently false and foolish.

China abuses the WTO system and flaunts free-market principles with high tariffs and domestic institutions that systematically block U.S. and EU exports, aggressive subsidizes for domestic industries, intervention in currency market to ensure an under-

valued yuan and artificial cost advantages for its goods, and unfair rules for foreign firms that establish production in China to sell there.

All of this has imposed a large and growing bilateral trade imbalance that destroys millions of U.S. manufacturing jobs, transfers valuable U.S. technology cheaply to China, greatly diminishes U.S. R&D, educational attainment and potential growth, and makes the United States less capable of maintaining defense capabilities necessary to meeting its security obligations and accomplishes its legitimate security goals.

Successive Administrations have tried diplomacy to open Chinese markets and end currency manipulation and mercantilism more generally, but when rebuffed, they have cautioned Congress against concrete action, and pursued more ill-fated diplomacy.

Large American multinationals, which have invested in China to serve the market, have become clients of Beijing's protectionism. Invested in Middle Kingdom mercantilism, they council Presidents and Congressional leaders against taking concrete measures to counter China's unfair practices—to the point of even denying members of Congress the opportunity to vote on such measures. Those actions of self-directed capitalism have broad consequences for the health and vitality of the U.S. economy and ultimately national security.

On the global stage, failure to meaningfully confront Chinese mercantilism, after diplomacy has failed over and over again, makes the United States appear foolish, weak and inept, a civilization overtaken by one with a better economic model and a more competent government.

Domestically, the United States has needlessly increased its dependence on expensive foreign oil by failing to develop abundant domestic resources and implement more effective conservation measures. Failure to develop domestic energy creates *no* environmental benefits. It merely shifts the drilling to the Persian Gulf and other unfriendly venues where environmental risks are no better managed, and helps finance global terrorism. It is a fool's journey into the darkness.

Economists agree: the U.S. economy can't get out of its funk and grow robustly, not because Americans can't make things cost effectively and well, but because demand for what they make is inadequate.

There is no mystery about it. The trade deficit with China and on oil account for nearly the entire $550 billion U.S. trade deficit, this deficit poses a significant drain on the demand for U.S. products and is the single largest barrier to economic recovery.

President Obama has said on more than one occasion China's currency policy hurts the U.S. economy and slows its recovery. The reasoning is simple. Every dollar that goes abroad to purchase Chinese consumer goods that does not return here is lost purchasing power that could be creating jobs. The same applies to high priced oil.

Cutting the trade deficit in half would jump start the U.S. economy, create up to 5 million jobs and lower the unemployment rate to about 6 percent. Without confronting Chinese currency manipulation and broader protectionism with concrete actions and without

raising domestic oil production from less than 6 million barrels a day to 10, the U.S. economy won't grow fast enough, and taxes will be inadequate to finance an adequate defense and vital domestic services.

Simply, the trade deficit—China and oil—is as much responsible for the U.S. budget crisis—through slow growth—as overspending and other cost issues.

Cost Issues, Overspending and Popular Myths

The U.S. economy and government faces cost issues too. The U.S. health care system is more expensive and provides less favorable outcomes than more cost effective private systems abroad, for example in Holland and Germany. Much the same may be said for U.S. education.

Health care and education are hugely uncompetitive by global standards, and account for huge portions of combined U.S. federal, state and local spending. Most recently rising health care costs, coupled with a shrinking private sector and tax base, is now crowding out education spending.

Together with rising Social Security outlays, mandated by an unrealistic retirement age fixed at 66, the outsized cost of health care and education have required curtailing basic government activities and targeting for cuts spending categories the United States simply must undertake to compete.

Funds are lacking to adequately maintain roads, bridges and waterways, and to replace National Weather Service satellites essential to monitoring and forecasting severe weather. And, the United States has ceded manned space flight to China and Russia.

Advocates of the burdensomely inefficient health care and educations systems have perpetuated the *myth* that too much defense spending is the problem—that is simply not the case.

In 2007, with two wars raging and the Bush tax cuts in place, the deficit stood at $161 billion, while in 2011, it will be about 1.3 trillion. Total government outlays are up about $847 billion, when no more than $62 billion are necessary to accommodate inflation. How can defense spending—with a baseline budget of $553 billion in 2011—be responsible? It only accounted for about 11 percent of the $847 billion increase.

Moreover, if Congress would simply cut by half the additional spending since 2007, it would accomplish a total of more than $4 trillion in budget reductions over ten years.

The *myth* also persists that the United States spends too much on defense and winding down the wars in Iraq and Afghanistan will create great dividends. It won't. Congress may have appropriated funds for those wars, but it is clear those wars, as well as other conflicts, have been even more expensive than those budget outlays indicated.

U.S. defense systems are aging and becoming less functional and effective. Examples have been cited of sons manning fighters once flown by their fathers. Ask yourself how effective your staffs would be with 15 year old computers and if you would want to fight a cyber attack with such antiquated hardware.

And defense capabilities are thinner. The number of USAF fighters is down from 3602 in 2000 to 1990 today, and will be reduced

to 1739 at current funding levels. Navy ships are down from 316 to 288, and will have to be reduced to 263 at current funding levels. Sequestration would require cutting these figures even further and reducing the number of Army maneuver battalions by 30 or 40 percent.

Changes in the nature of threats and the global economic power balance—who will have economic power—will require more not fewer resources to protect U.S. strategic interests and preserve the influence of U.S. values—democracy and free markets—in the world.

Cyber warfare and arming China, which is building a blue water navy to challenge the United States in the Pacific, do not shift U.S. security challenges from one venue to another but rather add to those challenges. For example, U.S. and allied dependence on Middle East oil will continue for at least another generation—even with best efforts to develop domestic fossil fuels and alternative energy resources—and U.S. naval assets cannot be depleted in the Gulf Region to counter a Chinese buildup in the Pacific. Moreover, economic and political upheavals in Europe and North Africa will make the U.S. naval presence in the Mediterranean and North Atlantic even more vital.

The *myth* persists that China will not be able to challenge the United States anytime soon. After all China's *reported* military expenditures—at current exchange rates—is only about 17 percent of U.S. baseline outlays, but China does not have troops, aircraft and naval assets tied up around the world with established commitments. Moreover, China's currency is widely acknowledged to be undervalued, making comparisons of spending at current exchange rates deceptive.

Using IMF Purchasing Power Parity exchange rates, China's *reported* military spending in 2011 becomes $148 billion or 27 percent of the U.S. base budget. Based on the growth of spending over the past two years, with sequestration, China's military spending would be 37 and 43 percent of U.S. levels in 2013 and 2015, and 66 percent in 2021. Without sequestration, it would still be 60 percent of U.S. levels in 2011 and could effectively match U.S. spending in the late 2020s.

Also U.S. budget problems are much worse than Congress anticipates. The President's February budget assumed economic growth in the range of 4 percent for 2011 to 2016. Even in the more euphoric days of 2010, private sector economists were not assuming those kinds of figures.

Even if the Joint Select Committee reaches a consensus on budget cuts acceptable to both chambers, slow growth will compel another budget crisis after the 2012 election and then others further down the road.

Hard Realities

America must address the world as it finds it, not as intellectuals and advocates tell us it should be.

Hard reality number one is the interactions between the health of the U.S. economy and these budget discussions are disquieting.

The United States is not in a Greek spiral—at least not yet—but cuts in defense and nondefense spending will slow growth at a time

when demand for what the private economy produces is weak and a second recession that could thrust unemployment into the teens threatens. Most certainly, budget cuts will breed slower growth, lower tax revenues and the need for more cuts, until Washington finds ways to get the private economy growing.

If Washington can't find a way to instigate private sector growth—specifically, if it can't muster to challenge Chinese mercantilism and unleash development of domestic energy resources—and the nation continues on the assumption that budget deficits can be tamed with large contributions from defense, real effective Chinese defense spending will surpass U.S. defense spending in the next decade.

The United States has many established assets—ships, planes and such built in the past—that will continue numerical superiority in the ability to project power, but those will be increasingly old assets or the numerical superiority will decline more rapidly from retirements of assets. China's assets will be newer and growing in number.

The *myth* persists that China's military will be technologically inferior for a long time. Don't bet on that if the U.S. industry and R&D keeps moving to China through investments by GE and others, and the U.S. hollows out its defense industrial base through program cuts to meet unrealistic budget targets.

Slashing defense spending because the Congress can't agree to confront Chinese mercantilism and develop domestic energy to rekindle economic growth, and to cut and reform the domestic spending that has built up over the last four years, and the tables will turn in the Pacific sooner than you think.

Then, China's violation of the norms and rules of the economic system put in place by the United States and western powers after World War II will spread like an epidemic through the developing world, troubled places in Southern Europe, and so forth.

China's mercantilism, anti-democratic values and soft approach to civil and human rights making will be seen an attractive comprehensive package, necessary for ensuring economic prosperity and personal security. The rules of the game, as defined by international institutions, will follow those broader sentiments, and Americans and their values and institutions will become isolated and unable to compete.

America will be more isolated and dramatically weakened. Marginalized, it will resemble Italy *or* Greece. Charming and quaint but hardly able to independently sustain its standard of living or ensure its own security, *or* worse bankrupt and at China's doorstep for a bail out.

THE FUTURE OF THE MILITARY SERVICES AND CONSEQUENCES OF DEFENSE SEQUESTRATION

COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS
FIRST SESSION

HEARING HELD
NOVEMBER 2, 2011

WITNESSES

GENERAL RAYMOND T. ODIERNO, USA
38th Chief of Staff, United States Army

ADMIRAL JONATHAN W. GREENERT, USN
30th Chief of Naval Operations

GENERAL NORTON A. SCHWARTZ, USAF
19th Chief of Staff, United States Air Force

GENERAL JAMES F. AMOS, USMC
35th Commandant of the Marine Corps

PREPARED STATEMENTS PRESENTED BY WITNESSES

NOVEMBER 2, 2011

STATEMENT OF GENERAL RAYMOND T. ODIERNO, USA, 38TH CHIEF OF STAFF, UNITED STATES ARMY

Thank you, Mr. Chairman, Congressman Smith, and members of the committee.

Since this is my first time to appear before you as the Chief of Staff of the Army, I want to start by telling you how much I appreciate your unwavering commitment to the Army and the Joint Force. I look forward to discussing the future of the Army and the potential impact of budget cuts on our future capabilities, readiness, and depth. Because of the sustained support of Congress and this committee, we are the best trained, best equipped, and best led land force in the world today. As we face an uncertain security environment and fiscal challenges, we know we will get smaller, but we must maintain our capabilities to be a decisive force—a force trusted by the American people to meet our future security needs.

Over the past 10 years our Army—Active, Guard, and Reserve—has deployed over 1.1 million Soldiers to combat. Over 4,500 Soldiers have made the ultimate sacrifice. Over 32,000 Soldiers have been wounded—9,000 requiring long term care. In that time, our Soldiers have earned over 14,000 awards for valor to include 6 Medals of Honor and 22 Distinguished Service Crosses.

Our Army is and always will be about Soldiers and Families. Throughout it all, our Soldiers and leaders have displayed unparalleled ingenuity, mental and physical toughness, and courage under fire. I am proud to be part of this Army—to lead our Nation's most precious treasure—our magnificent men and women.

Today we face an estimated $450 billion plus in DOD budget cuts. We cannot afford to repeat the mistakes of previous reductions. I respectfully suggest that we make these decisions strategically, keeping in mind the realities of the risk they pose, and that we make these decisions together, unified, to ensure that when the plan is finally decided upon, all effort has been made to provide the Nation the best level of security and safety.

Our Army must remain a key enabler in the Joint Force across a broad range of missions, responsive to the Combatant Commanders, and maintain trust with the American People. It is my challenge to balance the fundamental tension between maintaining security in an increasingly complicated and unpredictable world, and the requirements of a fiscally austere environment. The U.S. Army is committed to being a part of the solution in this very important effort.

Accordingly, we must balance our force structure with appropriate modernization and sufficient readiness to sustain a smaller, but ready force.

We will apply the lessons of ten years of war to ensure we have the right mix of forces. The right mix of heavy, medium, light, and Airborne forces; the right mix between the Active and Reserve

Components; the right mix of combat, combat support, and combat service support forces; the right mix of operating and generating forces; and the right mix of Soldiers, Civilians, and contractors. We must ensure that the forces we employ to meet our operational commitments are maintained, trained, and equipped to the appropriate level of readiness.

As the Army gets smaller, it is the "*How we reduce*" that will be critical. While we downsize, we must do it at a pace that allows us to retain a high quality All-Volunteer Force that is lethal, agile, adaptable, versatile, and ready to deploy with the ability to expand as required. I am committed to this, as I am also committed to fostering continued commitment to the Army Profession, and adapting leader development to meet future challenges.

Although Overseas Contingency Operations (OCO) funding will be reduced, I cannot overstate how critical it is in ensuring our Soldiers have what they need while serving in harm's way, as well as the vital role OCO funding plays in resetting our formations and equipment, a key aspect of our current and future readiness. Failing to sufficiently reset now would certainly incur higher future costs, potentially in lives.

Along with the Secretary of Defense and the Secretary of the Army, I share concern about the potential of sequestration, which would bring a total reduction of over a trillion dollars for DOD. Cuts of this magnitude would be catastrophic to the military and—in the case of the Army—would significantly reduce our capability and capacity to assure our partners abroad, respond to crises, and deter our potential adversaries, while threatening the readiness of our All-Volunteer Force.

Sequestration would cause significant reductions in both Active and Reserve Component end strengths, impact the industrial base, and almost eliminate our modernization programs, denying the military superiority our Nation requires in today and tomorrow's uncertain and challenging security environment. We would have to consider additional infrastructure efficiencies, including consolidations and closures, commensurate with force structure reductions, to maintain the Army's critical capacity to train Soldiers and units, maintain equipment, and prepare the force to meet Combatant Commander requirements now and into the future.

It would require us to completely revamp our National Security Strategy and reassess our ability to shape the global environment in order to protect the United States.

With sequestration, my assessment is that the Nation would incur an unacceptable level of strategic and operational risk.

Mr. Chairman, members of the committee, I thank you again for allowing me the opportunity to appear before you. I also thank you for the support that you provide each and every day to our outstanding men and women of the United States Army, our Army Civilians and their Families. The strength of our Nation is our Army. The strength of our Army is our Soldiers. The strength of our Soldiers is our Families. This is what makes us Army Strong. I look forward to your questions.

STATEMENT OF ADMIRAL JONATHAN W. GREENERT, USN, 30TH CHIEF OF NAVAL OPERATIONS

Chairman McKeon, Ranking Member Smith, and members of the Committee, thank you for the opportunity to testify on the future of the military services and consequences of defense sequestration. This is my first time testifying before you as Chief of Naval Operations, and I am proud to represent more than 625,000 Sailors and Civilians serving their country in the United States Navy. It is through their courage and commitment to country that the Navy continues to be at the front line of our nation's efforts in war and peace. I look forward to working with you to ensure our Navy remains the world's preeminent maritime force—providing America offshore options to advance our national interests in an era of uncertainty. Through innovation, adaptation and judiciousness, I believe we can sustain our contribution to defense and be good stewards of our nation's resources.

As it has for more than 200 years, our Navy continues to deliver credible capability for deterrence, sea control and power projection to contain conflict and to fight and win our nation's wars. We remain forward at the maritime crossroads to protect the interconnected systems of trade, information and security that enable our nation's economic prosperity while ensuring operational access for the Joint force to the maritime domain and the littorals.

