

# **Center for Strategic and International Studies (CSIS)**

**Defense in an Age of Austerity**

**Alternative Affordable DOD Force Structures**

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CLARK MURDOCK: All right, we're coming to our final panel of the day. We've spent quite a bit of time talking about goals of U.S. defense policy, what is the role of the United States in international affairs, what kind of missions and capabilities. We talked about some of the economic implications of a defense drawdown, including the implications for the budget itself.

And now we're coming to the final panel, which is sort of the integrative panel. These five guys have the solutions for us. They're the ones who are going to say, how do we in this cost-constrained world, which we may describe as austerity or slightly reduced circumstances, how do we make ends and means balance during this time.

Everybody has their bias but I'm pleased to say we have people who are representative across the spectrum of views on this. John Nagl from CNAS is going to kick it off for us, followed by Gordon Adams, who has been involved in defense budgets and defense analysis and in the government as well as long as I've been in Washington, just about.

Tom Donnelly, a former colleague of mine for a short period of time, now at AEI, who has been thinking about these issues with a good deal of depth for some time. Peter Singer, who is the director of the 21st Century Defense Initiative and a senior fellow at Brookings – I want to thank him for being so flexible.

He has bounced from panel to panel during the day as we – in the preparation of this as we pulled things through and I've very glad to have him on the final panel.

And our previous introducer, Rudy deLeon, senior vice president for national security and international policy at the Center for American Progress, former deputy secretary of defense, former director of the House Armed Services Committee, former chief of staff to secretary of defense Les Aspin, former mentor, still mentor of Clark Murdock, who will bring it up at the end. First, we'll begin with John Nagl.

JOHN NAGL: Thank you, Clark, very much. Thanks to all of you for being interested in these important decisions we're facing as a nation, as a member of an alliance, a number of alliances around the globe.

And I'd like to start with reference to a quote attributable to Winston Churchill, who is reported to have said during one of darker days of the Second World War: Gentlemen, we have run out of money. It's time to start thinking. And I think that that is very much where we are right now.

There is a growing concern that we are in fact a superpower in decline. I do not share that view although I do think that the choices we make as a nation over the short-

term – short-to-medium term with reference to our fiscal position will determine whether we remain a great power, a superpower or not.

I am not yet convinced that we cannot make the right choices. But the subject of our discussion today is a matter of that much importance.

We are at a very interesting point as we look at beginning to draw down our defense posture. This is something that the United States has traditionally done but it's traditionally done it after wars have ended. And with a reference to some previous defense drawdowns, Todd Harrison's numbers from CSBA talked earlier today.

He's calculated postwar defense cuts after Korea of 33 percent, after Vietnam of 26 percent, after the Cold War of 34 percent. So drawdowns on the magnitude of what the nuclear option would impose on the Department of Defense.

But there's an important distinction I think to be made between those previous drawdowns and the one we're in now. In each of those cases, we had recapitalized the Defense Department. We had a surplus of weapons systems of the day. Our capital fleet was in good shape, had essentially been newly created for the demands of that particular conflict and had a number of years of life remaining.

That is very much not the case today. The Air Force has the oldest fleet in its existence as a service. I'll admit that's not that long. But it's still extraordinarily worrying. The Navy is not drawing down from a large number of ships. It's drawing down from a relatively small number of ships and moving toward the smallest Navy we've had in generations.

So we're at a – it's a much more difficult drawdown I think than previous drawdowns because the – we are not drawing down from a real position of strength, in particular, in terms of our capital formation. We are in remarkable good shape in terms of combat experience across the force.

Everyone I talk to on the supercommittee with reference to the supercommittee is negative. I was just at a lunch with some industry folks who say that they are proceeding from the assumption that the supercommittee is not going to be able to come to terms. The quote was from lunch was they're not going to be able to agree on what to order for lunch, much less to make cuts of this order of magnitude.

And that is truly a discouraging and worrying prospect. The nuclear option, about a 30 percent cut. And cuts on that order of magnitude think render it impossible for the United States to maintain its current global engagement strategy. I'd like to read a quick quote from the national security strategy published in May of last year which suddenly seems a very, very long time ago.

