National Security Strategy and the Defense Budget

Statement of Robert B. Zoellick
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to the Committee on the Budget of the U.S. Senate
February 24, 1999

Chairman Domenici, Senator Lautenberg, and Members of the Committee:

I am pleased to have the opportunity to appear before the Committee today to comment on national security strategy and the defense budget.

After making initial summary points, my statement addresses three topics:

- The threats the United States security strategy needs to address.
- The risk of a "defense budget train wreck".
- Suggestions for the Committee's consideration.

A. The Danger

The U.S. defense spending strategy will lead to a dangerous future.

- There has been a significant disconnect between the Pentagon's security strategy planning and the defense budgets that were supposed to fund the strategy. One or the other needs to change if plans and resources are going to be aligned.
- Estimates of the size of the expected gap vary. By way of illustration, the Center for Strategic and International Studies (CSIS) has estimated that in FY2000 the Pentagon needs a budget of about 3.8 percent of GDP to fund the operations, maintenance of quality, and modernization of the force associated with the Defense Department's Quadrennial Defense Review strategy; in fact, the United States is spending about 3.0 percent of GDP on defense, and the Pentagon's 1998 5-year budget plan proposed a reduction to about 2.6 percent by FY 2003. This mismatch produces shortfalls estimated in a range of $20 billion to $100 billion a year.
- In the face of this gap, the Pentagon has made the understandable but troublesome choice of trying to fund present needs at the expense of future capabilities. The extra expenditures in the Administration's most recent proposal are focused primarily on just keeping up with today's requirements. As a result, the United States is creating a problem different from the hollow force of the 1970's; it is a failure of preparedness. We are not investing in the weapons and defenses the U.S. will need for the future.
- The Administration's proposal for increased defense spending, while welcome, leaves unanswered many questions about the availability and allocation of future funds for modernization. Indeed, the optimistic assumptions about "savings" and offsetting sources increase the risk that R&D and procurement will continue to be crowded out. It is worth
noting that the procurement allocation in this year's budget actually falls $1 billion short of the amount projected in last year's budget.

- A failure of preparedness is especially risky because of the aging of the military's current weapons. We have been living off planes, helicopters, tanks, and other assets purchased in the buildup of the late 1970s and 1980s. The wheels come off these weapons at about the same time—around 2010—requiring sizable purchases of either replacement or successor weapons. As one Marine general said to me, "If parents are uncomfortable sending their sons and daughters to college in 25-year old cars, what will they think about sending them into conflict in 25-year old helicopters?" Old equipment costs more to maintain and is out of service longer, pulling even more money from investment to fund current operations as time goes on.

- The squeeze on modernization and procurement will make it hard or perhaps impossible to invest in the so-called Revolution in Military Affairs (RMA), a combination of sophisticated sensors, information technology (IT), real-time communication, and precision-targeted weapon systems that could assure U.S. military dominance into the future. U.S. companies that did not incorporate the revolutionary advances in information and communications technology were swept away by their competition with surprising rapidity. A possible winning strategy by potential enemies is to invest "asymmetrically"—to focus on the development of new capabilities to dominate a particular location or type of conflict. They only need to win once.

- The urgency of today's needs is also likely to drive out investment in a "homeland" defense to meet the increased threat that more enemies, of different types, will have capabilities to wreak catastrophic destruction on the United States.

- The failure in preparedness will come around the end of the next decade, a period when the Pentagon forecasts stronger and more threatening regional adversaries. It will also be the time when the baby boom generation moves into retirement, increasing the demand for entitlement expenditures.

- Given the time it takes to develop, test, and procure new weapons systems, the United States must be acting now to prevent a "defense train wreck" that would occur by 2010, or earlier. (CSIS has produced an extensive briefing, which I would be pleased to make available to the Committee, that explains the case behind these points in detail.)

B. Threats and Defense Strategy

The U.S. defense strategy should begin with an assessment of the threats that we must address. The amount the United States spends on its security—and how it does so—must of course be related to the risks the country faces.

We are operating in an era of flux, and there is considerable uncertainty about the security challenges for which we must plan. There is no doubt that the United States is by far the dominant power in the world. There are concerns, however, about how that power translates into capabilities to deal with current or potential threats to our country and its allies. The Pentagon must prepare for a broad range of possible missions in an environment that is more complex and less predictable.