Since the terrorist attacks of September 11, 2001, the Navy has been an integral part of our nation's combat, counter-terrorism and crisis response operations. Currently, Navy's aircraft carriers and air wings account for about 30 percent of the close air support for our troops on the ground in Iraq and Afghanistan, and an even larger share of the electronic support missions that ensure the safety of our troops against IED attack. Navy SEALs led a joint force to capture Osama bin Laden and also rescued the M/V ALABAMA's crew. USS FLORIDA, a guided missile submarine, and the USS SCRANTON and USS PROVIDENCE, two attack submarines, launched over 100 Tomahawk land attack missiles at military targets in Libya at the outset of Operation ODYSSEY DAWN. Earlier this year, our aircraft carrier USS GEORGE WASHINGTON and several of our cruisers and destroyers aided the Japanese after a Tsunami decimated portions of Honshu Island. To conduct warfighting and be ready to respond to such crises, on any given day more than 40,000 sailors are at sea and about 40 percent of our ships are deployed away from home.

Over the past 10 years we stretched our ships, aircraft and people to meet the growing needs of Combatant Commanders for Navy forces with a smaller Fleet. Since 2000, the number of ships in the Fleet decreased by about 10 percent. Yet, in the last four years alone, demand for carrier strike groups doubled, and requests for amphibious ready groups grew by 70 percent. As a result, each ship

is underway about 15 percent more per year than in 2000, lengthening deployments and making deployments more frequent. Because deployments now cut into the time available to conduct maintenance on ships and aircraft and to train our crews, we have to tailor the readiness of some units to only those missions they will likely be tasked to do instead of the whole (design) range of missions they might be tasked to do. Less time for maintenance decreases the service lives of our ships and aircraft and makes maintenance more expensive because it is now less efficient and more emergent. In turn, growing maintenance costs offset the funds available for procurement and modernization, making it that much more difficult to recapitalize the Fleet.

Going forward, I expect the importance of Navy forces will grow as compared to today as we draw down ground forces in the Middle East and reset them. Nations like Iran and North Korea continue to pursue nuclear capabilities, while rising powers are rapidly modernizing their militaries and investing in capabilities to deny our forces freedom of action in vital regions such as the Asia-Pacific. To ensure we are prepared to meet our missions, I will continue to focus on my three priorities: 1) Be ready to fight and win today; 2) Build the future force to fight and win tomorrow; and 3) Take care of our people and create a motivated, relevant and diverse force. Most importantly, I will work to ensure we do not create a "hollow force" that is unable to do the mission due to shortfalls in maintenance, personnel, enablers or training. We will not erode the support we provide to our Sailors, Civilians, and their families that sustains our all-volunteer force.

To pursue these priorities in a constrained fiscal environment, we will have to be effective and efficient. We will maintain our warfighting advantage against new threats using new technologies and operating concepts. We will use innovative ways to affordably operate forward, where we are most effective and can provide our nation options for influence and response. Additionally, we will be judicious with our resources (people, money and time) by more efficiently scheduling maintenance and adapting our Fleet Response Plan.

We must remain the world's preeminent maritime fighting force. In particular, our Navy will continue to dominate the undersea domain with sustained investment and effort in a network of platforms and sensors. The Joint force relies on us for assured access to deter conflict, fight wars, protect our allies and partners and advance our interests. We will sustain access below, on and above the water with new maritime and joint operational concepts such as Air-Sea Battle, and by operationalizing the electromagnetic spectrum and cyber domain.

The budget reductions we are currently addressing as part of the 2011 Budget Control Act will introduce additional risk in our ability to meet the future needs of Combatant Commanders, but we believe this risk is manageable. Some strategic changes will be required in the Department of Defense to posture our forces, prepare for conflicts, and conduct combat and stability operations. We are currently working through an emerging strategy as we complete the fiscal year 13 budget submission.

However, if the efforts of the Joint Select Committee on Deficit Reduction do not result in agreement and sequestration occurs, the Department of Defense and the Navy will have to rethink some fundamental aspects of what our military does. The current law does not allow the military to manage these reductions, but rather applies the cuts uniformly to each program, project and activity. Our readiness and procurement accounts would face a reduction of about 18 percent, rising to approximately 25 percent in the event military personnel funding is exempted from full sequestration. The size of these cuts would substantially impact our ability to resource the Combatant Commander's operational plans and maintain our forward presence around the globe.

Some of the actions we would need to take under sequestration could have a severe and irreversible impact on the Navy's future. For instance, we may need to end procurement programs and begin laying off civilian personnel in fiscal year 2012 to ensure we are within control levels for January of 2013. As a capital-intensive force, we depend on consistent and reliable production from the shipbuilding and aviation industries to sustain our fleet capacity. If we end programs abruptly and some of these companies shut down, we will be hard-pressed to reconstitute them. And each ship we don't build impacts the fleet for 20–50 years.

I look forward to working in partnership with the Committee to ensure our Navy will remain able to deter aggression by operating forward and being ready to fight and win our nation's wars. By maintaining our current course and judiciously applying our resources, I am confident we can come through this challenge and remain the world's most lethal, flexible and capable maritime force. Thank you for this opportunity to speak with you on the Navy's behalf.

STATEMENT OF GENERAL NORTON A. SCHWARTZ, USAF, 19TH CHIEF OF STAFF, UNITED STATES AIR FORCE

Ten years after 9/11, Airmen and their Army, Navy, Marine, and Coast Guard teammates continue to serve the Nation with distinction, performing admirably across a broad spectrum of operations. In particular, our service members have honed their skills to a fine edge after more than a decade of effectively conducting counterterrorism and counterinsurgency operations.

As we evaluate our strategy for the future, we must protect the progress that we have made by addressing the undeniable stresses and strains on our service members and their families, as well as the tremendous toll on our battle-worn equipment, resulting from more than a decade of sustained global operations. This is particularly true for the Air Force, which has been in sustained combat operations for more than two decades, dating back to Operation DESERT STORM.

We also must recognize and prepare for the ongoing evolution of a highly dynamic, increasingly complex geostrategic environment in which the proliferation of technology is allowing more and more actors to exert influence and effect desired outcomes. In order to attain a full-spectrum portfolio of capabilities that is prepared to address wide-ranging security threats, we must internalize the hard-fought, hard-learned lessons of the past decade of operations against primarily terrorist and insurgent elements, as we judiciously prepare for the possibility of future higher-end contingencies involving potential near-peer actors.

Because our Nation's debt crisis has a direct bearing on our national security, the U.S. military will also tighten its fiscal belt, and be a part of the solution to find our way back to a vibrant national economy. To this end, the Department of Defense began by identifying more than $100 billion in efficiencies, shifting the savings from overhead to operational and modernization requirements. In the Air Force alone, nearly $33 billion were reallocated to support required capabilities more directly. Moreover, we found an additional $10 billion in savings to contribute to deficit reduction as we completed work on the 2012 budget. The Air Force continues to review all areas of the budget—including force structure, operations and investment, and personnel—for further savings.

But to sustain the military's ability to protect the Nation against wide-ranging threats in a very dynamic strategic and fiscal environment, we will have to make extremely difficult decisions—for example, reducing investment in many areas, but also enhancing capabilities in others in order to compensate. These choices must be based on strategic considerations, not compelled solely by budget targets. A non-strategy-based approach that proposes cuts without correlation to national security priorities or core defense capabilities will lead to a hollowed-out force, similar to those that followed

every major conflict since World War I—a U.S. military with aging equipment, extremely stressed human resources, less-than-adequate training, and ultimately, declining readiness and effectiveness. We must avoid repeating this scenario by steering clear of ill-conceived, across-the-board cuts, which do not allow us to deliberately accept risks, to devise strategies to mitigate those risks, and to maintain a capable, if smaller, effective force. Instead, sweeping cuts of the sort in the Budget Control Act's sequester provision would slash our investment accounts; raid our operations and maintenance accounts, forcing the curtailment of important daily operations and sustainment efforts; and inflict real damage to the effectiveness and well-being of our Airmen and their families. Ultimately, such a scenario gravely undermines our ability to protect the Nation.

But beyond the manner in which potential budget cuts are executed, even the most thoroughly-deliberated strategy may not be able to overcome dire consequences if cuts go far beyond the $450 billion-plus in anticipated national security budget reductions over the next 10 years. This is true whether the cuts are directed by sequestration or by Joint Select Committee proposal, and whether they are deliberately targeted or across-the-board. From the ongoing budget review, the Department is confident that further spending reductions beyond the more than $450 billion that are needed to comply with the Budget Control Act's first round of cuts cannot be done without damaging our core military capabilities and therefore our national security.

From the perspective of the Air Force, whose "real" total obligation authority is already only 20 percent of the Department of Defense top-line—the lowest of any military service since World War II—further cuts will amount to:

1. Further reductions to our end strength, both civilian and military, despite the fact that the Air Force already is substantially smaller than it was ten years ago;
2. Continued aging and reductions in the Air Force's fleet of fighters, strategic bombers, airlifters, and tankers, as well as to associated bases and infrastructure;
3. Adverse effects on training and readiness, which has seen a decline since 2003; and
4. Diminished capacity to execute concurrent missions across the spectrum of operations and over vast distances on the globe.

A smaller Air Force, as a result of anticipated budget cuts, still will remain an unmatched, superbly capable force, but as a matter of simple physical limitations, it will be able to accomplish fewer tasks in fewer places in any given period of time. Therefore, while the Nation has become accustomed to effective execution of wide-ranging operations in rapid succession or even simultaneously—for example, the Air Force's concurrent response to crisis situations in Japan and Libya, which ranged more than 5,500 miles in distance and the operational spectrum from humanitarian relief to combat airpower, all the while maintaining operations in Afghanistan and Iraq—it will have to accept reduced coverage in future similar, concurrent scenarios if further large cuts to the national security budget are allowed to take effect. Also, our Airmen and their fami-

lies, throughout the Total Force, would face intensified deployment schedules, and our equipment would become aged and worn more quickly, because fewer resources would be available to commit to the Nation's emerging needs.

As part of our strategy to mitigate the effects of decreased capacity, we will continue to strengthen our international partnerships, especially where common interests and shared security responsibilities are involved. More importantly, we will continue to promote efforts toward advancing Joint interdependence, as the Chairman of the Joint Chiefs of Staff testified before this committee last week. This will require each military service "to maintain and be the masters of their core competencies and their unique service cultures, but . . . [to] operate as a single cohesive team." To meet the Chairman's intent, the Air Force will continue to make vital contributions to the Joint team's portfolio, integrating airpower's four unique, enduring qualities: (1) domain control; (2) intelligence, surveillance, and reconnaissance; (3) air mobility; and (4) global strike. These four core contributions—plus our unparalleled ability to command and control air, space, and cyber systems—will sustain the Joint team's advantage, and inform our analysis as we prioritize our efforts in each of the most critical dimensions: materiel, personnel, training, and readiness.

Reducing any of these core contributions, in addition to potential diminished capacities as discussed earlier, will fundamentally alter the complexion of your Air Force. We therefore are focused on sustaining and strengthening these core functions. Moreover, specific systems such as the F–35A, the centerpiece of our future tactical air combat capability; KC–46A, the backbone of our worldwide power projection capability and thus our Nation's global expeditionary posture; and the Long-Range Strike "family of systems," all represent substantial elements of our overall suite of capabilities and thus must all be pursued through disciplined—and certainly efficient—modernization efforts. Even though we are responsibly drawing down in Afghanistan and Iraq, we know that historically, as U.S. forces withdraw from active combat, the relative requirement for airpower typically increases. By focusing on our core contributions, we are preserving the character of your Air Force—ready to continue responding effectively to the Nation's airpower and global power projection needs.

In short, Airmen remain fully committed to executing current missions effectively while building a future force according to operational risk, capability and capacity requirements, personnel and materiel needs, and prudent, if frugal, strategies for investment in modernization, recapitalization, and readiness. We do not have to forsake national security to achieve fiscal stability. If we undertake a strategy-based approach to necessary budget cuts, and keep those cuts to a reasonable level, we can assure our full-spectrum preparedness in providing our unique capabilities, affording a wider range of options for rapid, tailorable, and flexible power projection—*Global Vigilance, Reach, and Power*—on which our Nation's security and strategic interests rely.

STATEMENT OF GENERAL JAMES F. AMOS, USMC, 35TH COMMANDANT OF THE MARINE CORPS

In an increasingly dangerous and uncertain world, the Marine Corps continues to provide capabilities our Nation needs to retain its status as the only credible remaining superpower. As we face inevitable difficult resource decisions, we must also consider how we can best mitigate the inherent risk of a reduced defense capacity. Like an affordable insurance policy, the Marine Corps and the Navy's amphibious forces represent a very efficient and effective hedge against the Nation's most likely risks.

The current fight. We will continue to provide the best trained and equipped Marine units to Afghanistan. This will not change. This will remain the top priority for as long as we have Marines in harm's way. We have made great progress in Afghanistan; our fellow citizens expect no less of us for the duration of the war. We remain committed to achieving success. We will ensure that we draw down in Afghanistan in a way that responsibly transfers authority to our Afghan partners, and maintains pressure on the enemy. Our forward-deployed Marines have all that they need with regard to training, equipment, and leadership to accomplish the mission. The cost of ensuring that they have all that they need has been felt by those units back at home station. This fact impacts our ability to deal with another large scale contingency.

Future Security Environment. Our Nation and world face an uncertain future; we cannot predict where and when events may occur that might require us to respond on short notice to protect our citizens and our interests. In the past, there have always been times when events have compelled the United States to become involved, even when such involvement wasn't desired; there is no doubt that we will have do this again as we face an uncertain future. As we look ahead, we see a world of increasing instability and conflict, characterized by poverty, competition for resources, urbanization, overpopulation and extremism. Failed states, or those that cannot adequately govern their own territory can become safe havens for terrorist, insurgent and criminal groups that threaten the U.S. and our allies.

Already pressurized by a lack of education and job opportunities, the marked increase of young men in underdeveloped countries are swelling the ranks of disaffected groups, providing a more pronounced distinction between the "haves" and "have-nots." Over the last year we watched as the momentum of the Arab Spring toppled long-established governments, and re-shaped the political and military dynamics of an already troubled region.

Increasing competition for scarce natural resources like fossil fuels, food and clean water continue to lead to tension, crisis and conflict. The rise of new powers and shifting geopolitical relationships will create greater potential for competition and friction. The

rapid proliferation of new technologies, cyber warfare and advanced precision weaponry will amplify the risks, thus empowering state and non-state actors as never before. These trends will exert a significant influence on the future security environment and, in turn, the ever-changing character of warfare. In the words of one of our former general officers, "two parallel worlds exist on this planet—a stable progressively growing, developing world and an unstable, disintegrating chaotic world. The two worlds are colliding." This is the world in which your Marine Corps must operate. If we are to do our part to forestall future wars and conflicts we must remain engaged and involved.

Crisis response. Like it or not, America must maintain the ability to respond to crises—especially in unexpected places at unexpected times. History has shown that crises usually come with little or no warning, and often in conditions of uncertainty, complexity, and chaos. A full understanding of what is occurring, and what the best response should be, takes time. There remains an imperative for a force that can respond to crisis situations immediately and create options and decision space for our Nation's leaders. An on-scene force that can respond immediately reduces the risk that a situation will spin out of control as our nation's leaders attempt to determine a way ahead. America's ability to respond in the manner required is increasingly complicated by the fact that since the 1990s our nation has significantly reduced the number and size of our bases and stations around the world.