Last year's U.S. national security strategy says, "going forward, there should be no doubt the United States of America will continue to underwrite global security

through our commitments to allies, partners and institutions, our focus on defeating al-Qaida and its affiliates in Afghanistan, Pakistan and around the globe and our determination to deter aggression and prevent the proliferation of the world's most dangerous weapons.”

And I very strongly agree with that quote. I think there can be no question that the United States continues to do all those things. I think that there is no one else in the world who has the ability or the will to do those things. And so the existence of the current global economic system, global security system depends on the United States continuing to bear those responsibilities.

And it's my assessment that cuts substantially in excess of those currently already being planned for by the Department of Defense, the current level of the 400 billion (dollars) or so over the next 10 years, cuts appreciably in excess of those would render the United States unable to do all of those things. And we would then have to reconsider our global engagement strategy.

And I'm going to draw a little bit on a report that Dave Barno, Nora Bensahel, Travis Sharp have been working on at CNAS that we're planning to launch a week from tomorrow called “Hard Choices: Responsible Defense in an Age of Austerity.” I'm not quoting from it but drawing from some of the work they've done. I actually am a little more conservative than they are on the level of cuts that I think we can absorb.

But within 100 billion (dollars) or so, the current level of cuts I think are as much as the United States can afford and continue to retain the current global engagement strategy. And let me talk about some of the principles that I think underlay what our force structure should look like as we contemplate those 400 billion (dollars) in cuts, and conceivably worst case, appreciably more.

First, I believe that naval and air forces are going to be increasingly important in the future strategic environment. I had the privilege of sitting with Rudy on the QDR independent review panel last year – the Hadley-Perry Commission. And we broadly speaking at that time agreed with the QDR, agreed with the balanced focus it had but were concerned about the capability of the United States Navy.

And in the QDR IP we recommended a target not of 313 ships in the U.S. Navy but 346. The growing threat of a rising China is not – it is not inherent that we are going to go to war with China. In fact, we should work very hard to prevent that from happening. But the fact is that great powers have ascended to great power status, have marked their ascension to great power status by defeating another great power in a war.

Our actions to deter China, to shape China's actions can prevent that – can help prevent that from happening. But here is no doubt that China is increasing its power and growing its military forces and we have I think a concomitant requirement to do the same. And as I've already mentioned, we have an older Navy and Air Force than we'd like to have right now.

Inside Defense has a good piece on this today. Large, active-duty ground forces are going to be less important in that future, though they are going to remain essential, I believe both to prevent future conflict through security forces assistance, building partner capacity and also to deter conflict by having the ability to prevail in any large-scale ground combat.

I do however think that we're going to be able to draw them down – both the Army and Marine Corps – to about the level they had before September 11th, an Army of 480,000 to 490,000, a Marine Corps in the area of 175,000. But no doubt that the relative importance of naval and air forces is increasing in this – in this 21st century given the rise of China.

Second, I believe that we should continue to see interdependence among the forces. I think that there is synergy in the joint force. This is – we've taken the decision to have redundant capabilities across some of the forces and I think that that's a good insurance policy but I think we're going to have to look hard at some of those as resources draw tighter.

I also think that we need to relook the continuing service between the active and reserve forces. I think we're going to be able to move more capacity, more capability into the reserve forces if we change the way we're able to draw upon them. And that's going to require some work with Congress and some changes in authorities to allow us to have readier access to some of those capabilities.

And I'm thinking in particular some of our heavy armor and artillery we're going to be able to move, I believe, into the Guard and Reserve as an insurance policy while maintaining enough of that capability in the active duty force for one major conflict.

The redundancy in the current force is a useful hedge against risk. But I'm not sure we can afford it anymore. I believe that we should work hard on generating requirements based on realistic assessments of likely threats, not on the pursuit of capabilities.

I think we've got to go back to a threat-based rather than a capabilities-based scenario. And I think we need to change our acquisition priorities and processes and work much more closely with industry so that we're able to put price tags on requirements during the requirement generation process.

Currently requirements are generated in a vacuum, in the absence of price tags without an assessment of what that's going to cost. So I think that we need to make that particular change. And finally, in the absence of near-term threats, I believe we've got to pursue research and development to build a bridge between current systems and future systems.