The U.S. defense strategy needs to account for three security challenges.

First, shifting relations among large powers can generate fears or challenges to peace. Thucydides ascribed the cause of the Peloponnesian War to the rise of Athens and the fear it inspired in Sparta. Throughout the subsequent centuries, including at the start of this one, people were forced to relearn the lesson that the peace of the moment can be shattered by the rivalries among powers; these competitions have been and might be again fueled by the perceptions of danger stimulated by shifts in relative influence. To take an example from last year, India's
Second, nations might threaten or attack neighbors in order to dominate a region of interest to the United States. Aggression in the Persian Gulf, the Mideast, or Northeast Asia would trigger chain reactions of destruction that would draw in America.

Third, the United States will have to determine the need -- and its capacity -- to intervene when local killers incite large-scale violence, whether within a society or against others. The violence might be driven by ethnic or religious hatreds, a design to divide and conquer, a scheme to control narcotics trafficking, or moves to dominate organized criminal networks. The result in each case is a breakdown of civil society and the intimidation of and assault on innocent people. Chaos and anarchy may create spillover dangers to others, including the United States. Some transnational groups even seek to take over sovereign states as a base for operations. Fanatics and thugs may target America -- out of resentment, to make money, or to keep the U.S. away from their home turf.

Over the FY 1990-97 period, the U.S. military deployed to cope with 45 so-called Small Scale Contingencies (SSCs), as compared to only 16 during the whole Cold War. During the Clinton Administration, the United States has committed U.S. forces to a new deployment for these contingencies, on average, once every nine weeks. Not only has the number of SSCs increased but the durations were extended, often lasting years. The unexpected and uncertain nature of these operations, combined with the pace and frequency of operations (optempo), places enormous stress on personnel.

The weaponry that can be used by or against the United States in the context of all three of these challenges is changing rapidly.

One development is the so-called RMA, an effort to combine new capabilities to radically change warfare in a fashion analogous to the way IT transformed the business world. The proponents of these capabilities foresee networked forces relying on real time intelligence that will dominate battlefield awareness. The forces would have greater range, speed, flexibility, and lethality; they also would be designed to complement one another more effectively.

A second development is the increased availability of weapons of mass destruction. In particular, nuclear and biological weapons supply a strategic capability to cause enormous damage and paralyze opponents. As recently reported by the Rumsfeld Commission established by the Congress, the United States and its allies either are or will soon be vulnerable to attack by ballistic missiles, which could be armed with weapons of mass destruction. Even without missiles, small terrorist cells -- whether or not backed by states -- can use these weapons to frightening effect.

Third, opponents and even hackers may try to target America's information infrastructure, which is increasingly central to the provision of finance, power, communications, transportation, public health, and indeed basic needs of our society. (Just consider the effects on parts of local Maryland and Virginia after the recent ice storm blacked out electricity services for a matter of days.)

Although the United States dominates all others in its capability to use most of these weapons (except biological and chemical), potential opponents might prevail with so-called asymmetric strategies: achieving superiority in a particular locality or with particular weapons systems, even if only for a limited purpose or time. This superiority might place the United States in checkmate, preoccupy us, or raise the stakes of conflict to a point that America is fearful of action.
To cope with these security challenges, given these developments in weaponry, the United States' defense strategy should concentrate on three core capabilities.

First, the United States needs to be able to defend its homeland, including from missiles and catastrophic terrorism. Except for nuclear scenarios, the country has been fortunate not to have had to think about this topic for many years. If the United States does not have this defense, the fear of retaliation is likely to make the United States increasingly unwilling to project power to prevent or counter other threats. All potential enemies need to be reminded of the young United States' resolve: "Don't tread on me." There are steps the country can take to limit the prospects of successful attack, which when combined with enormous retaliatory capabilities, will help deter potential opponents.

Second, the United States needs modern and well-trained forces, in sufficient size, to project power rapidly to key regions of the world in the face of possible countermoves of opponents. The very existence of this capability will help America to deter challenges to vital and important interests; the United States wants to maintain enough superiority to dissuade potential rivals from even initiating a serious competition.

Third, the United States should seek, over time, to transform its key alliance relations into stronger partnerships. Both our NATO and Pacific allies can be integrated to a much fuller degree to better address problems of weapons of mass destruction, missiles, terrorists, and other threats. In addition, the United States and its allies need a combined effort to maintain peace and stability in regions of traditional national interest.