Crisis response must sometimes be measured in hours, if not minutes. When Marine forces rescued the downed Air Force F–15 pilot in Libya earlier this year, they did so from amphibious shipping in the Mediterranean, arriving and completing the rescue within 90 minutes of notification. Imagine how the dynamic in Libya might have changed if Quadafi had captured a US air crew. Within 20 hours of notification forward deployed Marine forces arrived in tsunami-devastated Japan and began to conduct search and rescue and humanitarian assistance and disaster relief missions—at times within the radioactive plume. Crisis response can't be done from the United States. It takes too much time to get there. Even if adequate infrastructure is available near the crisis site to support deployment of a crisis response force by air, maintaining and sustaining such a force by air is extraordinarily difficult.

It is imperative that our Nation retain a credible means of mitigating risk while we draw down both the capabilities and capacities of our forces. This is best done by forward deployed and positioned forces, trained to a high state of readiness, and on the scene. The Marine Corps was specifically directed by the 82nd Congress as the force intended to be "the most ready when the Nation is least ready." This expectation exists because of the costly lessons our nation learned during the Korean War when a lack of preparedness in the beginning stages of the conflict very nearly resulted in defeat. Because our Nation cannot afford to hold the entire joint force at such a high state of readiness, it has chosen to keep the Marines ready, and has often used them to plug the gaps during international crises, to respond when no other options were available.

Forward presence. Although the world is continuing to change and budgets continue to fluctuate, America's requirement to maintain a forward based force-in-readiness remains. Physical presence matters. It shows our economic and our military commitment to a particular region. It deters potential adversaries. It assures our friends. It permits response in a timely manner to crises.

Our nation has already significantly reduced the number and size of our force presence, our bases and stations around the world. U.S. Forces based in the continental United States are challenged to respond quickly due to the tyranny of distance. The national blessing of being located between two great oceans bears the expense of having to traverse those oceans in order to respond to crisis in other parts of the world. If we are to maintain our status as a global power, we have a responsibility to respond to crises quickly.

Speed enables swift and certain projection of power and influence. When we respond from a forward posture, our response time is almost immediate—often before an adversary can position its forces optimally, or accomplish his objectives. Only when we are positioned forward can we provide the backing to diplomatic efforts that give our nation's leaders time to develop options and build coalitions. Often, U.S. citizens in other lands are put at risk if we are slow to respond or to evacuate them.

Maintaining a presence helps provide stability to areas of strategic importance. We can build partner capacity through direct contact; increase our own awareness of dynamic developments and potential response options; control key objectives like ports, airfields, and chokepoints to ensure their safe and continued use should they become threatened; demonstrate resolve; assure our allies and partners; and provide relief and assistance quickly in the case of natural or man-made disasters.

Your Marine Corps remains forward deployed—particularly in the critical Pacific region. It is widely acknowledged that the Pacific is the future of our country from both an economic and a military perspective. We also recognize that for many years to come we will have security challenges in the Central Command area of operations. But even as we agree on the importance of these two critical regions, we can't ignore the rest of the world. History has shown that crises, conflicts, and challenges never occur where we want them to . . . we're not very good at predicting the future. Right now, Marines are engaged in multiple regions around the world such as Eastern Europe, Latin and South America, Africa and the Pacific Rim, conducting theater security cooperation activities and building partner capacity with our allies and partners. The goal of our engagement activities is to minimize the conditions for conflict and enable host nation forces to effectively address instability as it occurs. Engagement activities also provide our Nation with a stance for crisis response and quick footing for action when the need arises. As we look ahead to times of reduced manning and restricted access to overseas basing, Marines must be forward deployed and engaged on a day-to-day basis, working closely with our joint and allied partners. When crises arise, these same Marines will respond—locally, regionally or globally—to accomplish whatever mission our Nation asks of us.

Our maritime role and amphibious and expeditionary operations. As we consider the future, we do so with the sure knowledge that America is first and foremost a maritime nation. Like so much of the world, we rely on the maritime commons for the exchange of commerce and ideas. The sea dominates the surface of our globe (70% of earth's surface). 95% of the world's commerce travels by ship. 49% of the world's oil travels through six major choke points; on any given day 23,000 ships are underway around the world.

Many depend on us to maintain freedom of movement on those commons; we continue to take that responsibility seriously. The world's littoral regions—where the land and sea (and air) meet—are equally critical when securing freedom of movement. The littorals are where seaborne trade originates and enters its markets. The littorals include straits, most of the world's population centers, and the areas of maximum growth.

The Navy and Marine Corps team remain the solution set to fulfilling our global maritime responsibilities in these critical areas. Naval forces are not reliant on host nation support or permission; in the conduct of operations, they step lightly on our allies and host countries. With the increasing concentration of the world's population in littoral areas, the ability to operate simultaneously on the sea, ashore, in the air, and to move seamlessly between these three domains is critical. The Marine Corps' requirement to deploy and respond globally, engage regionally, and train locally necessitates that we leverage every form of strategic mobility—a combination of amphibious ships, high speed vessels, maritime preposition shipping, organic tactical aviation and strategic airlift.

Amphibious forces, a combination of Marine air ground task forces and Navy amphibious ships, remain a uniquely critical and capable component of both crisis response and meeting our maritime responsibilities. Operating as a team, amphibious forces provide operational reach and agility, they "buy time" and decision space for our national leaders in time of crisis. They bolster diplomatic initiatives by means of their credible forward presence. Amphibious forces also provide the Nation with assured access for the joint force in a major contingency operation. That same force can quickly be reinforced to assure access anywhere in the world in the event of a major contingency; it can be dialed up or down like a rheostat to be relevant across the range of military operations. *No other force possesses the flexibility to provide these capabilities and yet sustain itself logistically for significant periods of time, at a time and place of its choosing.* There is a reason why every Combatant Commander wants the presence of forward deployed amphibious forces on a routine basis, and each of them ask for that. They know that such forces mitigate risk, and give them the capability to deal with the unknown.

The inherent usefulness, capability, and flexibility of amphibious forces is not widely understood, as evidenced by the frequent, and incorrect, assumption that forcible entry capabilities alone define the requirement for amphibious forces. The same capabilities that allow an amphibious task force to deliver and support a landing force on a hostile shore enable it to support forward engagement and crisis response. *In fact, the most frequent employment of am-*

phibious forces is for engagement and crisis response. The geographic Combatant Commanders have increased their demand for forward-postured amphibious forces capable of conducting security cooperation, regional deterrence and crisis response. In an era of declining access, this trend will likely markedly increase. Over the past year, amphibious forces have conducted humanitarian assistance and disaster relief efforts in Pakistan, they have supported combat operations in Afghanistan with ground forces and fixed wing aviation, they have responded to the piracy crisis on M.V. Magellan Star, they have supported operations in Libya, and assisted our allies in the Philippines and Japan. Modern amphibious assaults, when necessary, seek to avoid enemy strengths by exploiting gaps and weaknesses. An example is the TF–58 assault that seized key terrain south of Kandahar 450 miles inland in 2001 shortly after the 9/11 attacks.

The Marine Corps defines itself as an "expeditionary" force. "Expeditionary" means that we're capable of operating in austere environments. When we deploy we bring the water, the fuel, the supplies that our Marines and sailors need to accomplish the mission. "Expeditionary" is not a bumper sticker to us, or a concept, it is a state of conditioning that Marines work hard to maintain.

Right-sizing in the face of new fiscal realities. The Marine Corps is fully aware of the fiscal challenges facing our Nation, and stands ready to further critically examine and streamline its force needs for the future. *We continually strive to be good stewards of the public trust by maintaining the very best financial management practices.* The Marine Corps remains the first and only military service whose financial statements have been deemed audit-ready. We are proud of our reputation for frugality, and we remain one of the best values for the defense dollar. During these times of constrained resources, we remain committed to refining operations, identifying efficiencies, and reinvesting savings to conserve scarce public funds. When the Nation pays the "sticker price" for its Marines, it buys the ability to remain forward deployed and forward engaged, to assure our partners, reinforce alliances, and build partner capacity. For 7.8% of the total DoD budget, our Nation gains the ability to respond to unexpected crises, from humanitarian disaster relief efforts, to non-combatant evacuation operations, to conduct counter-piracy operations, or full scale combat.

As Congress, and this Committee, work hard to account for every dollar, the Marine Corps is working to make sure that every dollar is well spent. In the end we know we're going to have to make cuts. As we provide our input we need to address three critical considerations—strategy, balance, and keeping faith.

In an effort to ensure the Marine Corps was best organized for a challenging and dangerous future security environment, last fall we conducted a comprehensive and detailed force structure review to identify all dimensions of rebalance and posture for the future. The results of this effort have been shared with this Committee in the past. This effort incorporated the lessons learned from ten years of combat. We affirm the results of that strategy-driven initial effort, but we have also begun to readjust certain parameters of it based on the realities of spending cuts outlined in the Budget Control Act of 2011.

When we went through the force structure review effort, we built a force that can respond to only one major contingency at a time. It has been opined that one effect of sequestration might be to put a Marine Corps below the end strength level that's necessary to support even one major contingency. At the potential end strength level resulting from the sequestration, we're going to have to make some tough decisions and assume significantly more risk. We will not be able to do the things the Nation needs us to do to mitigate risk, or to meet the requirements of the Combatant Commanders. We won't be there to reassure our potential friends, or to assure our allies. And we certainly won't be there to contain small crises before they become major conflagrations. A Marine Corps end strength level that could result from the sequestration presents significant risk institutionally and for the Nation. Responsiveness to Combatant Commander requirements such as contingencies and crisis response will be significantly degraded.

With regard to strategy, the Marine Corps is participating in the ongoing rewrite of national security strategy. Once this effort is concluded, we'll evaluate the resources available against the mission, then build the most capable force possible. We'll use what we learned during the force structure review effort as our point of departure, and make recommendations on how to best reshape the Marine Corps.

We cannot make cuts in a manner that would "hollow" the force. We have learned this lesson before during previous draw downs. The term "hollow force" refers primarily to the lack of readiness of U.S. forces to accomplish their missions. Readiness is the aggregate of the investment in personnel, training, and equipment to ensure that units are prepared to perform missions at any given time. The Services have varying approaches to readiness. In order to manage investment and O&M costs, some Services judiciously reduce the readiness status of selected units during interim periods between scheduled deployments. This concept is referred to as "tiered readiness." In this concept, resources are limited and non-deployed units pay the costs to ensure that deployed and next-to-deploy units have sufficient personnel, equipment, and training. Over time, non-deploying, or rarely-deploying units, may be held at reduced readiness levels for indeterminate periods of time. Given our mission to be America's Expeditionary Force in Readiness, a tiered readiness concept is not compatible with the Marine Corps' missions because its non-deployed units are often called upon to respond to unanticipated and varied crises on a moment's notice.

The Marine Corps strives to maintain a high state of unit readiness and logistical self-sustainment capability. Even when not deployed, Marine units maintain higher levels of readiness, so they can deploy on short notice. This readiness posture allows the Corps to:

1. Maintain most of its operating force ready to respond quickly to crises and contingencies;
2. Cycle battalions, squadrons and other units through rotations rapidly;
3. Routinely build and deploy coherent, effective task forces without extensive work-ups; and,

4. Maintain significant amounts of equipment in theater vice rotating most of it with each unit, thus reducing the costs of doing our Nation's bidding.

Organic logistics capabilities are vital to this practice. Too often, service logistics units fall prey to cuts that forfeit their ability to respond to crises. Naval forces—in particular, amphibious ships—are also essential to readiness. We must continue to invest in this highly utilized capability.

Finally, lower budget levels, end strength, and investment accounts will significantly affect contingency plans over time. Many of these plans depend on concurrent and/or sequential operations. Less capacity removes the capability for such operations. Operational plans, will necessarily be adjusted to accommodate the longer timelines required to achieve desired objectives. Longer time to accomplish objectives in war can easily translate into increased loss of personnel and materiel, and ultimately places mission accomplishment at risk.

My promise to this Committee is that at the end of the day, we will build "the best Marine Corps" that our Nation is willing to afford. I intend to "keep faith" with our people. This term has deep meaning to the leadership of the Marine Corps. We expect much from those we recruit, and we remind them constantly of their obligations of honorable and faithful service. In return we must be faithful to the obligations we make to those who serve honorably. We must not break the chain of trust that exists. Precipitous personnel reductions are among the worst measures that can be employed to save money. Our all-volunteer system is built upon a reasonable opportunity for retention and advancement; wholesale cuts undermine the faith and confidence in service leadership and create long-term experience deficits with negative operational impacts. Such an approach cannot be quickly recovered from.

Redundancy. In the interest of austerity, there are many who try to argue that the Marines provide capabilities that are redundant when compared with other Services. This is not the case. "Redundant" means that no replacement is required if something is discarded. This is not true of the Marine Corps capabilities sets or of the way we have adapted to the future security environment and modern warfare. If the Nation lost its amphibious capability, it would have to pay for another Service to provide it. In short order the Nation would require a sustainable air-ground force able to operate from the sea—to respond to crises and contingencies. A force that comes from the sea requires specialized equipment and training. No savings would be gained because there is no redundancy. The nation would have to pay—and likely pay a higher price—to gain back what had been given away.

In any future defense strategy, the Marine Corps will fill a unique lane in the capability range of America's armed forces. A *Middleweight* Force, we are lighter than the Army, and heavier than SOF. The Corps is not a second land army. The Army is purpose-built for land campaigns and carries a heavier punch when it arrives, whereas the Marine Corps is an expeditionary force focused on coming from the sea with integrated aviation and logistics capabilities. The Marine Corps maintains the ability to contribute to land campaigns by leveraging or rapidly aggregating its capabili-

ties and capacities. Similarly, Marine Corps and SOF roles are complementary, rather than redundant. Special Operation Forces contribute to the counter-insurgency and counter-terrorism efforts of the Combatant Commanders in numerous and specialized ways, but they are not a substitute for conventional forces with a broader range of capability and sustainability.

Marine air is similarly not redundant. The US Air Force cannot come from the sea; nor are most of its aircraft suitable for expeditionary missions. The Navy currently does not invest in sufficient capability to operate their aircraft ashore once deployed—a requirement that has risen often in the past in support of both naval and land campaigns. If Navy aviation were to buy the capability to deploy effectively to austere ashore bases from their ships, they would find it would cost as much, or more, than it costs them currently to do so on behalf of the Marine Corps.

Reset and modernization. Reset is distinguishable from modernization. There will be a cost when the Marine Corps comes out of Afghanistan. It is necessary to reset the force by addressing equipment shortfalls, and to refresh equipment worn out or degraded by years of combat. We currently estimate that bill to be about $3 billion. A few years ago that bill was in excess of $15 billion. With the help of Congress we have been able to reset the force for some years now, even as we continued to support operations both in Iraq, and Afghanistan. As we look to the future, we must address our deficiencies and replace the equipment that is worn out from operations in Afghanistan. Secondly, we must continue to modernize to keep pace with the evolving world.

The Marine Corps is currently undertaking several initiatives to modernize the Total Force. The programmatic priority for our ground forces is the seamless transition of Marines from the sea to conduct sustained operations ashore whether for training, humanitarian assistance, or for combat. Our ground combat and tactical vehicle strategy is focused on the right mix of assets, balancing performance, payload, survivability, fuel efficiency, transportability and cost. In particular, the Amphibious Combat Vehicle is important to our ability to conduct surface littoral maneuver and seamlessly project Marine units from sea to land in permissive, uncertain and hostile environments. We remain firmly partnered with the U.S. Army in fielding a Joint Light Tactical Vehicle that lives up to its name while also being affordable.