And in particular, I think our current POM overinvests in manned capabilities – in particular in manned stealth capabilities. And we can make some savings there first. We can continue to pursue nonstealth manned systems for an awful lot of the scenarios we're going to face. But also I believe that we should be investing far more in stealthy unmanned systems that have the legs to do what we're going to need to do, in particular in the Western Pacific.

I am out of time. I look forward to the discussion on this issue. I do very much think that we're at an inflection point. We have not done a good job as a nation of drawing down in the past. We've tended to salami slicing. We have not made smart investments in emerging capabilities.

I believe that we are – in particular looking at Peter Singer – I think we're on the verge of a real unmanned revolution and I think that smart investments in unmanned systems can actually increase our capability over our current investment plan if we make the right choices now.

And we've got to take advantage of this opportunity that we face to make some of those smart decisions to maintain as much of our capability as we can to deter, prevent and if necessary prevail in future conflict in this 21st century. (Applause.)

GORDON ADAMS: All right. I've got 10 minutes and a lot to cover, I guess. I used to work at OMB so of course I'm here to help you. (Laughter.) I can't decide on the basis of what I've heard all day – and yes, I've actually been here all day. I can hardly believe that – whether we're at a crossroad or an inflection point.

But, you know, I told Tom Donnelly I'd pick one of them. So I'd say we're at an inflection point and then he can have crossroad, OK? (Laughter.) I want to make sort of basically five points here.

Number one, I want to start with a premise which is a premise that frankly to me has been surprisingly reinforced by what we have heard today. And that is that we are in a build-down. You know, there's relatively little (dissent?). When I started saying we were heading for a build-down two years ago, there was a great deal of disagreement that we were in a build-down.

But we are in a build-down. And we are going to continue to be in a build-down. And frankly, anything that the chairman of the House Armed Services Committee says is not going to change the fact that we're in a build-down. That's a reality and we ought to be thinking about it seriously. It's hard to think about it seriously because a lot of the dialogue that we have about this subject is conducted in rooms full of people like us.

We're all within the stovepipe and so we all think what we're talking about is the most crucial issue since the history of sliced bread. But it's not necessarily what the rest of the world thinks about because what's driving us into a build-down doesn't have much to do with what we think is the most important issue since the history of sliced bread.

It's a bunch of other things out there in the context that are leading to the fact that we're in a build-down. So I wanted to start by saying my own view is that the activity that is being conducted by the supercommission is what I call an Indonesian shadow play. It's something that's backlit with hand-moved puppets behind a screen that looks like it's real.

Frankly, what's real in what the budget control act did is the level for security spending that's set for 2012 – that's a signal to the appropriators don't go past that level. They didn't. Anybody who thinks appropriators don't appropriate to last year plus, go talk to Pat Towell because he knows all about it.

Then the other signal was to the administration. Don't come up with a 2013 budget that goes over 686 and the departments that are covered by the security cap. Now, I lived through five years of the cap at OMB and the administration. It's a very oppressive discipline but it's real.

That's what's real in the cap. My prediction is a sequester will not happen. It's my prediction. I put an 80 percent likelihood on that prediction because there is some wacky stuff going on up there on Capitol Hill that might lead it to happen but I think it unlikely for two reasons.

One is the date the sequester would actually be implemented follows the election next year. So there's a lot of betting on the come here about what happens. And two is the history. We did this in the 1980s and it was all reversed by Congress every time it happened. It happened twice.

So sequesters are not a good management tool. And here, I absolutely agree with Jack Lew and Leon Panetta and anybody else in the Congress. Sequesters are a horrible way to manage defense. But the build-down is being driven by exogenous factors, people who aren't in this room, right, and issues that aren't in this room.

And you've heard some of this today, particularly the previous panel, that debts and deficits and the economy and jobs are what are driving the political dialogue. And what drives it as well, which we haven't talked much about is the withdrawal from Iraq and the coming withdrawal from Afghanistan which takes the issue off the front of the political agenda out there in the real universe as opposed to in our favorite stovepipe here.