America should also promote its NATO allies' capability and will to handle local issues of conflict - for example in Bosnia and Kosovo. The United States will need the ability to act in concert with others on these and other contingencies -- including operations providing humanitarian assistance, disaster relief, and peacekeeping -- but these missions should not divert the country's preparations and resources from primary threats. Our alliance strategy must lead our partners to accept greater responsibility for these operations.

At times, unilateral tactics will seem much more appealing than working and compromising in order to lead coalitions; indeed, in some cases, the United States will have to act alone. Yet the United States will not be able to deal with all -- or even many -- of tomorrow's challenges by itself. The United States should aim to extend its influence and strengthen its reach by drawing others to our standard.

C. The "Defense Budget Train Wreck"

The United States is on its way to a "defense budget train wreck." One expert summarized the outlook as follows:

We are trapped in a "death spiral." The requirement to maintain our aging equipment is costing us more each year.... But we must keep the equipment in repair to maintain readiness. It drains...resources we should be applying to modernization.... So, we stretch out our replacement schedules to ridiculous lengths and reduce the quantities of the new equipment we purchase -- raising their costs and still further delaying modernization. Compounding this problem is the increased operations tempo...which more rapidly wears out the old equipment. And, if this weren't bad enough, we must deal with the uncertainty of unanticipated crises such as the Y2K computer problem....

The rhetoric of "death spiral" is not from a hawkish critic of the Administration; these are the observations, from August of last year, of Jacques Gansler, the Under Secretary of Defense for Acquisition & Technology, to the Administration's own Defense Science Board.
Last September, General Shelton, the Chairman of the Joint Chiefs, told the Congress:

In my view, we have "nosed over" and our readiness is descending. [W]e should apply corrective action now. We must "pull back on the stick" and begin to climb before we find ourselves in a nosedive that might cause irreparable damage….

Death Spiral. Nosedive. These are strong words. What is going on? After all, the Administration's February 1998 budget request was designed to ensure the implementation of the Administration's 1997 Quadrennial Defense Review (QDR). The QDR plan and budget was supposed to ensure security well into the future based on annual budgets of about $260 billion (in constant FY99 dollars). The temperature of the Pentagon appears to have risen intensely between last February and August/September.

I suspect that two factors contributed to the Administration's recognition that its own QDR defense strategy was unsustainable under its own budget. First, the Pentagon realized that its earlier forecasts of costs for operations-maintenance and acquisition were unrealistic, a conclusion supported by 50 years of historical data on costs. Second, the Administration had not been willing to make hard choices to limit the overall budget, and relied instead on "savings" from factors such as improved purchasing power because of falling inflation. The Administration's most recent proposal for increased spending appears to repeat this technique by "funding" new expenditures through assumptions about lower inflation and declining oil prices.

It is expensive to have large, ready, active, and deployed forces. It is unrealistic not to budget for operations like Iraq and Bosnia. If the U.S. security strategy is going to be viable, the funds need to match the plans.

The point of these observations is not to criticize honorable public servants seeking to balance multiple concerns. After all, the Pentagon was willing to admit that the country faces a serious problem that no one likes to hear about. In assessing future defense needs, however, the lesson needs to be that we must examine budgetary components carefully to analyze the assumptions and possible disconnections among various interrelated items.

1. Operations & Support

The primary budget item for the Department of Defense is Operations and Support (O&S). These funds pay for the salaries and benefits of all military and civilian personnel as well as the operation and maintenance of the armed forces and military installations. In FY 1998, this category accounted for 65 percent of the Department's budget and was expected to fall, under the Pentagon's 1998 plan, to 62% by FY 2003. In fact, the newest Pentagon proposal would increase this percentage to 66% by FY 2004. Given the likelihood that O&S share will increase, not decrease, we must expect that these expenditures will crowd out investment, modernization, and procurement.

After cutting back the size of forces to accord with the Bush Administration's 1991 Base Force, the Clinton Administration's two planning reviews (1993, 1997) led to relatively modest cuts in numbers -- except for naval forces. Given the many demands on the U.S. military around the world -- including a heightened optempo and extended deployments -- the reluctance to cut personnel further is understandable. But then the budget must fund them.