Marine Corps Aviation, which is on the cusp of its centennial of service to our Nation, continues its modernization that began over a decade ago. The continued development and fielding of the short take-off and vertical landing (STOVL) F–35B Joint Strike Fighter remains the centerpiece of this effort. The capability inherent in a STOVL jet allows the Marine Corps to operate in harsh conditions and from remote locations where there often are few airfields available for conventional aircraft. It is also specifically designed to operate from amphibious ships—a capability that no other tactical aircraft possesses. The ability to employ a fifth-generation aircraft from amphibious shipping doubles the number of "carrier" platforms from which the United States can employ fixed wing aviation. Once fully fielded, the F–35B replaces three legacy aircraft—

F/A–18, EA–6B and AV–8B—saving the DoD approximately $1 billion per year in operations and maintenance costs.

This program has been performing notably since January with more than 260 vertical landings completed and 98% of its key performance parameters met. It is ahead of schedule in most areas. The F–35B also recently completed a highly successful three-week, sea trial period aboard the amphibious assault warship USS Wasp (LHD–1). DoD has already purchased 32 of these aircraft. Delivery is on track, and we look forward to receiving them at Marine Corps Air Station Yuma just ten months from now.

The MV–22B Osprey continues to be a success story for the Marine Corps and the Joint Force. To date, this revolutionary tilt-rotor aircraft has changed the way Marines operate on the battlefield, giving American and Coalition forces the maneuver advantage and operational reach unmatched by any other tactical aircraft. Over the past four years since achieving Initial Operational Capability, the MV–22B has flown more than 18,000 hours in combat, carried more than 129,000 personnel, and 5.7 million pounds of cargo. The MV–22B has made multiple deployments to Iraq, four with MEUs at sea, and it is currently on its fourth deployment to Afghanistan. The unprecedented operational reach of an MV–22B, embarked aboard amphibious shipping in the Mediterranean, was the sole reason for the rescue of a downed American aviator in Libya. Our squadron fielding plan is well under way as we continue to replace our 44 year old, Vietnam-era CH–46 helicopters. We must procure all required quantities of the MV–22B in accordance with the program of record. Calls by some to reduce MV–22B procurement as a DoD cost savings measure are puzzling. Their arguments are ill-informed and rooted in anachronisms when measured against the proven record of performance and safety this force multiplier brings to today's battlefields in support of Marines and the Joint Force.

Conclusions. The American people continue to believe that when a crisis emerges Marines will be present and "invariably turn in a performance that is dramatically and decisively successful—not most of the time, but always." They possess a heart-felt belief that the Marine Corps is good for the young men and women of our country. In their view, the Marines are extraordinarily adept at converting "un-oriented youths into proud, self-reliant stable citizens—citizens into whose hands the nation's affairs may be safely entrusted." An investment in the Marine Corps continues to be an investment in the character of the young people of our country.

The Marine Corps will only ask for what it needs, not what it wants. As Congress and DoD move forward with tough decisions on the future of our Armed Forces relative to the Budget Control Act of 2011, the crisis response capabilities the Marine Corps affords our Nation must serve as the compass in determining its ultimate end strength, equipping and training needs. Through it all, the Marine Corps will make the hard decisions and redouble its commitment to its traditional culture of frugality.

The Marine Corps has evolved over many years, many conflicts, and at a significant price in terms of both blood and treasure; we have served the Nation well time and time again. For a comparably small investment, the Marine Corps continues to provide the pro-

tection our Nation needs in an increasingly dangerous and uncertain world, and to preserve our Nation's ability to do what we must as the world's only credible remaining superpower.

ADDITIONAL VIEWS

ADDITIONAL VIEWS

Over the past several months, the House Armed Services Committee embarked on a series of hearings designed to examine the future of the defense budget in light of our nation's fiscal reality. We believe this action to have been fully appropriate—our committee members should understand the impact of the budget cuts contained in the Budget Control Act (BCA), particularly in light of the changing threat environment. As part of that discussion, we found these hearings useful.

We also agree with the Chairman that sequestration would clearly and unquestionably threaten our ability to meet our current national security needs. Congress, through the BCA, has imposed spending caps on security spending that will force the Department to reduce its current budget plans by more than $450 Billion over ten years. These already-enacted cuts to planned spending present a significant challenge for the Department to implement, and further large, indiscriminate cuts, such as those that would be imposed by sequestration, would be nearly impossible for the Department to absorb without real and serious damage to our ability to protect our national security. This hearing series was helpful in building this case as well.

National security is, however, defined by more than just the level of funding provided to the Department of Defense. Deficits matter. Our national debt matters. Over time, these have real and negative impacts on our national well-being. While Secretary Panetta and some of the other Administration witnesses discussed possible areas of savings, this extensive series of hearings offered little discussion on how to better spend defense dollars or how to spend less. As members of the House Armed Services Committee, and Congress, our responsibility is not to ensure that the Department of Defense spends as much money as possible, but rather to ensure that enough funds are provided for our national defense and that they are spent wisely and well.

We were pleased to see the hearings provide a forum for the Committee to express its broadly-held concerns about sequestration. Unfortunately however, the Committee did not follow this expression with suggestions of how to responsibly cut the deficit sufficiently to avoid sequestration. Some members did take the opportunity to express their views on this subject—many of the signers of this document, for example, have expressed the belief that increased revenues have to be part of the solution. We were disappointed that our majority colleagues did not agree to put this on the table as a position of the Committee to avoid defense sequestration.

Again, we found this hearing series to be useful in many ways. Ultimately however, the situation remains the same at the end of the series that it was at the beginning—we simply must find sav-

ings in our national budgets, we must ensure that defense and non-defense dollars are spent well, and we must have a budget that makes sense by broadly balancing revenues with spending. Simply put, as members of the House Armed Services Committee, we must remember that our responsibility to national security is more than just our responsibility to the defense budget.

ADAM SMITH.
SILVESTRE REYES.
LORETTA SANCHEZ.
ROBERT A. BRADY.
SUSAN A. DAVIS.
RICK LARSEN.
MADELEINE Z. BORDALLO.
JOE COURTNEY.
DAVID LOEBSACK.
WILLIAM OWENS.
MARK S. CRITZ.
HANK JOHNSON.

ADDITIONAL VIEWS OF REPRESENTATIVE ROSCOE G. BARTLETT

There are those who argue that with our current national strategy, additional deep cuts to our military, as would occur under sequester, would be catastrophic. We agree. But it seems clear to most that our financial plight and the realities of the world we live in require a new national strategy. Until we have completed that exercise we have no way of knowing how much more might be cut without risk to our national security. The thoughts contained herein address that decision making process. I am on the House Armed Services Committee and am deeply concerned that we continue to support a military adequate to the security needs of our country. But there must be a rationalization between the magnitude of our military might and the necessity to develop a financial policy that avoids bankruptcy of our country. With a debt that grows another $1 billion every six hours with no plateau in sight, this is a daunting challenge. These two demands, an adequate military and the avoidance of national bankruptcy, must share risks equitably.

Our deficit is hundreds of billions of dollars larger than all of our discretionary spending. Thus, if we had no Department of Defense, no Department of Homeland Security, no CIA or FBI or any of the other myriads of government agencies and programs, we would still have a deficit of hundreds of billions of dollars.

Defense is more than half of all discretionary spending. These numbers reflect two fundamental realities: First, we cannot balance our budget without controlling the explosive growth of entitlement programs. Second, if we're ever going to balance the budget, we need to cut all discretionary spending programs including defense.

But how can we cut further the defense budget without putting our nation at risk?

In large measure, the factors that ultimately determine the size of the defense budget are beyond the practical control of the congressional defense committees and our military. Our foreign policy has our troops in more than 100 countries, driving up defense costs. Wars, and especially protracted wars like Iraq and Afghanistan, drive up the cost of defense. Nation-building projects—in which we depend on our troops to carry out functions related to the economic, social and political development of Afghanistan and Iraq that fall far outside of our military's core mission—drive up defense costs.

In addition, defense costs are driven skyward because there really is what President Eisenhower termed a "military-industrial complex" comprising a powerful trifecta—the military, the defense industry, and Congress. Congress supports increased spending because the defense industry intentionally spreads its industrial base over as many states as possible, in part to build a political machine

for procuring defense dollars, in partnership with the Congress. If all politics are local, then it is understandable that Congressmen and Senators will vote their districts interests, and convince themselves that they are voting for the national interest. And so the defense budget grows.

Now that the Cold War is long over, is it really necessary for the United States to maintain a military presence in so many nations, and so many far-flung military bases over the globe, in order to support its role as "world policeman"? The U.S. spends almost as much money on defense as all the rest of the world. We spend more on defense than the next eleven countries combined, and nine of those countries are allies of ours. Surely our national interest would be better served by policies that encourage our allies to bear the burden of their own defense so that they have the military capability to police their own neighborhoods. We are the first "empire" in history where imperialism operates in reverse—all of the economic benefits flow to our allies, or to nations we have defeated, emptying our coffers.

We must learn to be more parsimonious with our wars, reserving military force as a last resort, and undertaking grave consideration of the human and financial costs that will be incurred before we begin the effort. We must recognize that the cost of wars does not end when the shooting stops. Recent history has shown that extraordinary costs continue at home with veteran services, and these expenses continue to empty our national treasuries long into the future.

There are also cost savings to be found in baseline Department of Defense budgeting. Is it really necessary for the United States to procure costly new generations of weapons systems, mostly legacies from the Cold War, when existing weapons will suffice for the conflicts of today? Rather, our precious defense dollars should be invested in research and development so that America is ready to face modern threats. For example, an electromagnetic pulse (EMP) or cyber-attack could collapse the critical infrastructures that sustain the lives of millions of Americans. The Department of Defense should work cooperatively with the Department of Homeland Security to be ready for these kinds of unconventional threats.

We also must recognize that some of the most fundamental dangers to our national security may fall beyond traditional military threats. Our dependence on fossil fuels makes us tremendously vulnerable. The worldwide demand for oil is increasing at such a rapid rate that it will eventually pass available oil production, resulting in sharp price spikes. From a national security perspective, it is time to cut our addiction to foreign oil, and to transition to domestic, cleaner and renewable energy sources. Some of the resources currently devoted to protecting the supply of oil must be redirected to advancing renewable and clean energy.

The decline of America's industrial base also undermines our national security. We must have national policies that create a "Make it in America" economy, producing state of the art transportation and clean energy systems. We have known for decades that the strongest manufacturing sector is the key to economic and military security. To keep our country safe and prosperous, we need to re-

main on the cutting edge of technological innovation and production, ensuring our leadership in the global economy.

With the right national strategy for the use of our military, we might significantly cut the defense budget without putting our nation at risk. Indeed, it is long overdue that we re-think some of the fundamentals driving our defense budget. We might find that we can significantly cut the defense budget and improve our national security with an appropriate national strategy for use of our military in the defense of our country.

ROSCOE G. BARTLETT.

ADDITIONAL VIEWS OF REPRESENTATIVE ROBERT E. ANDREWS

This committee print is the product of a months-long investigation by the committee into the future of the United States Military, ten years after the terrorist attacks of September 11th. We live in a far different world today, and I thank Chairman McKeon and Ranking Member Smith for holding these hearings.

In his note, Chairman McKeon rightly acknowledges the pivotal strategic moment. 2011 alone has seen US forces kill Osama bin Laden and Anwar Al-Awlaki, greatly weakening Al Qaeda. In Afghanistan, the efforts and sacrifices of US and coalition forces have the Taliban on the run, and the Afghan people are beginning to stand up and defend themselves. And in Iraq, the country has been stabilized, and we are preparing to honor our commitment by withdrawing all troops by the end of calendar 2011.

Admiral Mullen and others have correctly recognized the debt as our greatest threat to national security. Already, Congress has cut over $300 billion from the base defense budget over the next decade. Some have said that this is enough. Respectfully, I disagree. The entire Federal government should be forced to demonstrate that tax dollars with which it is entrusted are spent responsibly, and the DOD should not be exempted.

Cuts should be made on the basis of what is needed to provide our brave men and women with the tools and training to do the job and get home safely. We should be focused on our strategic goals, not on arbitrary levels. I believe a targeted DOD cut of $600 billion over 10 years can be achieved without jeopardizing America's military might. Baseline military spending, not accounting for war costs, has nearly doubled over the past decade. It is time to reverse this trend.

Accelerated withdrawal from Afghanistan can provide massive savings. With the death of Osama bin Laden, I believe we can depart Afghanistan by June 2013, consolidating our gains in the region and saving hundreds of billions of dollars. We should also close overseas military bases which once served to deter the Soviet Union, focusing instead on our current and future threats.

Further savings can be found by ending the purchase of costly unnecessary weapons systems. One such example is MEADS, the Medium Extended Air Defense System, which costs billions and is redundant. The highly successful Patriots fill the same strategic role, and have been used by America and its allies since 1995.

Cost overruns from repetitive R&D also cost the taxpayers billions. Incentivizing contractors to meet budget and testing requirements on time is a common-sense, market-based solution which will provide competition and produce dramatic savings. Lastly, I also believe the DOD can look at stateside bases for additional savings. Although BRAC has reduced the domestic footprint of the

DOD, facilities maintenance costs have not declined concurrently. Indeed, on a square footage basis, these costs have increased almost 20% over the past decade.

I am confident that these and other common sense cuts to the defense budget can be made without harm to our national security and will produce a leaner, more efficient military. However, we cannot put our fiscal house in order solely with cuts to defense. All policy options must be considered, including increased revenue. We were elected to make difficult decisions. With the country at a budgetary and strategic crossroads, cutting the defense budget by prioritizing our actual needs is one such decision we can and should make.

ROBERT E. ANDREWS.

ADDITIONAL VIEWS OF REPRESENTATIVE NIKI TSONGAS

I want to thank Chairman McKeon and Ranking Member Smith for holding a series of hearings this fall that have allowed the Committee to reflect upon the challenges our nation has faced since the terrible attacks of September 11, 2001 and to confront the challenges we face moving forward.

Testimony before this panel has rightly noted that our nation's fiscal crisis represents a threat to our national security. As discussed during these hearings and as I stated earlier this year in a letter to the Joint Committee on Deficit Reduction, making the additional and severe cuts required by the Budget Control Act sequester has the potential to undermine our military in an uncertain world. In my letter I reaffirmed my support for the initial round of deep cuts made in the BCA to both defense and non-defense spending because I recognize the need to phase in cuts over the next ten years, but stated that "allowing the sequester to make far deeper cuts on top of those already enacted risks putting our economy and our people at great harm." I believe this to be true but I also recognize that recent proposals to repeal the sequester and do nothing in its place to address our national debt are just as dangerous to our long-term survival. As Secretary of State Hillary Clinton and former Secretary of Defense Bob Gates both noted last year, our rising debt has implications for both our influence around the world and our ability to project strength.

In the words of one expert witness before this Committee, our nation cannot afford to "balance the budget on the back of defense" while we face ongoing threats from international terrorists and dangerous foreign regimes. But neither can we continue on the unsustainable path of responding to those threats without paying for our defense. The threats outlined by this Committee are very real, but for the last decade—and for the first time in our nation's history—we have responded by cutting taxes on the wealthiest few and allowing multi-billion dollar corporations to shirk their social responsibilities even as they benefit from the global security our nation provides.

Last August, this Congress made a commitment to the American people to reduce our annual deficits by an additional $1.2 trillion over ten years. Stepping away from that commitment risks a costly downgrade of our nation's credit and undermines our ability to deter would-be aggressors. To protect our national security, we must use this next year to agree on a balanced deficit reduction plan that makes a real down payment on our national debt, prevents deep cuts from undermining our fragile economic recovery and harming our national security, incorporates broadly shared sacrifices, and protects the guarantees of Social Security, Medicare, and veterans' benefits. This is both just and pragmatic. To return

our deficits to the surpluses we ran in the late 1990s and pay down our long-term debt will require a sustained commitment from the entire nation, a commitment that will only come if a deal is seen as fair. Finally, a balanced plan will ensure that we are all contributing to our nation's defense.