That's what's driving the political universe outside and that is why the Hail-Mary efforts that Congressman McKeon is making are not going to have a receiver downfield at the one-yard line because everybody else is out there doing debts, deficits, jobs and the fact that what's compelling – going to war – is less compelling today. That's – and my prediction about that – and I'll talk about historical build-downs in a moment.

But my prediction about that is it will be inevitably much more than – pick your favorite baseline – it's \$450 billion, let's say for the sake of argument, over 10 years.

Now, let me – second point, how do we get there, how do we manage that? I'm obviously here. The panel was designed to do this. I'm going to disagree I think probably at least with Tom and with John and perhaps even with Pete down the road and probably certainly with Rudy deLeon.

So I certainly know my place, which is that the United States does not face today and hasn't for 22 years an existential threat and is unlikely to face an existential threat for the next 20 to 30, maybe 40 years – a very long time, maybe 60 years in total of no existential threat to the United States, pace that includes China.

Frank Hoffman and I were talking earlier. If you lumber the Russians and the Chinese together in terms of what they spend on defense and go three-and-a-half times higher, that's what we spend on defense and I'll talk in the end with a little chart about the capabilities that result.

What's really useful to me about this moment is not an argument about whether sequester happens. It's an argument about how do we sensibly plan for what we know is coming. That's the issue, right? And put me, if you will, kind of in the camp of selective engagement, if that's a camp.

But in the sense that we don't face a major existential threat, that there are choices that have to be made which have not been made in our defense planning over the last 10 years, that involve selections among threats that we think are serious, threats we think are less serious and degrees of risk we're reared to accommodate and missions that we ought to forego.

And just to be provocative, I will say in my judgment – and the judgment of myself and my colleague Matt Leatherman sitting out here in Foreign Affairs in January – the threats that we can really see are imminent, near and on top of us. Cyber is obviously one, for which a large force buildup is not the prescription, by the way.

Terror and attacks by terrorist organizations is another for which ample capability exists in the Special Forces of the United States military to deal with the kinetic element of terror. And potentially some kind of conventional presence that might be sea, might be air, might be land but the deterrence effect, if you will, of maintaining a decent sized military force of sea, land and air capabilities.

Now, John and I will disagree on what the level of that needs to be. And I certainly don't think we need a large conventional force and some of what he said I agree with. We can substantially park a good proportion of that in the Reserves because of the dominance that we have globally and the unlikelihood of a conventional ground combat. So I'm being told I have three minutes so I'll speed it up.

The mission that goes, just to be provocative, is the coin fragile state, building partner capacity, nation building, post-conflict stabilization and reconstruction. That's all one word – mission. That's the mission that we, A, don't do well, B, aren't going to be

asked to do, C, are unlike to choose to do because nobody's going to invite us anymore and is driven by I think a long conclusion from Iraq and Afghanistan that when you go into a country, kick its government out, suddenly discover you own the country and need to operate it in a stabilizing way is a strategic error.

All right, so that's the mission that goes. Forces, you know, as a result in our judgment can come down about 175,000. It's interesting that not too different from McKeon's worst-case number in his report this week. There are certain acquisition choices that can be made that drive you toward certain kinds of equipment.

And by the way, we will be coming out with a report in 10 days to two weeks that talks about what we actually bought over the past 10 years for a trillion dollars' worth of procurement money. It ain't nothing. It's a lot, and substantially modernize the capabilities of the ground forces and the air forces and even the naval forces. I'll come back to that if you want in discussion.

That there is therefore the likelihood, as is – (inaudible) – of a decline in the acquisition budget, the procurement budget. And we project the need for a substantial decline in the back office.

Again, we can talk about this more in detail but maybe 100,000 active duty combat forces who are basically doing back-office duty that can come down proportionally to the allocation of missions and risk and acceptability.

Now, why is this inevitable? Why is all of this inevitable? It's inevitable because we did it before. I'm told I can access my charts here but I certainly can't access them fast enough to make this point so I won't. But if you've heard the numbers, every past build-down that the United States has done in the military, we've done three since the beginning of the Korean War.