Moreover, for the past 40 years, the O&S costs have risen (on a per capita active-duty person basis) at an annual rate of 1.3 percent. In fact, the percentage growth rate increased slightly during the Clinton Administration. Pay hikes and readiness increases will push it up further, as will the demands for maintaining older equipment, covering health care costs for an aging beneficiary
profile, and performing new functions (e.g., drug interdiction, on-site nuclear inspection, environmental tasks).

2. Infrastructure

The reductions in the Pentagon's infrastructure -- its base capacity -- did not keep pace with the force structure changes made at the end of the Cold War. In FY 1997, the department's infrastructure base occupied roughly 40,000 square miles, an area the size of Virginia.

Last year, the Pentagon estimated that it had excess base capacity of 23 percent at 259 major military installations. According to the Defense Department, this extra capacity would correspond to about 55 additional military bases.

The Congress is well aware of the sensitivity of base closings. The successful 1988 Base Realignment and Closure Commission spawned three more rounds, which unfortunately floundered when the Congress sensed that the Administration's actions in 1995 and 1998 undermined the integrity and shared political burden of the process.

Given the breakdown of this process, any new savings would be delayed until later years. It requires on average seven years from the time a decision is made to close a base until net savings are achieved. And while helpful, further reductions will not provide a "magic bullet" to save the other accounts.

3. Pricing the Defense Budget

As this Committee knows well, when government accountants cannot cut personnel and infrastructure, they will be especially inventive with pricing. This has been the case during the Clinton Administration. Working from President Bush's January 1993 budget projections for FY 1994-99, the Clinton Administration has been able to "save" $119 billion. It turns out that an estimated 92 percent ($109 billion) of those savings can be attributed to lower inflation, smaller pay raises, and positive economic and defense industry variables generally outside the "control" of Pentagon planners and budgeteers. I applaud saving money through lower costs. I question, however, whether we can reasonably expect more such "savings" in the future.

If we cannot -- if low inflation estimates "straightlined" into future operations and procurement plans do not hold -- the current defense budget planning will be "underpriced." The Pentagon either will need more money or will have to cut back its plans for forces, operations, or procurement.

4. From Green to Gray: Old & Aging Hardware

The last account in this budgetary summation is RDT&E (research, development, testing and evaluation) and procurement -- the account that buys the equipment. It has not fared well.

The United States military has been living off the assets it bought in the 1980s (or even earlier). The "procurement holiday" of the 1990s will leave America with a bad hangover.

Consider a few examples:

- The Air Force recently reported that the average age of all its aircraft will be 20 years in FY 2000, up from 13 years in FY 1990. The average age is projected to rise to 28 years in FY 2010. (The QDR posited a "steady-state" average age of 15 years, an assumption clearly in trouble.)
From FY 1990 to FY 2002, there will have been large increases (5 or more years) in the average age of strategic bombers (average age of 28 years in 2002), the Abrams main battle tank (15 years), the Bradley fighting vehicle (14 years), and Apache helicopters (13 years).

Of the ten major Pentagon weapons classes, seven will be near or well in excess of their estimated service half-lives in 2002.

Moreover, in categories where the average age is forecast to increase, but less dramatically, the difference is usually due to cutting assets by removing the older ones; few new ones are added.

At times in the past, other administrations also deferred defense expenditures, piling up problems for their successors. But the particular danger this time is that the vast majority of the existing military hardware will reach the end of its "useful" life almost at once - about 30 or more years after the start of the last modernization and procurement phase.

The implications for this graying military are enormous. As Marine Corps Commandant Krulak stated before the Senate Armed Services Committee:

Each successive year this equipment, much of which has exceeded its projected service life, breaks down more often, and must spend more time awaiting and undergoing repair. It is lost to the unit for training. The associated maintenance costs continue to rise. [W]e must take money from our procurement, research and development, military construction and quality of life accounts.... In many cases we have passed the point where this equipment has consumed more dollars....than would be spent in procuring new equipment. Even within our O&M accounts.... money which would normally be dedicated to training... is currently being spent to maintain this aging equipment. It is a vicious cycle, and one that becomes increasingly expensive to stop with time.

One could add to this rueful account that the aging equipment has a higher incidence of failure or accidents and leaves less flexibility for operational planners who must prepare to adjust to unforeseen events. For example, the 1997 report of the National Research Council Committee on Aging of U.S. Air Force Aircraft expressed serious concerns about aircraft structural safety in the future.