I look forward to working with the Committee on these issues in the year ahead.

NIKI TSONGAS.

ADDITIONAL VIEWS OF REPRESENTATIVE JOHN R. GARAMENDI

The House Armed Services Committee rarely produces committee reports other than those accompanying the National Defense Authorization Act or other such legislation. The majority provided little advance notice to the members of the intent to produce this report. Furthermore, the report was not subjected to a markup. If this report were simply a compilation of the testimony provided by the witnesses, the only objection to widely distributing a hard-copy printing of information already available on the committee's website would be the unnecessary cost in times of limited budgets. Unfortunately, the Chairman has elected to place a partisan and often hyperbolic statement from him at the beginning of the report, only including statements of other members as "additional or dissenting views" at the back of the report and making it appear as if the committee as a whole has endorsed his message. We have not.

A primary responsibility of the House Armed Services Committee is to engage in serious analysis and debates about defense-related decisions that will impact our financial stability and our national security for decades to come. Viable alternatives for assuring our nation's security and careful consideration of the costs of comparative strategies should be considered. Unfortunately, the series of hearings presented over the past months, which are reported in this document, have largely served to silence rather than stimulate debate about the critical challenges we face. Dissenting views were not genuinely considered and alternative options were not laid on the table. The result is the artificial "consensus" presented in this report, reflecting not bipartisan agreement, but rather a pre-ordained conclusion that nothing dare be touched in defense spending lest the safety and security of the American people be placed in peril.

Yet, our nation faces serious financial challenges which also threaten our security, as indicated by several defense experts. Like it or not, spending for national defense will be reduced. It has to happen, and it can be done without reducing our security. This committee should have spent this time examining the options and developing strategies to do more with less. We ask that of all other levels of and components of government, and the same standard must also apply to defense.

It is important to put the issue of defense budget in perspective. The Department of Defense baseline budget, excluding funding for the wars in Afghanistan and Iraq, has increased by 48.5% in real numbers over the past decade, rising from $361 billion in FY2001 to $536 billion in FY2011. War spending, paid for largely through supplemental budgets, has added an additional $1.2 trillion to these costs, resulting in a more than doubling of annual total de-

fense spending over the last ten years. Even excluding war funding, defense spending has contributed more than twice as much to the deficit as non-defense discretionary spending over the past decade. While expenses have skyrocketed, revenues have fallen. The Bush tax cuts for the rich have allowed millionaires to avoid paying their share, meaning that rising defense budgets have been paid for with borrowed dollars.

In the face of rising defense costs and pressures to reduce the federal budget deficit, some Members of Congress and defense budget experts have engaged in critical analysis to determine how to reduce defense expenditures while ensuring America's national security and economic vitality. I asked my staff to prepare a matrix comparing six such defense savings plans, prepared by think-tanks, Members of Congress, and other entities whose positions span the political spectrum. The matrix identifies areas of consensus among the left, right and center, and it serves as a starting point for well-informed analysis and debate leading to reasonable policies. I also continue to advocate for an approach to defense savings that is grounded in a forward-thinking strategy, such as that outlined in A National Strategic Narrative, prepared by respected members of our military. This document offers a nonpartisan blueprint for ensuring America's security and prosperity in the unique environment of the 21st century.

This kind of critical thinking was not represented in HASC hearings on defense cuts. On the contrary, in many cases the witnesses testifying before the committee had large, and undisclosed, conflicts of interest. Almost all of the retired military officers the committee heard from are employed by major defense companies, hedge funds, or holding companies with significant amounts of defense industry investment. Other non-military witnesses work for think tanks, lobbying groups, and other organizations whose major funding sources or clients are also major US defense companies. The witnesses quoted here have a direct financial interest in seeing defense budgets maintained at current levels or increase.

These undisclosed conflicts of interest reveal the close links between incomes of former members of the national security establishment and the current Department of Defense budget, a concern that President Eisenhower raised in his 1960 speech:

> In the councils of government, we must guard against the acquisition of unwarranted influence, whether sought or unsought, by the military industrial complex. The potential for the disastrous rise of misplaced power exists and will persist. We must never let the weight of this combination endanger our liberties or democratic processes. We should take nothing for granted. Only an alert and knowledgeable citizenry can compel the proper meshing of the huge industrial and military machinery of defense with our peaceful methods and goals, so that security and liberty may prosper together.

America's security is not limited to deterring and defeating military threats. The vitality of our economy, the solvency of our financial system, the health and education of our population, and the sustainability of our resources are all critical components for keep-

ing America safe now and into the future. In determining how to decrease our budget deficit, we must adopt a whole of government approach to security, recognizing the interdependency of each of our federal agencies and the functions they serve.

As we make difficult choices about how to prioritize our spending, another quote by President Eisenhower reminds us of the tradeoffs we face:

> Every gun that is made, every warship launched, every rocket fired signifies, in the final sense, a theft from those who hunger and are not fed, those who are cold and not clothed. This world in arms is not spending money alone. It is spending the sweat of its laborers, the genius of its scientists, the hopes of its children. This is not a way of life at all in any true sense. Under the cloud of threatening war, it is humanity hanging from a cross of iron.

As Chairman McKeon rightly notes, we find ourselves at a "strategic juncture" and we are responsible for the votes we cast. We are also responsible for engaging in the careful research, critical analysis, and open debate that will help us to make the best decisions for our nation. The series of hearings included in this report and the nontransparent and biased way in which the report was prepared hinder rather than help this deliberative process. I remain hopeful that as Members of Congress—and as Members of the Armed Services Committee in particular—we will fulfill our duty of engaging in meaningful, well-informed discussions about how to best utilize scarce resources to ensure America's security. Our continued failure to do so would indeed be "disastrous."

JOHN R. GARAMENDI.

Comparing Defense Savings Plans across the Political Spectrum

	SDTF	Back in Black	CAP	CATO	Simpson-Bowles	CNAS
Nuclear Arsenal Reductions (pg 3):						
Reduce the US nuclear arsenal	✓	✓	✓	✓		
Retire or reduce bomber leg of "nuclear triad"	✓					
Reduce ballistic submarine fleet	✓	✓		✓		
Reform of Military Health Care Benefits and Compensation (pg 4):						
Reform compensation (as recommended by Quadrennial Review of Military Compensation)	✓		✓	✓		
Reform TRICARE (eliminate retiree double-coverage)	✓	✓	✓	✓	✓	
Limit Procurement and R&D (pg 5-6):						
Revise Air Force procurement plan for F-35s	✓	✓			✓	✓
Reduce or cancel Navy and Marine Corps plans for F-35s	✓	✓	✓		✓	✓
Reduce or cancel V-22 Osprey Program	✓	✓	✓	✓	✓	✓
Reduce or cancel Expeditionary Fighting Vehicle Program	✓			✓	✓	
Reduce R&D spending	✓	✓	✓	✓	✓	✓
Reduce Navy battle fleet	✓	✓	✓	✓	✓	✓
Reduce procurement for other programs		✓			✓	
Reduce "Other Procurement"		✓			✓	✓
Personnel Reductions (pg 7-8):						
Reduce Army personnel	✓	✓	✓	✓		✓
Reduce Marine Corps personnel	✓		✓	✓		✓
Reduce troop levels in Europe and Asia	✓	✓	✓		✓	
Reduce civilian DoD workforce		✓	✓	✓		✓
Reduce contractor staff augmentees		✓			✓	✓
Replace military pers. performing commercial-type activities with civilians		✓			✓	
Other Savings (pg 9-10):						
Curtail missile defense and space spending	✓	✓		✓		✓
Adopt Sec. Gates's efficiency recommendations		✓	✓		✓	
Improve efficiency of military depots, commissaries and exchanges	✓	✓		✓	✓	✓
Reduce expenditures on command, support and infrastructure	✓			✓		
Reduce or hold constant intelligence spending		✓				✓
Salary freezes for DoD employees		✓			✓	
Audit the Pentagon/improve financial management	✓	✓			✓	

In response to rising defense costs and pressures to reduce the federal deficit, many Members of Congress, think tanks, and other entities have designed defense saving plans. We prepared the matrix below to compare six such studies that span the political spectrum and provide detailed information on how particular elements of the defense budget could be reformed. While this document should be seen as a good starting point for discussions on cost savings, inclusion of a recommendation does not necessarily imply the support of Congressman Garamendi or his office. We have also provided links to resources that describe other less comprehensive defense savings plans in order to provide access to as much information as possible. To compare other sources of information on the federal budget and defense spending, see the Committee for a Responsible Budget, *Federal Fiscal Plan Comparison Tool*, September 2011 at http://crfb.org/compare/index.php?id=01.

Notes:

- The National Security Network also has noteworthy recommendations for DOD spending in a new report, available at: http://bit.ly/pAbjtO
- The Cato Plan included in the matrix was listed as an alternative in the "Debt, Deficits and Defense-A Way Forward" plan provided by the Sustainable Defense Task Force. An updated plan is provided by CATO here: http://www.cato.org/pub_display.php?pub_id=12151
- Readers should note that the Simpson-Bowles and CNAS reports exclude some possible cost savings from reforming military pay and benefits. Both reports argue that personnel programs are fundamentally different from other types of defense costs, and that reforming them can affect the choices that service members make about their careers in unpredictable ways.
- The 10th Quadrennial Review of Military Compensation (2008) can be accessed here: http://www.whs.mil/library/doc/Tenth.pdf. On the 13th of May, 2010, the Department of Defense announced the initiation of the 11th Quadrennial Review of Military Compensation.

Note: Congressman Garamendi does not necessarily endorse any specific proposal in this chart. This content is for information purposes only.

Nuclear Arsenal Reductions:

Sustainable Defense Task Force ($960 billion over 10 yrs)	Savings in billions	Back in Black – Sen. Tom Coburn's Plan ($1.006 trillion over 10 yrs)		Center for American Progress ($400 billion over 5 yrs)		A Strategy of Restraint - CATO Institute ($1.111 trillion over 10 yrs)		Simpson-Bowles Commission ($100.1 billion in 2015)		Selective Leverage – Center for A New American Security ($664.8 billion over 10 yrs)	
Reduce the nuclear arsenal to 1,000 deployed warheads and 50 stored ones with 328 official launchers	113.5	Reduce the size of the Intercontinental Ballistic Missile (ICBM) force from 500 to 300; Maintain a 1,100 nuclear weapon reserve	79	Cut the US nuclear arsenal to 311 operationally deployed strategic nuclear weapons	34	Reduce the nuclear arsenal to 500 deployed warheads	100				
Retire the bomber leg of the "nuclear triad" and cancel Trident II missile		Maintain 40 strategic bombers and delay the purchase of new bombers until the mid-2020's				Ultimately retire either the bomber or ICBM leg of the triad					
Cut the ballistic nuclear submarine (SSBN) fleet from 14 to 7		Reduce the size of the ballistic nuclear submarine fleet from 14 to 11				Reduce the size of the ballistic nuclear submarine fleet from 14 to 6	4				
Reduce nuclear weapon infrastructure and research, such as forgoing the construction of three new bomb-making facilities, and reducing warhead R&D	26										
	139.5		**79**		**34**		**104**				

Note: Congressman Garamendi does not necessarily endorse any specific proposal in this chart. This content is for information purposes only.

Reform Military Health Care Benefits and Compensation:

Sustainable Defense Task Force (960B/ 10 yrs)	Savings in billions	Back in Black – Sen. Tom Coburn's Plan (1.006 trillion/10 yrs)		Center for American Progress (400B/ 5 yrs)		A Strategy of Restraint - CATO Institute (1.111 trillion over 10 yrs)		Simpson-Bowles Commission (100.1B in 2015)		Selective Leverage: Center for A New American Security (664.8B/10 yrs)	
Phase in compensation reforms (ex. include tax advantages and housing /subsistence allowances in calculating pay raises) as recommended by the Quadrennial Review of Military Compensation (QRMC)	55			Reform the military pay system, as recommended by the QRMC	14	Reform the calculation of military compensation and restructure health care benefits (this proposal concurs with the Sustainable Defense Task Force options)	115				
Prevent military retirees who are earning full-time salaries on top of their full military pensions from opting for TRICARE when they can get health coverage through their employer, along the lines suggested by the QRMC	60	Have working-age military retirees enrolled in TRICARE pay higher monthly fees, comparable to private sector health plans; expenses for a single retiree would be approximately $2,000 per year and $3,500 for a family	115	Restore TRICARE costs to more sustainable levels by reinstituting a fair cost-sharing balance between military retirees and taxpayers and implementing a number of provisions to reduce overutilization and double-coverage.	42			Slightly increase premiums and co-payments for TRICARE along the guidelines set by Sec. Gates	6		
		Increase cost sharing for pharmaceuticals under TRICARE	26								
		Introduce minimum out-of-pocket requirements under TRICARE for Life	43								
	115		**184**		**56**		**115**		**6**		

Note: Congressman Garamendi does not necessarily endorse any specific proposal in this chart. This content is for information purposes only.

Limit Procurement and R&D:

Sustainable Defense Task Force (960B/10 yrs)	Savings in billions	Back in Black – Sen. Tom Coburn's Plan (1.006 trn/10 yrs)		Center for American Progress (400B/5 yrs)		A Strategy of Restraint - CATO Institute (1.111 trn/10 yrs)		Simpson-Bowles Commission (100.1B in 2015)		Selective Leverage: Center for A New American Security (664.8B/10 yrs)	
Replace planned [Air Force] procurement of F-35s with advanced versions of the F-16 and F-15E	47.9	Keep Air Force F-35s but negotiate multi-year procurement	7					Substitute F-16 and F/A-18Es for half of the Air F orce and Navy's planned buy s of F-35 fighter aircraft	2.3	Reduce F-35A purchases to 850; No substitutes	25
Cancel the Navy and Marine Corps buy of F-35 Joint Strike Fighters	9.85	Cancel Navy and Marine Corps Joint Strike Fighter and replace with F/A-18E	18	Cut Navy and Marine F-35 Joint Strike Fighters procurement	16			Cancel the Marine Corps' F-35 procurement	3.9	Reduce F-35B purchases to 150 and F-35C to 330; No substitutes	
End procurement of MV-22 Osprey and field alternatives	10-12	End purchases of the V-22 at 288 aircraft instead of the planned 458	6	Cancel the V-22 Osprey program	9.2	Terminate the V-22 Osprey	15	End purchases of the V-22 at 288 aircraft, and fill gap with MH-60 helicopters	1.1	Stop procurement of V-22 at 363 aircraft	7.9
Refurbish AAV7A1s instead of keeping the USMC expeditionary fighting vehicle program	8.5					Cancel the Assault Amphibious Vehicle 7A	11	Cancel the expeditionary fighting vehicle	0.65		
Reducing base budget spending on R&D by $5 billion annually	50	Cut 10% of Research and Development budget	79	Cut $10 billion annually from the RDT&E	40	Reduce total RDT&E spending by an additional 10% annually	73	Cut 10% of its Research and Development budget	7	Hold R&D spending to 10% below FY11, plus inflation.	93.7

Reduce US Navy battle fleet from 286 ships to 230 (made up of 9 aircraft carriers, 7 SSBNs, 4 guided missile subs, 37 attack subs, 85 surface combat ships, 25 littoral combat ships, 27 amphibious combat ships, 36 logistics/support ships)	126.6	Reduce Aircraft Carriers From 11 to 10 and Navy Air Wings from 10 to 9	7	Cancel procurement of CVN-80 aircraft carrier; Retire 2 carrier battle groups and associated air wings; Limit procurement of Virginia-class subs and DDG-51 destroyer to 1/yr; Limit procurement of littoral combat ship to 2/ yr	28	Reduce the Navy's fleet to 40 tactical subs and 6 SSBNs by 2020; Retain 62 destroyers, but refurbish littoral ships instead of building new ones; Reduce Navy to 8 carriers and 7 naval air wings; Cancel maritime prepositioning force	130	Cancel the maritime prepositioning force	2.7	Reduce CVN fleet from 11 to 10; Cut active duty air wings to 9 and retire 5,600 sailors; Cancel procurement of 5 ships and 9 attack subs; Reduce littoral combat ship purchases to 27; Retire 6 cruisers; Procure 2 additional Flight IIA ships	51.9
		Terminate other weapon, information or technology systems that have cost overruns, duplications, or are "not a priority at this time"	35.5					Reduce procurement by 15% and set up a BRAC like system to eliminate inefficient weapons systems	20		
		Reduce Spending for "Other Procurement"	52					Reduce Spending for "Other Procurement"	8.5	Hold "Other Procurement" spending to 12.5% below FY11, plus inflation.	39.4
	253.85		**173.5**		**93.2**		**229**		**46.15**		**217.9**

Note: Other groups, such as the National Security Network, concurred with the Simpson-Bowles Commission's recommendation to reduce procurement of these costly programs and to develop a system to better identify inefficient weapons systems.