And this is the fourth – has come down at a faster rate than what is currently projected in the budget agreement and at a faster rate in what would come down if it were a trillion dollars out of the next 10 years of projected DOD resources. That's the baseline I'm using. OK, that would be probably 16 or 17 percent of total projected resources.

Prior build-downs have come down 25 to 35 percent over the same 10-year period. So \$450 (million) is the tip of the iceberg in terms of what we're facing. And my final point, and I will close with this, is that what you are typically left behind with – when they did this and I actually lived through this in the 1990s for five years when I was at OMB.

What you actually have for all the Sturm und Drang of the 1990s, was a globally dominant military capability that used Saddam Hussein as a speed bump in 2003, a force that scared the hell, frankly, out of most any other country in the world.

If you take the force architecture that is the worst case that Buck McKeon put out in his report, the force that would remain behind at 225 ships and a series of weapons programs that don't happen and other things that are substantial for them, we'd still be the only global military capability that can fly, steam, deploy globally, that has global logistics, transportation, communications, intelligence and infrastructure, the only one in the world.

The Chinese won't come close, not even close. And we often miss that point, that we have a globally dominant capability. We will have even after 15 or 17 percent of the resources that come out of the current defense plan a globally dominant military capability.

We won't have a sequester. And properly managed, we will certainly survive the experience with something equally dominant in the future. (Applause.)

THOMAS DONNELLY: Am I good to go? I'm not going to get Gordon's slides?

MR. ADAMS: That would be funny.

MR. DONNELLY: Well, am I crossroads or intersection?

MR. ADAMS: You're crossroads.

MR. DONNELLY: All right, all right, good. OK, well actually my job is to make the connection between the start of the panel and the end of the panel and not put you to sleep in the interim. So my slides are high fructose. They have a lot of color and a lot of pictures and I do want to try to go through them.

And I'm actually going to try to answer the question of alternative force structures and postures. But to do that, I'd have to – or want to try to be explicit about what we ought to be trying to accomplish. I don't want to reinvent America, either in Chris Preble's image or in anybody else's image. I want to talk about the America that we've got. We've got to work with the country we've got, to paraphrase a great secretary of Defense.

And the question I want to try to answer is – or at least provide a framework for thinking about is can we continue to do that facing the kinds of fiscal constraints – although the age of austerity makes it sound a lot more, you know, glacial and geological than it really is.

But can we somehow keep the international system that we've created going at some lower level of spending. I don't know the answer to that. But I actually want to think about it in practical terms.

So here we go. I'm going to spend most of my time talking about what the cat – the strategic cat looks like. But I will get to the skinning part at the end. I want to take the – again, the name of the QDR IP in vein. Previous speakers have done it. John was there. Rudy was there. But I will hold them to account for it.

So the reason that the QDR IP came up with this definition of what American strategy has been was primarily because having been briefed on the QDR as it existed and looking at previous QDRs, I think the consensus was that none of this really makes a heck of a lot of sense. So what we say is not what we do. And so we had some discussions about let's look at how America has actually behaved as a global power since 1945.

And the one takeaway that I would stress is that this is not a pile of commitments that's easily disaggregated. This is a one-zero, whole system. So far, it's worked. Gordon rightly said we're in a drawdown and we've been in a drawdown since the end of the Cold War. Pay no attention to what it's cost us but look at the size of the force. So we've been in a drawdown and so far the system hasn't collapsed.

Does that mean the system isn't going to collapse tomorrow? The question is not so much whether we're at a crossroads but whether we're in the dark or not. So this is the metric I'm going to use. I'm going to gloss it quickly but with pictures. What's the American homeland? Well, obviously since 9/11 it's focused a lot on more domestic concerns.

But if you asked, oh, James Monroe, he would have a slightly more expansive view and American history would bear him out. Now, all these quotes – I was going to list the NORTHCOM missions as listed in the former commander's congressional posture statement. But that would have taken 12 slides alone.

The point is that there's – even in our neighborhood, there's a lot of stuff going on that we care about. And we'll continue to care about. I like this one in particular. We couldn't use commons in the QDR IP. Actually former Navy secretary John Lehman had a pretty good critique of that. But it's the term of art.