Those reports are based on real-life problems. Imagine that as you check in at an airport the airline announces that for the past six months your 27-year old plane has been flying at twice the FAA's recommended use rate - but that new aircraft are expected in 8 to 13 years. That was what happened to a C-130 squadron in Germany in 1996-97 after it had been employed continually in Bosnia and the Gulf; it had to be supplemented by a North Carolina squadron that was supposed to be available in the United States and devoted to fly the 82nd Airborne Division at a moment's notice.

This budget strategy is leaving a dreadful legacy. When future defense officials are compelled to act to meet replacement or modernization needs, they are likely to choose equipment that can meet quick near-term necessities and be delivered quickly. They will have to continue to mortgage the future.

Investment in new capabilities -- for example those associated with RMA, missile defense, or other anti-proliferation strategies -- is likely to be squeezed tightly.

5. In Sum

In sum, the U.S. defense budget has lived off past investments in equipment and borrowed from the future in a vain effort to keep up with present needs. As it has become increasingly clear that
even these "future-is-now" budgets could not fund present operations, the procurement and modernization account has received more and more IOUs. As these liabilities have grown, net worth has shrunk.

Furthermore, the defense budget strategy has had little left to fund programs that the U.S. will need to remain the world's leading-edge force and to counter the threats in this new environment.

The consequences of a persistent mismatch between plans and funding, as well as between operations and funding, will be serious. This path will compel America to choose between an obsolete force, unable to modernize itself to meet new threats safely, or a smaller military unable to meet U.S. obligations around the world. Even worse, the U.S. military could turn out to be both overstretched and out-of-date.

D. A Suggested Approach

It is imperative that the United States take a longer-term view about its defense strategy and budgetary planning. I recognize that this Committee faces many demands and is asked to treat numerous problems as "top priority." If the United States assumes a near-sighted posture toward its security, however, the type of threats and weapons we face today could overwhelm America's safety before the country could rely on its traditional resilience to catch up.

Others may reasonably debate questions about the size of the defense shortfall and forecasts of costs and savings. You will hear different perspectives about whether the United States should invest in the RMA, and if so, how it should do so. Experts will also have various ideas about how to handle homeland defense under these new circumstances.

The fundamental problem, however, cannot be avoided: The United States military has been both living off depreciating assets and taking from investments that are supposed to buy the means to protect the country in future. This is a failure of preparedness.

I will close with eight suggestions to help remedy this troubling situation.

First, to assist long-term planning, I suggest that the Executive and the Congress state a policy of devoting a minimum percentage of GDP - at least 3 percent - for defense over the next decade. I recognize that any such floor involves an element of arbitrariness. Nevertheless, given the critical modernization choices the country faces over the next ten years, such a figure would give important guidance for planning. This percentage would require the Pentagon to spend smarter, not just proceed with more of the same. It might also compel the Executive to weigh more carefully whether to commit the military to more current operations that will squeeze out modernization; if an administration wants more resources for smaller scale operations, it should make the case for them to the Congress so the money for them will be on top of the core security needs.

In return for this long-term funding commitment, the Administration should overhaul its QDR plan. The Pentagon's statements last year, and the Administration's FY2000 budget request, are acknowledgements that the Administration has been unable to fund its own defense plan. Piecemeal increases in funding run the risk of failing to remedy faulty, underlying assumptions. The mistaken assumptions are likely to lead to a continuing underestimation of demands for current spending, thereby creating an ongoing pressure to fund present needs out of resources that should be allocated to the future.

Since the current defense budget is about 3 percent of GDP, my proposed minimum certainly is not excessive. Indeed, this is the lowest level since 1940, before we faced up to a different
preparedness challenge. At some point, a policy of doing more with less just becomes doing less with less. We have reached that point.

Second, as a general matter, the U.S. defense strategy should seek to align military strength with the nation's strengths: its technology and people. The United States should harness its skill at developing new technologies and, equally important, applying these technologies through superior doctrines, operational methods, platforms, and weapons systems. America must also draw on and sustain the high quality and professionalism of the all-volunteer force with its heavy emphasis on rigorous training and military education. The aim should be to have more teeth and less tail.