Note: Congressman Garamendi does not necessarily endorse any specific proposal in this chart. This content is for information purposes only.

Personnel Reductions:

Sustainable Defense Task Force ($960 billion over 10 yrs)	Savings in billions	Back in Black – Sen. Tom Coburn's Plan ($1.006 trillion over 10 yrs)		Center for American Progress ($400 billion over 5 yrs)		A Strategy of Restraint - CATO Institute ($1.111 trillion over 10 yrs)		Simpson-Bowles Commission ($100.1 billion in 2015)		Selective Leverage: Center for A New American Security ($664.8 billion over 10 yrs)	
Roll back the active component Army from 45 to 42 maneuver brigades and reduce its end strength from 547,400 to 482,400; Reduce military recruiting expenditures	152	Return the Army to 482,400 soldiers on active duty and slightly reduce the number of reservists	92	Roll back 74,200 Army positions	39	Cut active-duty Army to approx. 360,000 personnel	220			Starting in FY15 reduce Army end strength to 460,000 with 12,000 reservists.	63.8
Roll back USMC end-strength to 175,000				Roll back 27,000 USMC positions		Cut the size of the USMC by nearly 30%, from 202,000 to approx. 145,000 (approx. 3.5% per year)	67			Starting in FY15 roll back USMC end-strength to 162,500	
		Reduce civilian workforce by 5% beginning in 2014	22.5	Reduce corresponding number of civilian positions		Reduce civilian payroll by roughly 30 % over a 10 year period	105			Reduce civilian workforce by 125,000 over 10 years	61.1
Reduce troops in Europe and Asia, cutting end strength by one third (50,000)	80	Reduce military personnel in Europe and Asia by one-third	69.5	Reduce active-duty troops in Europe and Asia by one-third	43			Reduce active-duty troops in Europe and Asia by one-third	8.5		

		Reduce contractor staff augmentees by 20 % (instead of 10 % as Sec. Gates proposed)	37.8					Reduce contractor staff augmentees by 20 % (instead of 10% as Sec. Gates proposed)	5.4	Reduce HQ contractors by 20% ,in addition to previously announced 30% reduction in HQ spending on augmentees	20.4
		Replace approx. 88,000 military personnel who perform commercial-type activities with civilian personnel in FY13	53					Replace approx. 88,000 military personnel who perform commercial-type activities with civilian personnel in FY13	5.4		
						Reduce the number of expeditionary strike groups to 6	9				
	232		**274.8**		**82**		**401**		**19.3**		**145.3**

Notes:

- Since the start of the Operation Enduring Freedom (OEF) in Afghanistan the Army has added 89,400 personnel (pre-war level was 480,000); the Marine Corps has added 29,100 personnel (pre-war level was 173,000); the Marine Corps has added 29,100 personnel (pre-war level was 173,000)
- The U.S. currently maintains 150,000 military personnel in Europe and Asia
- The civilian workforce is currently 784,000

Note: Congressman Garamendi does not necessarily endorse any specific proposal in this chart. This content is for information purposes only.

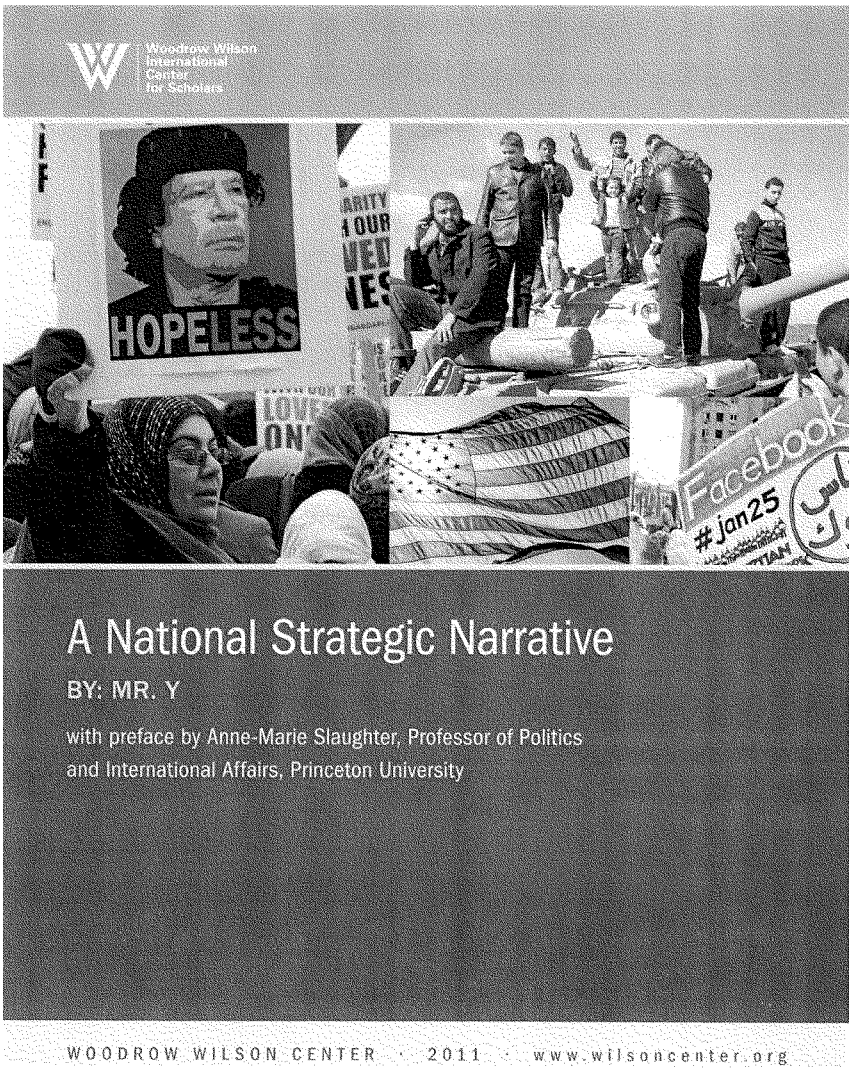
Other Savings:

Sustainable Defense Task Force ($960 billion over 10 yrs)	Savings in billions	Back in Black – Sen. Tom Coburn's Plan ($1.006 trillion over 10 yrs)		Center for American Progress ($400 billion over 5 yrs)		A Strategy of Restraint - CATO Institute ($1.111 trillion over 10 yrs)		Simpson-Bowles Commission ($100.1 billion in 2015)		Selective Leverage – Center for A New American Security ($664.8 billion over 10 yrs)	
Selectively curtail missile defense & space spending	55	Terminate Medium Extended Air Defense System (MEADS) program	13			Refocus investment in missile defense programs away from procurement and toward R&D; Cancel components with excessive cost overruns (ex. airborne-laser program)	60			Cancel Precision Tracking Space System (PTSS); Reduce spending on experimental national missile defense programs	37.5
		Adopt Sec. Gates's efficiency recommendations and redirect to deficit reduction	100	Redirect DOD's planned efficiency savings to reduce baseline defense budget	133			Adopt Sec. Gates's efficiency recommendations and redirect to deficit reduction	28		
Improve efficiency of military depots, commissaries and exchanges	13	Consolidate commissaries and exchanges	9.1			Reform maintenance and supply systems	13	Reform maintenance and retail systems	2.2	Hold base support and maintenance facilities budgets at 12.5% below FY11 (plus inflation) and consolidate commissaries and exchanges	41.6

Reduce expenditures on command, support and infra structure	100					Reduce expenditures on command, support and infrastructure	100				
		Keep intelligence spending constant	26							Hold intelligence spending to 10% below FY11 (plus inflation)	88.5
		Freeze federal salaries for DoD employees	15.5					Freeze all compensation for DoD civilian employees, and non-combat military pay for 3 years	14.5		
Audit the Pentagon, to improve accountability	No estimate	Audit the Pentagon (claims savings will come from better financial mgmt)	25					Improve DoD financial management and audit readiness	No estimate		
	168		**188.6**		**133**		**173**		**44.7**		**167.6**

Notes:

- Three year freeze of compensation for all DoD civilian employees has already been enacted by the Obama administration—expected savings are $15.5 billion over a ten year period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A National Strategic Narrative
BY: MR. Y
with preface by Anne-Marie Slaughter, Professor of Politics
and International Affairs, Princeton University
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PREFACE

By Anne-Marie Slaughter
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Director of Policy Planning, U.S. Department of State, 2009-2011

The United States needs a national strategic narrative. We have a national security strategy, which sets forth four core national interests and outlines a number of dimensions of an overarching strategy to advance those interests in the 21st century world. But that is a document written by specialists for specialists. It does not answer a fundamental question that more and more Americans are asking. Where is the United States going in the world? How can we get there? What are the guiding stars that will illuminate the path along the way? We need a story with a beginning, middle, and projected happy ending that will transcend our political divisions, orient us as a nation, and give us both a common direction and the confidence and commitment to get to our destination.

These questions require new answers because of the universal awareness that we are living through a time of rapid and universal change. The assumptions of the 20th century, of the U.S. as a bulwark first against fascism and then against communism, make little sense in a world in which World War II and its aftermath is as distant to young generations today as the War of 1870 was to the men who designed the United Nations and the international order in the late 1940s. Consider the description of the U.S. president as "the leader of the free world," a phrase that encapsulated U.S. power and the structure of the global order for decades. Yet anyone under thirty today, a majority of the world's population, likely has no idea what it means.

Moreover, the U.S. is experiencing its latest round of "declinism," the periodic certainty that we are losing all the things that have made us a great nation. In a *National Journal* poll conducted in 2010, 47% percent of Americans rated China's economy as the world's strongest economy, even though today the U.S. economy is still 2 ½ times larger than the Chinese economy with only 1/6 of the population. Our crumbling roads and bridges reflect a crumbling self-confidence. Our education reformers often seem to despair that we can ever educate new generations effectively for the 21st century economy. Our health care system lags increasingly behind that of other developed nations – even behind British National Health in terms of the respective overall health of the British and American populations.

Against this backdrop, Captain Porter's and Colonel Mykleby's "Y article" could not come at a more propitious time. In 1947 George Kennan published "The Sources of Soviet Conduct" in *Foreign Affairs* under the pseudonym X, so as not to reveal his identity as a U.S. Foreign Service Officer. The X article gave us an intellectual framework within which to understand the rise and eventual fall of the Soviet Union and a strategy to hasten that objective. Based on that foundation, the strategic narrative of the Cold War was that the United States was **the leader of the free world against the communist world; that we would invest in containing the Soviet Union and limiting its expansion while building a dynamic economy and as just, and prosperous a society as possible.** We often departed from that narrative in practice, as George Kennan was one of the first to recognize. But it was a narrative that fit the facts of the world we perceived well enough to create and maintain a loose bipartisan national consensus for forty years.

Porter and Mykleby give us a non-partisan blueprint for understanding and reacting to the changes of the 21st century world. In one sentence, the strategic narrative of the United States in the 21st century is that we **want to become the strongest competitor and most influential player in a deeply inter-connected global system, which requires that we invest less in defense and more in sustainable prosperity and the tools of effective global engagement.**

At first reading, this sentence may not seem to mark much of a change. But look closer. The Y article narrative responds directly to five major transitions in the global system:

1) **From control in a closed system to credible influence in an open system.** The authors argue that Kennan's strategy of containment was designed for a closed system, in which we assumed that we could control events through deterrence, defense, and dominance of the international system. The 21st century is an open system, in which unpredictable external events/phenomena are constantly disturbing and disrupting the system. In this world control is impossible; the best we can do is to build credible influence – the ability to shape and guide global trends in the direction that serves our values and interests (prosperity and security) within an interdependent strategic ecosystem. In other words, the U.S. should stop trying to dominate and direct global events. The best we can do is to build our capital so that we can influence events as they arise.

2) **From containment to sustainment**. The move from control to credible influence as a fundamental strategic goal requires a shift from containment to sustainment (sustainability). Instead of trying to contain others (the Soviet Union, terrorists, China, etc), we need to focus on sustaining ourselves in ways that build our strengths and underpin credible influence. That shift in turn means that the starting point for our strategy should be internal rather than external. The 2010 National Security Strategy did indeed focus on national renewal and global leadership, but this account makes an even stronger case for why we have to focus first and foremost on investing our resources domestically in those national resources that can be sustained, such as our youth and our natural resources (ranging from crops, livestock, and potable water to sources of energy and materials for industry). We can and must still engage internationally, of course, but only after a careful weighing of costs and benefits and with as many partners as possible. Credible influence also requires that we model the behavior we recommend for others, and that we pay close attention to the gap between our words and our deeds.

3) **From deterrence and defense to civilian engagement and competition.** Here in many ways is the hard nub of this narrative. Chairman of the Joint Chiefs Admiral Mike Mullen has already said publicly that the U.S. deficit is our biggest national security threat. He and Secretary of Defense Robert Gates have also given speeches and written articles calling for "demilitarizing American foreign policy" and investing more in the tools of civilian engagements – diplomacy and defense. As we modernize our military and cut spending the tools of 20th century warfare, we must also invest in a security complex that includes *all* domestic and foreign policy assets. Our credibility also requires a willingness to compete with others. Instead of defeatism and protectionism, we must embrace competition as a way to make ourselves stronger and better (e.g. Ford today, now competing with Toyota on electric cars). A willingness to compete means a new narrative on trade and a new willingness to invest in the skills, education, energy sources, and infrastructure necessary to make our products competitive.

4) **From zero sum to positive sum global politics/economics**. An interdependent world creates many converging interests and opportunities for positive-sum rather than zero-sum competition. The threats that come from interdependence (economic instability, global pandemics, global terrorist and criminal networks) also create common interests in countering those threats domestically and internationally. President Obama has often emphasized the significance of moving toward positive sum politics. To take only one example, the rise of China as a major economic power has been overall very positive for the U.S. economy and the prosperity and stability of East Asia. The United States must be careful to guard our interests and those of our allies, but we miss great opportunities if we assume that the rise of some necessarily means the decline of others.

5) **From national security to national prosperity and security**. The piece closes with a call for a National Prosperity and Security Act to replace the National Security Act of 1947. The term "national security" only entered the foreign policy lexicon after 1947 to reflect the merger of defense and foreign affairs. Today our security lies as much or more in our prosperity as in our military capabilities. Our vocabulary, our institutions, and our assumptions must reflect that shift. "National security" has become a trump card, justifying military spending even as the domestic foundations of our national strength are crumbling. "National prosperity and security" reminds us where our true security begins. Foreign policy pundits have long called for an overhaul of NSC 68, the blueprint for the national security state that accompanied the grand strategy of containment. If we are truly to become the strongest competitor and most influential player in the deeply interconnected world of the 21st century, then we need a new blueprint.