So here's four pictures – I like pictures – of what the global commons is. Top left, those are – that's where international shipping goes. Top right – international airlines. Bottom left – that's a representation of where satellites are. The big fur ball in the middle is low Earth orbit and you see little asteroid belt on the outside, that's geosynchronous orbit. That's where GPS satellites live, for example.

What does it mean to secure that? I don't know but I would just postulate that whether other people don't know either. And most of all, bottom right, is a picture of Internet traffic. This is where Internet traffic comes and goes from.

So if the cyber commons, like the maritime commons, is something that's essential for international commerce and the world would get pretty upset if it were really at risk, what does that mean? Again, I don't know. I just like to have a picture of it.

And here's – you know, what – you know – (inaudible) – and others would have, you know, recognized and the way America behaves in the world. And again, we could put a zillion threat quotes up and I love pictures of combatant commanders.

Again, there's nothing that should be that controversial except I really, you know, love Admiral Mullen's moment of truth when it comes to the Pakistanis. At least he got there. Previous American general officers don't get there. You should read Tommy Franks' autobiography and his description of Pervez Musharraf is almost homoerotic. (Laughter.)

MR. : General Mullen could tell him now that's OK.

MR. DONNELLY: He was a pioneer in many ways. And you now, one of the martial races in the Sambrial belt looks really good. But this is – this has been the measure of victory for the United States for a long, long time. Why is it going to be any different in the future?

And the final – this is a big category. It's really sort of impossible to rack and stack all the things that we have done, are doing and will want to continue to do. And these are the things that people really want to push out of the boat, both people in uniform, because they're long, they're, you know, difficult, they're not as much fun as shooting people, et cetera, et cetera.

But it's part and parcel of what the U.S. military has done, will continue to do. And it's part of preserving the international system. It makes it easier for us to show up places and remove governments that we don't like and so on and so forth. We occasionally get other people to agree that that's a good thing. So it's easier to do it rather than harder to do it.

So is there any way we can continue to butter this muffin with less butter? First of all, I think there are some things we have to continue to do. Look, when you really start evaluating what the minimalist definition of success is, A, we've – and there's been a lot of talk today about allies and partners – and a lot to me is really backward looking Cold War detritus.

What's more important is who's willing to fight and who's in places that we care about, not who have we fought with in the past, although I would say the British are especially important because very few of our other allies actually share this same global perspective that we have. So they're kind of in a class by themselves.

But remember, you know, the Germans in the Cold War volunteered their country to be the battlefield, including the potential use of nuclear weapons in the Cold War. The

fact that that never happened is a good thing. But this is how we should evaluate who we want to be allies and who do we want to be partners for the future.

And then we'll figure out how to equip them and train them and so on and so forth. Some of them have a lot of money too. So in order to keep the system together, I think just for want of a better term and I didn't want to use the containment word, but we've got to preserve the system as it exists, ensure that China's rise is something that doesn't upset the entire apple cart.

And we should really begin to get serious about what the war in the Middle East. All of the things we have talked about today, I would look at as campaigns rather than wars.

If I had invested a penny in a startup stock called the rapid deployment joint task force in 1979, I'd be sponsoring this conference, not speaking at it. CENTCOM remains a growth stock. We have come ashore. We're not going back to the sea. We have partners there that we have to preserve.

So how to make it work? Like every battalion commander, I want to attack with two up and one back and one in reserve. So we have to be out there. We have to be present, you know, kind of in all of these places. Call it a covering force if you like. You have to be able to reinforce in a timely fashion.

All QDRs have wrestled with this. And as others have said, we've got to think more seriously and take into account really expanding in the case that things get out of hand. What we have now, as many have written, the Reserve components are no longer our strategic reserve.

Finally, there are just some things that I say, at least for me, I don't know about. I think it's worth talking more about space and cyber and it's not good enough to just say it's classified. You know, politicians have to sign off on this. Budgets have to be discussed. Money has to be spent.

And I really don't know at the end of the day what the classic defense planning answer is. How much is enough? Again, I would just say I don't know. I don't want to get to the point where we're at the crossroads or at the intersection and we get flattened by a passing, you know, SUV or something like that just because we didn't see it coming. So here endeth the lesson. (Applause.)