Third, the U.S. should accelerate the acquisition of a "transformational" RMA force, which will lead the way for a gradual recapitalization of the defense base and force structure that draws on these new capabilities. The U.S. military needs to have the ability to identify diverse types of targets with a variety of sophisticated sensors and then to destroy them with extreme precision from any number of platforms at long range. As a corollary, a fully integrated and networked RMA force can be smaller, quicker, and should need fewer sorties to destroy targets. It will not need the long time for building up forces which a shrewd foe, after observing Desert Storm, will prevent; it should be less dependent on distant bases that may not be available if enemies have missiles and weapons of mass destruction and terror.

This transformation will take time. In many respects, the technology is the easy part. The challenge is its integration into new operational concepts, doctrines, organizational structures, and practice. In June 1940, the French army had more and better quality tanks then the Wehrmacht, but the panzer leaders knew how to use the blitzkrieg to overwhelm France within weeks.

It is likely to take 10 to 15 years for the U.S. to retool its forces along these lines. (Consider that it took a decade or more for U.S. businesses to figure out how to integrate IT into their business processes effectively enough to really boost productivity.) In the meantime, the U.S. military will need many of the ships, planes, tanks, and other assets -- plus trained troops -- that have characterized U.S. might in past decades.

Fourth, the United States will need to complement its ability to project power with a capability to defend America. The country should develop an end-to-end strategy to counter WMD-missile-IT threats, both to U.S. forces and the homeland. The comprehensive planning should include better intelligence systems, covert and special operations capabilities, prevention steps to lower the likelihood of penetration, preemptive options, counterforce capabilities, an integrated Theater Missile and National Missile Defense system, and nuclear deterrence. It needs to include a major research effort on WMD, especially related to biotechnology, genetic design, and computer viruses. As a country, we will also need to prepare to respond -- psychologically and operationally -- once a biological or nuclear weapon is used.

Fifth, to achieve effective integration and to use limited resources more effectively, U.S. defense planning will need to become more "joint" - throughout the development of strategy, plans, procurement, and budgets. Today, the military's regional commands are committed to joint operations, and there is an effort to match future forces to a "Joint Vision 2010." But "joint budgeting" is still an experiment at best, and the services remain legally obligated and authorized to spend over 85 percent of the defense budget as they see fit.

Given the budgetary limitations, the Pentagon must avoid the path of least resistance: letting each service develop large-ticket weapons systems independently, then imposing an across-the-board percentage cut when the Defense Department realizes that the systems are unaffordable. This route will produce a future military that is both smaller and only partly modernized.
Given the uncertainty of and diversity in potential threats, the U.S. military will probably need fewer assets, but ones which can handle more missions. The strategic procurement goal should be a capability to draw on any weapon from any platform to support any unit—regardless of service or location. Whether a target—say artillery, a SAM or Scud site, or a terrorist unit or WMD facility—is identified by a satellite, airborne radar, or a Marine patrol, the U.S. should be able to destroy it with precise, highly destructive weapons from a submarine, arsenal ship, unmanned or standoff aircraft, or more agile armored vehicle.

**Sixth, the United States will need to get the most from each person.** We need to recognize that a budget at a level of 3 percent of GDP would probably require a cut in the size of the overall force. (It would be more prudent, and in my view preferable, to devote more to defense to maintain force levels until the benefits of the move to RMA capabilities are clear, but if those expenditures cannot be made the force levels will need to reflect a balance among competing demands.)

To support and complement the regulars, the U.S. will need to draw on National Guard and Reserve forces effectively, especially for homeland defense and smaller scale operations. (They will also need to be integrated with local, state, and federal law enforcement and civil disaster authorities to cope with the threat of catastrophic terrorism.) The Executive branch will need to recognize that extensive, frequent, and long deployments on peacekeeping, policing, and humanitarian missions are wearing down equipment, training, and ultimately people. Each mission may appear to be for a worthy cause, but at these budgetary levels, the U.S. military cannot do all of them and still be prepared for the future.

If U.S. forces are reduced in size, each soldier, sailor, airman, and Marine will matter even more and deserves the proper pay and support. Pay should be targeted on officers, the senior enlisted ranks, and people with critical skills; career lengths, pension systems, and health care provisions will need to adjust as well. The Administration’s recent recommendations for compensation increases is an effort to address some of these needs.