A narrative is a story. A national strategic narrative must be a story that all Americans can understand and identify with in their own lives. America's national story has always see-sawed between exceptionalism and universalism. We think that we are an exceptional nation, but a core part of that exceptionalism is a commitment to universal values – to the equality of all human beings not just within the borders of the United States, but around the world. We should thus embrace the rise of other nations when that rise is powered by expanded prosperity, opportunity, and dignity for their peoples. In such a world we do not need to see ourselves as the automatic leader of any bloc of nations. We should be prepared instead to earn our influence through our ability to compete with other nations, the evident prosperity and wellbeing of our people, and our ability to engage not just with states but with societies in all their richness and complexity. We do not want to be the sole superpower that billions of people around the world have learned to hate from fear of our military might. We seek instead to be the nation other nations listen to, rely on and emulate out of respect and admiration.

The Y article is the first step down that new path. It is written by two military men who have put their lives on the line in the defense of their country and who are non-partisan by profession and conviction. Their insights and ideas should spark a national conversation. All it takes is for politicians, pundits, journalists, businesspeople, civic leaders, and engaged citizens across the country to read and respond.

A NATIONAL STRATEGIC NARRATIVE

By Mr. Y

This Strategic Narrative is intended to frame our National policy decisions regarding investment, security, economic development, the environment, and engagement well into this century. It is built upon the premise that we must sustain our enduring national interests – prosperity and security – within a "strategic ecosystem," at home and abroad; that in complexity and uncertainty, there are opportunities and hope, as well as challenges, risk, and threat. The primary approach this Strategic Narrative advocates to achieve sustainable prosperity and security, is through the application of credible influence and strength, the pursuit of fair competition, acknowledgement of interdependencies and converging interests, and adaptation to complex, dynamic systems – all bounded by our national values.

From Containment to Sustainment: Control to Credible Influence

For those who believe that hope is not a strategy, America must seem a strange contradiction of anachronistic values and enduring interests amidst a constantly changing global environment. America is a country conceived in liberty, founded on hope, and built upon the notion that anything is possible with enough hard work and imagination. Over time we have continued to learn and mature even as we strive to remain true to those values our founding fathers set forth in the Declaration of Independence and our Constitution.

America's national strategy in the second half of the last century was anchored in the belief that our global environment is a closed system to be controlled by mankind – through technology, power, and determination – to achieve security and prosperity. From that perspective, anything that challenged our national interests was perceived as a threat or a risk to be managed. For forty years our nation prospered and was kept secure through a strategy of *containment*. That strategy relied on control, deterrence, and the conviction that given the choice, people the world over share our vision for a better tomorrow. America emerged from the Twentieth Century as the most powerful nation on earth. But we failed to recognize that dominance, like fossil fuel, is not a sustainable source of energy. The new century brought with it a reminder that the world, in fact, is a complex, open system – constantly changing. And change brings with it uncertainty. What we really failed to recognize, is that in uncertainty and change, there is opportunity and hope.

It is time for America to re-focus our national interests and principles through a long lens on the global environment of tomorrow. It is time to move beyond a strategy of *containment* to a strategy of *sustainment* (sustainability); from an emphasis on *power* and *control* to an emphasis on *strength* and *influence;* from a defensive posture of *exclusion*, to a proactive posture of *engagement*. We must recognize that security means more than defense, and sustaining security requires adaptation and evolution, the leverage of converging interests and interdependencies. To grow we must accept that competitors are not necessarily adversaries, and that a *winner* does not demand a *loser*. We must regain our credibility as a leader among peers, a beacon of hope, rather than an island fortress. It is only by balancing our interests with our principles that we can truly hope to sustain our growth as a nation and to restore our credibility as a world leader.

As we focus on the opportunities within our strategic environment, however, we must also address risk and threat. It is important to recognize that developing *credible influence* to pursue our enduring national interests in a sustainable manner requires strength with restraint, power with patience, deterrence with detente. The economic, diplomatic, educational, military, and commercial tools through which we foster that credibility must always be tempered and hardened by the values that define us as a people.

Our Values and Enduring National Interests

America was founded on the core values and principles enshrined in our Constitution and proven through war and peace. These values have served as both our anchor and our compass, at home and abroad, for more than two centuries. Our values define our national character, and they are our source of credibility and legitimacy in everything we do. Our values provide the bounds within which we pursue our enduring national interests. When these values are no longer sustainable, we have failed as a nation, because without our values, America has no credibility. As we continue to evolve, these values are reflected in a wider global application: tolerance for all cultures, races, and religions; global opportunity for self-fulfillment; human dignity and freedom from exploitation; justice with compassion and equality under internationally recognized rule of law; sovereignty without tyranny, with assured freedom of expression; and an environment for entrepreneurial freedom and global prosperity, with access to markets, plentiful water and arable soil, clean and abundant energy, and adequate health services.

From the earliest days of the Republic, America has depended on a vibrant free market and an indomitable entrepreneurial spirit to be the engines of our prosperity. Our strength as a world leader is largely derived from the central role we play in the global economy. Since the Bretton Woods agreement of 1944, the United States has been viewed as an anchor of global economic security and the U.S. dollar has served as an internationally recognized medium of exchange, the monetary standard. The American economy is the strongest in the world and likely to remain so well into the foreseeable future. Yet, while the dramatic acceleration of globalization over the last fifteen years has provided for the cultural, intellectual and social comingling among people on every continent, of every race, and of every ideology, it has also increased international economic interdependence and has made a narrowly domestic economic perspective an unattractive impossibility. Without growth and competition economies stagnate and wither, so sustaining America's prosperity requires a healthy global economy. Prosperity at home and through global economic competition and development is then, one of America's enduring national interests.

It follows logically that prosperity without security is unsustainable. Security is a state of mind, as much as it is a physical aspect of our environment. For Americans, security is very closely related to freedom, because security represents freedom from anxiety and external threat, freedom from disease and poverty, freedom from tyranny and oppression, freedom of expression but also freedom from hurtful ideologies, prejudice and violations of human rights. Security cannot be safeguarded by borders or natural barriers; freedom cannot be secured with locks or by force alone. In our complex, interdependent, and constantly changing global environment,

security is not achievable for one nation or by one people alone; rather it must be recognized as a common interest among all peoples. Otherwise, security is not sustainable, and without it there can be no peace of mind. Security, then, is our other enduring national interest.

Our Three Investment Priorities

As Americans we have access to a vast array of resources. Perhaps the most important first step we can take, as part of a National Strategy, is to identify which of these resources are renewable and sustainable, and which are finite and diminishing. Without doubt, our greatest resource is America's young people, who will shape and execute the vision needed to take this nation forward into an uncertain future. But this may require a reawakening, of sorts. Perhaps because our nation has been so blessed over time, many of us have forgotten that rewards must be earned, there is no "free ride" – that fair competition and hard work bring with them a true sense of accomplishment. We can no longer expect the ingenuity and labor of past generations to sustain our growth as a nation for generations to come. We must embrace the reality that with opportunity comes challenge, and that retooling our competitiveness requires a commitment and investment in the future.

Inherent in our children is the innovation, drive, and imagination that have made, and will continue to make, this country great. By investing energy, talent, and dollars now in the education and training of young Americans – the scientists, statesmen, industrialists, farmers, inventors, educators, clergy, artists, service members, and parents, of tomorrow – we are truly investing in our ability to successfully compete in, and influence, the strategic environment of the future. Our first investment priority, then, is intellectual capital and a sustainable infrastructure of education, health and social services to provide for the continuing development and growth of America's youth.

Our second investment priority is ensuring the nation's sustainable security – on our own soil and wherever Americans and their interests take them. As has been stated already, Americans view security in the broader context of freedom and peace of mind. Rather than focusing primarily on defense, the security we seek can only be sustained through a whole of nation approach to our domestic and foreign policies. This requires a different approach to problem solving than we have pursued previously and a hard look at the distribution of our national treasure. For too long, we have underutilized sectors of our government and our citizenry writ large, focusing intensely on defense and protectionism rather than on development and diplomacy. This has been true in our approach to domestic and foreign trade, agriculture and energy, science and technology, immigration and education, public health and crisis response, Homeland Security and military force posture. Security touches each of these and must be addressed by leveraging all the strengths of our nation, not simply those intended to keep perceived threat a safe arm's length away.

America is a resplendent, plentiful and fertile land, rich with natural resources, bounded by vast ocean spaces. Together these gifts are ours to be enjoyed for their majesty, cultivated and harvested for their abundance, and preserved for following generations. Many of these resources are renewable, some are not. But all must be respected as part of a global ecosystem

that is being tasked to support a world population projected to reach nine billion peoples midway through this century. These resources range from crops, livestock, and potable water to sources of energy and materials for industry. Our third investment priority is to develop a plan for the sustainable access to, cultivation and use of, the natural resources we need for our continued wellbeing, prosperity and economic growth in the world marketplace.

Fair Competition and Deterrence

Competition is a powerful, and often misunderstood, concept. Fair competition – of ideas and enterprises, among individuals, organizations, and nations – is what has driven Americans to achieve greatness across the spectrum of human endeavor. And yet with globalization, we seem to have developed a strange apprehension about the efficacy of our ability to apply the innovation and hard work necessary to successfully compete in a complex security and economic environment. Further, we have misunderstood interdependence as a weakness rather than recognizing it as a strength. The key to sustaining our competitive edge, at home or on the world stage, is credibility – and credibility is a difficult capital to foster. It cannot be won through intimidation and threat, it cannot be sustained through protectionism or exclusion. Credibility requires engagement, strength, and reliability – imaginatively applied through the national tools of development, diplomacy, and defense.

In many ways, deterrence is closely linked to competition. Like competition, deterrence in the truest sense is built upon strength and credibility and cannot be achieved solely through intimidation and threat. For deterrence to be effective, it must leverage converging interests and interdependencies, while differentiating and addressing diverging and conflicting interests that represent potential threats. Like competition, deterrence requires a whole of nation effort, credible influence supported by actions that are consistent with our national interests and values. When fair competition and positive influence through engagement – largely dependent on the tools of development and diplomacy – fail to dissuade the threat of destructive behavior, we will approach deterrence through a broad, interdisciplinary effort that combines development and diplomacy with defense.

A Strategic Ecology

Rather than focusing all our attention on specific threats, risks, nations, or organizations, as we have in the past, let us evaluate the trends that will shape tomorrow's strategic ecology, and seek opportunities to credibly influence these to our advantage. Among the trends that are already shaping a "new normal" in our strategic environment are the decline of rural economies, joblessness, the dramatic increase in urbanization, an increasing demand for energy, migration of populations and shifting demographics, the rise of grey and black markets, the phenomenon of extremism and anti-modernism, the effects of global climate change, the spread of pandemics and lack of access to adequate health services, and an increasing dependency on cyber networks. At first glance, these trends are cause for concern. But for Americans with vision, guided by values, they represent opportunities to reestablish and leverage credible influence, converging interests, and interdependencies that can transform despair into hope. This focus on improving

our strategic ecosystem, and favorably competing for our national interests, underscores the investment priorities cited earlier, and the imaginative application of diplomacy, development, and defense in our foreign policy.

Many of the trends affecting our environment are conditions-based. That is, they have developed within a complex system as the result of conditions left unchecked for many years. These global trends, whether manifesting themselves in Africa, the Middle East, Asia, Eurasia, or within our own hemisphere impact the lives of Americans in ways that are often obscure as they propagate over vast areas with cascading and sometimes catastrophic effect.

Illiteracy, for example, is common in countries with high birth rates. High birth rates and illiteracy contribute to large labor pools and joblessness, particularly in rural areas in which changing weather conditions have resulted in desertification and soil erosion. This has led to the disruption of family and tribal support structures and the movement of large numbers of young, unskilled people into urban areas that lack infrastructure. This rapid urbanization has taxed countries with weak governance that lack rule of law, permitting the further growth of exploitive, grey and black market activities. Criminal networks prey upon and contribute to the disenfranchisement of a sizeable portion of the population in many underdeveloped nations. This concentration of disenfranchised youth, with little-to-no licit support infrastructure has provided a recruiting pool for extremists seeking political support and soldiers for local or foreign causes, often facilitated through the internet. The wars and instability perpetrated by these extremists and their armies of the disenfranchised have resulted in the displacement of many thousands more, and the further weakening of governance. This displacement has, in many cases, produced massive migrations of disparate families, tribes, and cultures seeking a more sustainable existence. This migration has further exacerbated the exploitation of the weak by criminal and ideological profiteers and has facilitated the spread of diseases across natural barriers previously considered secure. The effect has been to create a kind of subculture of despair and hopelessness that is self-perpetuating. At some point, these underlying conditions must be addressed by offering choices and options that will nudge global trends in a positive direction. America's national interests and values are not sustainable otherwise.

We cannot isolate our own prosperity and security from the global system. Even in a land as rich as ours, we too, have seen the gradual breakdown of rural communities and the rapid expansion of our cities. We have experienced migration, crime, and domestic terrorism. We struggle with joblessness and despite a low rate of illiteracy, we are losing our traditional role of innovation dominance in leading edge technologies and the sciences. We are, in the truest sense, part of an interdependent strategic ecosystem, and our interests converge with those of people in virtually every corner of the world. We must remain cognizant of this, and reconcile our domestic and foreign policies as being complementary and largely congruent.

As we pursue the growth of our own prosperity and security, the welfare of our citizens must be seen as part of a highly dynamic, and interconnected system that includes sovereign nations, world markets, natural and man-generated challenges and solutions – a system that demands adaptability and innovation. In this strategic environment, it is competition that will determine how we evolve, and Americans must have the tools and confidence required to successfully compete.

This begins at home with quality health care and education, with a vital economy and low rates of unemployment, with thriving urban centers and carefully planned rural communities, with low crime, and a sense of common purpose underwritten by personal responsibility. We often hear the term "smart power" applied to the tools of development and diplomacy abroad empowering people all over the world to improve their own lives and to help establish the stability needed to sustain security and prosperity on a global scale. But we can not export "*smart power*" until we practice "*smart growth*" at home. We must seize the opportunity to be a model of stability, a model of the values we cherish for the rest of the world to emulate. And we must ensure that our domestic policies are aligned with our foreign policies. Our own "smart growth" can serve as the exportable model of "smart power." Because, truthfully, it is in our interest to see the rest of the world prosper and the world market thrive, just as it is in our interest to see our neighbors prosper and our own urban centers and rural communities come back to life.

Closing the "Say-do" Gap - the Negative Aspects of "Binning"

An important step toward re-establishing credible influence and applying it effectively is to close the "say-do" gap. This begins by avoiding the very western tendency to label or "bin" individuals, groups, organizations, and ideas. In complex systems, adaptation and variation demonstrate that "binning" is not only difficult, it often leads to unintended consequences. For example, labeling, or binning, Islamist radicals as "terrorists," or worse, as "jihadis," has resulted in two very different, and unfortunate unintended misperceptions: that all Muslims are thought of as "terrorists;" and, that those who pervert Islam into a hateful, anti-modernist ideology to justify unspeakable acts of violence are truly motivated by a religious struggle (the definition of "jihad," and the obligation of all Muslims), rather than being seen as apostates waging war against society and innocents. This has resulted in the alienation of vast elements of the global Muslim community and has only frustrated efforts to accurately depict and marginalize extremism. Binning and labeling are legacies of a strategy intent on viewing the world as a closed system.