The Administration needs to recognize, however, that the new compact with the military will need to involve more than money. Civil-military relations will become more complex as even less of America has contact with its military. Especially in a world of frequent but often long-lasting peace operations, a volunteer military will need a balance of opportunities, rewards, and consideration for families along with the sacrifices.

**Seventh, it is important that the Executive and the Congress revisit the possibility of saving money by cutting infrastructure.** I expect that to rebuild trust in a revived base closings process, the Administration will need to demonstrate that it is willing to pay a fair share of the political costs of base closings and cuts in personnel.

**Eighth, the Pentagon will need to learn more from the private sector about cutting costs.** Although the cost of civilian IT systems has fallen tremendously, the prices of analogous military IT systems have not. Like other professional organizations, the Defense Department must focus on its primary missions and outsource supporting activities. Outsourcing of a host of activities is critical to efficiency. For example, off-the-shelf software purchases may both save money and prepare the way for more rapid upgrades. Even many repair and maintenance tasks may be performed by contractors.

At least in the area of IT—and perhaps with other leading edge technologies—the Pentagon should be able to leverage civilian commercial R&D. This represents a major shift in thinking from the era when the Pentagon's R&D led the civilian sector. The challenge, I suspect, will be to develop hybrid efforts that draw on civilian work while customizing for or focusing additional efforts on unique Pentagon needs.
America has the best military in the world. It also has the greatest number of and hardest missions. Moreover, its unmatched power is based on equipment with finite life spans; at some point, the existing assets will need to be replaced.

At times in the past, the United States, and other great powers, have taken their security for granted. We, and they, paid for hubris or complacency many times over. Some powers never recovered from their mistakes.

After the Vietnam War, a group of reforming officers, trying to learn from the past, published a book titled America's First Battles. Each chapter describes a defeat, the American way of starting wars. The nature of war and weaponry today -- combined with the present world of alliances, coalitions, and partnerships underpinned by the United States -- no longer affords America the leeway to bounce back from early defeats.

Having learned the lesson of America's First Battles, the U.S. military was prepared to win the Gulf War in its first campaign. But in the past, great military victories have made it hard for countries to shake self-satisfied attitudes and to prepare for the next challenge.

Today, American's military is being run ragged in reactive operations of all types in all quarters of the globe. If the U.S. defense strategy and budget remains preoccupied with the current environment, the country will be risking the world's stability, its home territory and population, other vital interests, and the young men and women who put their lives on the line to safeguard their country. Most of all, it will be risking America's greatest cause: the future.

I would be pleased to try to answer any questions.

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<td>15</td>
<td>3</td>
<td>13</td>
<td>21</td>
<td>None</td>
</tr>
<tr>
<td>Abrams Main Battle Tank</td>
<td>20</td>
<td>4</td>
<td>15</td>
<td>23</td>
<td>None</td>
</tr>
<tr>
<td>Bradley Fighting Vehicle</td>
<td>20</td>
<td>4</td>
<td>14</td>
<td>22</td>
<td>None</td>
</tr>
</tbody>
</table>
## Actionable Time Is Running Out for Defining FY 2010 Force Capabilities

<table>
<thead>
<tr>
<th>Alternative Actions</th>
<th>Minimum Timelines</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fielding of New Weapon Systems from the Start of:</strong></td>
<td></td>
</tr>
<tr>
<td>Advanced Technology Demonstration</td>
<td>8 to 10 years</td>
</tr>
<tr>
<td>Engineering and Manufacturing Development Production</td>
<td>5 to 7 years</td>
</tr>
<tr>
<td></td>
<td>3 to 7 years</td>
</tr>
<tr>
<td><strong>Manpower Acquisition (Recruit to Unit Assignment)</strong></td>
<td></td>
</tr>
<tr>
<td>Junior Officer</td>
<td>5 to 6 years</td>
</tr>
<tr>
<td>Enlisted Person</td>
<td>1 to 2 years</td>
</tr>
<tr>
<td><strong>Base Closures (Identification to Closure)</strong></td>
<td>2 to 7 years</td>
</tr>
<tr>
<td>Force Reductions</td>
<td>2 to 4 years</td>
</tr>
<tr>
<td>Personnel Reductions</td>
<td>&lt; 1 year</td>
</tr>
</tbody>
</table>