Another significant unintended consequence of binning, is that it creates divisions within our own government and between our own domestic and foreign policies. As has been noted, we cannot isolate our own prosperity and security from the global system. We exist within a strategic ecology, and our interests converge with those of people in virtually every corner of the world. We must remain cognizant of this, and reconcile our domestic and foreign policies as being complementary and largely congruent. Yet we have binned government departments, agencies, laws, authorities, and programs into lanes that lack the strategic flexibility and dynamism to effectively adapt to the global environment. This, in turn, further erodes our credibility, diminishes our influence, inhibits our competitive edge, and exacerbates the say-do gap.

The tools to be employed in pursuit of our national interests – development, diplomacy, and defense – cannot be effective if they are restricted to one government department or another. In fact, if these tools are not employed within the context of a coherent national strategy, vice being narrowly applied in isolation to individual countries or regions, they will fail to achieve a sustainable result. By recognizing the advantages of interdependence and converging interests,

domestically and internationally, we gain the strategic flexibility to sustain our national interests without compromising our values. The tools of development do not exist within the domain of one government department alone, or even one sector of society, anymore than do the tools of diplomacy or defense.

Another form of binning that impedes strategic flexibility, interdependence, and converging interests in the global system, is a geo-centric approach to foreign policy. Perhaps since the Peace of Westphalia in 1648, westerners have tended to view the world as consisting of sovereign nation-states clearly distinguishable by their political borders and physical boundaries. In the latter half of the Twentieth Century a new awareness of internationalism began to dominate political thought. This notion of communities of nations and regions was further broadened by globalization. But the borderless nature of the internet, and the accompanying proliferation of stateless organizations and ideologies, has brought with it a new appreciation for the interconnectivity of today's strategic ecosystem. In this "new world order," converging interests create interdependencies. Our former notion of competition as a zero sum game that allowed for one winner and many losers, seems as inadequate today as Newton's Laws of Motion (written about the same time as the Westphalia Peace) did to Albert Einstein and quantum physicists in the early Twentieth Century. It is time to move beyond a narrow Westphalian vision of the world, and to recognize the opportunities in globalization.

Such an approach doesn't advocate the relinquishment of sovereignty as it is understood within a Westphalian construct. Indeed, sovereignty without tyranny is a fundamental American value. Neither does the recognition of a more comprehensive perspective place the interests of American citizens behind, or even on par with those of any other country on earth. It is the popular convergence of interests among peoples, nations, cultures, and movements that will determine the sustainability of prosperity and security in this century. And it is credible influence, based on values and strength that will ensure America's continuing role as a world leader. Security and prosperity are not sustainable in isolation from the rest of the global system. To close the say-do gap, we must stop behaving as if our national interests can be pursued without regard for our values.

Credible Influence in a Strategic Ecosystem

Viewed in the context of a strategic ecosystem, the global trends and conditions cited earlier are seen to be borderless. The application of credible influence to further our national interests, then, should be less about sovereign borders and geographic regions than the means and scope of its conveyance. By addressing the trends themselves, we will attract others in our environment also affected. These converging interests will create opportunities for both competition and interdependence, opportunities to positively shape these trends to mutual advantage. Whether this involves out-competing the grey and black market, funding research to develop alternate and sustainable sources of energy, adapting farming for low-water-level environments, anticipating and limiting the effects of pandemics, generating viable economies to relieve urbanization and migration, marginalizing extremism and demonstrating the futility of anti-modernism, or better managing the global information grid – international divisions among people will be less the focus than flexible and imaginative cooperation. Isolation – whether within national borders,

physical boundaries, ideologies, or cyberspace – will prove to be a great disadvantage for any competitor in the evolution of the system.

The advent of the internet and world wide web, that ushered in the information age and greatly accelerated globalization, brought with it profound second and third order effects the implications of which have yet to be fully recognized or understood. These effects include the near-instantaneous and anonymous exchange of ideas and ideologies; the sharing and manipulation of previously protected and sophisticated technologies; vast and transparent social networking that has homogenized cultures, castes, and classes; the creation of complex virtual worlds; and, a universal dependence on the global grid from every sector of society that has become almost existential. The worldwide web has also facilitated the spread of hateful and manipulative propaganda and extremism; the theft of intellectual property and sensitive information; predatory behavior and the exploitation of innocence; and the dangerous and destructive prospect of cyber warfare waged from the shadows of non-attribution and deception. Whether this revolution in communication and access to information is viewed as the democratization of ideas, or as the technological catalyst of an apocalypse, nothing has so significantly impacted our lives in the last one hundred years. Our perceptions of self, society, religion, and life itself have been challenged. But cyberspace is yet another dimension within the strategic ecosystem, offering opportunity through complex interdependence. Here, too, we must invest the resources and develop the capabilities necessary to sustain our prosperity and security without sacrificing our values.

Opportunities beyond Threat and Risk

As was stated earlier, while this Strategic Narrative advocates a focus on the *opportunities* inherent in a complex global system, it does not pretend that greed, corruption, ancient hatreds and new born apprehensions won't manifest into very real risks that could threaten our national interests and test our values. Americans must recognize this as an inevitable part of the strategic environment and continue to maintain the means to minimize, deter, or defeat these diverging or conflicting interests that threaten our security. This calls for a robust, technologically superior, and agile military – equally capable of responding to low-end, irregular conflicts and to major conventional contingency operations. But it also requires a strong and unshakable economy, a more diverse and deployable Inter Agency, and perhaps most importantly a well-informed and supportive citizenry. As has also been cited, security means far more than defense, and strength denotes more than power. We must remain committed to a whole of nation application of the tools of competition and deterrence: development, diplomacy, and defense. Our ability to look *beyond* risk and threat – to accept them as realities within a strategic ecology – and to focus on opportunities and converging interests will determine our success in pursuing our national interests in a sustainable manner while maintaining our national values. This requires the projection of credible influence and strength, as well as confidence in our capabilities as a nation. As we look ahead, we will need to determine what those capabilities should include.

As Americans, our ability to remain relevant as a world leader, to evolve as a nation, depends as it always has on our determination to pursue our national interests within the constraints of our core values. We must embrace and respect diversity and encourage the exchange of ideas,

welcoming as our own those who share our values and seek an opportunity to contribute to our nation. Innovation, imagination, and hard work must be applied through a national unity of effort that recognizes our place in the global system. We must accept that to be great requires competition and to remain great requires adaptability, that competition need not demand a single winner, and that through converging interests we should seek interdependencies that can help sustain our interests in the global strategic ecosystem. To achieve this we will need the tools of development, diplomacy and defense – employed with agility through an integrated whole of nation approach. This will require the prioritization of our investments in intellectual capital and a sustainable infrastructure of education, health and social services to provide for the continuing development and growth of America's youth; investment in the nation's sustainable security – on our own soil and wherever Americans and their interests take them, including space and cyberspace; and investment in sustainable access to, cultivation and use of, the natural resources we need for our continued wellbeing, prosperity and economic growth in the world marketplace. Only by developing internal strength through smart growth at home and smart power abroad, applied with strategic agility, can we muster the credible influence needed to remain a world leader.

A National Prosperity and Security Act

Having emerged from the Second World War with the strongest economy, most powerful military, and arguably the most stable model of democracy, President Truman sought to better align America's security apparatus to face the challenges of the post-war era. He did this through the National Security Act of 1947 (NSA 47). Three years later, with the rise of Chinese communism and the first Russian test of a nuclear device, he ordered his National Security Council to consider the means with which America could confront the global spread of communism. In 1950, President Truman signed into law National Security Council finding 68 (NSC 68). Often called the "blueprint" for America's Cold War strategy of containment, NSC 68 leveraged not only the National Security structures provided by NSA 47, but recommended funding and authorization for a Department of Defense-led strategy of containment, with other agencies and departments of the Federal government working in supporting roles. NSA 47 and NSC 68 provided the architecture, authorities and necessary resources required for a specific time in our nation's progress.

Today, we find ourselves in a very different strategic environment than that of the last half of the Twentieth Century. The challenges and opportunities facing us are far more complex, multi-nodal, and interconnected than we could have imagined in 1950. Rather than narrowly focus on near term risk and solutions for today's strategic environment, we must recognize the need to take a longer view, a generational view, for the sustainability of our nation's security and prosperity. Innovation, flexibility, and resilience are critical characteristics to be cultivated if we are to maintain our competitive edge and leadership role in this century. To accomplish this, we must take a hard look at our interagency structures, authorities, and funding proportionalities. We must seek more flexibility in public / private partnerships and more fungibility across departments. We must provide the means for the functional application of development, diplomacy, and defense rather than continuing to organizationally constrain these tools. We need to pursue our priorities of education, security, and access to natural resources by adopting

sustainability as an organizing concept for a national strategy. This will require fundamental changes in policy, law, and organization.

What this calls for is a National Prosperity and Security Act, the modern day equivalent of the National Security Act of 1947. This National Prosperity and Security Act would: integrate policy across agencies and departments of the Federal government and provide for more effective public/private partnerships; increase the capacity of appropriate government departments and agencies; align Federal policies, taxation, research and development expenditures and regulations to coincide with the goals of sustainability; and, converge domestic and foreign policies toward a common purpose. Above all, this Act would provide for policy changes that foster and support the innovation and entrepreneurialism of America that are essential to sustain our qualitative growth as a people and a nation. We need a National Prosperity and Security Act and a clear plan for its application that can serve us as well in this strategic environment, as NSA 47 and NSC 68 served a generation before us.

A Beacon of Hope, a Pathway of Promise

This Narrative advocates for America to pursue her enduring interests of prosperity and security through a strategy of sustainability that is built upon the solid foundation of our national values. As Americans we needn't seek the world's friendship or to proselytize the virtues of our society. Neither do we seek to bully, intimidate, cajole, or persuade others to accept our unique values or to share our national objectives. Rather, we will let others draw their own conclusions based upon our actions. Our domestic and foreign policies will reflect unity of effort, coherency and constancy of purpose. We will pursue our national interests and allow others to pursue theirs, never betraying our values. We will seek converging interests and welcome interdependence. We will encourage fair competition and will not shy away from deterring bad behavior. We will accept our place in a complex and dynamic strategic ecosystem and use credible influence and strength to shape uncertainty into opportunities. We will be a pathway of promise and a beacon of hope, in an ever changing world.

Mr. Y is a pseudonym for CAPT Wayne Porter, USN and Col Mark "Puck" Mykleby, USMC who are actively serving military officers. The views expressed herein are their own and do not reflect the official policy or position of the U.S. Navy, the U.S. Marine Corps, the Department of Defense or the U.S. government.

ADDITIONAL VIEWS OF REPRESENTATIVE HANK JOHNSON

This committee report includes testimony from seven hearings over the last several months. These hearings were convened to consider the potential impacts of large budget cuts on the ability of the U.S. military to meet the national security challenges faced by our nation.

I agree with Chairman McKeon, Ranking Member Smith, Secretary Panetta, and many of the witnesses at recent hearings that the approximately $1 trillion in cuts to defense spending over nine fiscal years (2013–2021) imposed by the Budget Control Act could threaten U.S. national security.

To contextualize these possible cuts, it is worth noting that the Department of Defense's budget has grown from approximately $316 billion in 2001 to more than $680 billion in 2011 (of which roughly $159 billion are for Overseas Contingency Operations). Even if the full measure of sequestration is imposed through 2021, the Department of Defense's annual base budget would remain larger than it was a decade ago.

However, Secretary Panetta and others have expressed serious concerns regarding the potential impact of $1 trillion in cuts to the defense budget for fiscal years 2013 through 2021, and I share those concerns. We face an array of demands and challenges that require us to sustain serious investment in our armed forces: a worldwide counterterrorism mission, our obligations to service members, evolving security challenges in the Asia Pacific region and the Arctic, instability in the Middle East, the need to reset equipment after more than a decade of combat in harsh environments, the need to modernize our military and expand our naval and air forces, and a host of emerging threats.

I cannot agree, however, with those who argue that there is no room in the budget of the Department of Defense for additional reductions over the next ten years, particularly as we complete our withdrawal from Iraq and draw down forces in Afghanistan. It will be the task of the department's leadership and Congress to find additional savings by making hard choices with regard to military programs, eliminating waste, and making acquisition affordable. With or without cuts to the defense budget, the catastrophically flawed acquisition system at the Department of Defense is a strategic vulnerability and a key cause of waste.

I fully agree with Ranking Member Smith when he states in his contribution to this volume, which I have co-signed, that "[a]s members of the House Armed Services Committee, and Congress, our responsibility is not to ensure that the Department of Defense spends as much money as possible, but rather to ensure that enough funds are provided for our national defense and that they are spent wisely and well." I further agree with his contention that

any serious effort to address long-run fiscal imbalances without unwise cuts to defense requires a budget that sensibly balances revenues and spending.

Finally, in response to Chairman McKeon's preface to this volume, I will dissent from his characterization of the last ten years of military operations.

The decade since September 11, 2001, has been marked not by a highly effective and strategically prudent application of the U.S. armed forces to defend the United States against violent extremists, as Chairman McKeon argues. The use of force in Iraq did not reduce the threat of terrorism and was a strategic error. Our campaign in Afghanistan—a war of self-defense—was deprived of resources while we focused on an elective expeditionary mission in Iraq. The result of this mismanagement was deteriorated Afghan security that threatened regional stability and jeopardized victory.

In Iraq, our men and women in uniform performed their duties with characteristic professionalism and courage. Their effectiveness in the latter half of the decade has enabled us to bring our forces home. But the fact remains—and future generations of Americans will likely assess—that the Iraq War needlessly depleted our forces and was a distraction from the global counterterrorism mission and the mission in Afghanistan.

In Afghanistan, not until President Obama's inauguration in 2009 did our effort receive the focus and attention necessary for victory in one of the least forgiving environments on earth. President Obama, former Secretary Gates, Secretary Panetta and their team have subsequently laid the foundations for gradual transfer of responsibility for security to Afghan National Security Forces and a responsible drawdown of the International Security Assistance Force scheduled to be completed by the end of 2014.

Although this historical record is not the focus of this report or of recent hearings, in a document purporting to represent the views of the House Armed Services Committee I am compelled to present a more accurate account of recent history than that presented by Chairman McKeon in his preface.

HANK JOHNSON.

LIST OF ACRONYMS AND ABBREVIATIONS

A2/AD	Anti-access/area denial
AQAP	Al Qaeda in the Arabian Peninsula
BRAC	Base closure and realignment
CR	Continuing resolution
EU	European Union
FYDP	Future Years Defense Program
GATT	General Agreement on Tariffs and Trade
GDP	Gross domestic product
GPS	Global Positioning System
IED	Improvised explosive device
IMF	International Monetary Fund
ISR	Intelligence, surveillance, and reconnaissance
MEU	Marine Expeditionary Unit
M/V	Merchant vessel
MILCON	Military construction
MRAP	Mine Resistant Ambush Protected vehicle
NATO	North Atlantic Treaty Organization
NCO	Noncommissioned officer
NORTHCOM	U.S. Northern Command
O&M	Operation and maintenance
OECD	Organisation for Economic Co-operation and Development
OMB	Office of Management and Budget
QDR	Quadrennial Defense Review
R&D	Research and development
ROTC	Reserve Officers' Training Corps
SEALs	U.S. Navy Sea, Air and Land teams
SOF	Special Operations Forces
SOUTHCOM	U.S. Southern Command
UAV	Unmanned aerial vehicle
USA	United States Army
USAF	United States Air Force
USMC	United States Marine Corps
USN	United States Navy
WMD	Weapon of mass destruction
WTO	World Trade Organization

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