PETER SINGER: I did a piece for Foreign Policy that focused on 10 lessons of how to cut wisely and I think that might be why apparently I've jumped from panel to panel, as they couldn't figure out which lessons applied most, that or my expertise on Pakistani "don't ask, don't tell" issues. But what I'd like to focus on is the three lessons in how to cut wisely that affect force structure thinking the most.

Lesson number one is to focus on effectiveness, not efficiency. Yes, the national debt has been allowed to develop into a serious national security issue. However, policymakers shouldn't lose sight of other national security concerns that still require men and women to go into harm's way.

A process that is myopically focused on the bottom line I believe could be as significant a threat to U.S. national security as the deficit itself. We have to guard against cost-cutting becoming the Holy Grail that senior leaders aspire to in the upcoming process and also the benchmark for evaluating who is selected for what job and who gets promoted.

National security leaders have to stop painting defense cuts as an externally-focused exercise in efficiency and instead note that it's an opportunity to construct an internal strategy that focuses on effectiveness, that is whereas the approach and the narrative of efficiency is about trimming fat, about basically trying to achieve the very same output, just with slightly less input.

Effectiveness is about getting the right things done in the best possible manner. That is, we need to focus on both the ends and the means. Second issue, we have to be willing to question 20th century assumptions about warfare and U.S. national security.

The fact that the president believes that we need a, quote, "fundamental review of America's missions, capabilities and role in our changing role," end quote, to accompany any defense cuts is smart thinking.

But it's also an indictment at the way we've gone about it before hand when the commander-in-chief says pointedly that we don't think it's adequate. We need to establish what in our system stands up to intellectual rigor and what is living on often due to far more important explanations of parochialism and inertia. Because we've done it that way in the past is not a sufficient explanation for the future.

So this comes down to a couple of core lessons. One, in some areas, this simply requires identifying where the emperor has no clothes and then concluding that further spending on his wardrobe no longer makes sense.

For example, we've spent more on national missile defense than the entire Apollo space program that actually did put a man on the moon. Yet the ultimate goal of this as-of-yet unachieved program still would be insufficient in scale to stop the actual existential threats of nuclear missiles coming from a Russia or a China of scale.

And it's of dubious value against nations like Iran that do not have the capability to actually accomplish that goal nor the numbers. That's the best case of program success. As we know, the best case isn't the reality. We're talking about a ground intercept system that has a failure rate of seven out of 15.

Secondly, in other cases we're going to have to be willing to question how we organize ourselves. Instead of framing every single choice as to which acquisitions program to eliminate or not, we need to ask about what are alternative force mixes that might give commanders a more effective tool in a wider set of contingencies.

So for example, when it comes to issues of American airpower, we constantly focus on F-35, yea or nay, F-35c, yea or nay. Rather, bring in the operational commanders and planners and give them a set of alternative options. So for example, what might a theater commander in one of those – it's almost like a baseball card set you have of combatant commanders.

What might they do with a different set of options. So take the illustration of for the cost of 13 F-35As, an alternative force mix might be eight F-35s, two F-18 Growlers, four MQ-9 Reapers, one Global Hawk spy plane and, oh by the way, an extra \$182 million that you could plow into more spending on those weapons systems, other weapons systems, personnel costs or savings.

Now, two things to note about this. The first, and it's relevant to the last panel, is that outcome of spreading the wealth might be something that a defense industrial base planner might also find more attractive. Second, that's almost a false comparison because it's taking a future capability that's not yet realized and comparing it to actual current capabilities.

But I believe, for example, that alternative force mix might be something that certain force commanders might find quite attractive.

Third lesson, at other times it means we're going to have to challenge cherished assumptions that no longer stand up. Presently, the U.S. Army is engaged in a draining counterinsurgency.

And it's resetting itself for a future that mixes both counterinsurgency and more traditional missions of combined arms maneuver. And yet, in the force it actually maintains 5,795 main battle tanks.

The Marines have another 447. Now, even if we needed so many tanks, and note in the 1991 Gulf War we used 1,900 main battle tanks, and a substantial percentage smaller in 2003.

But even if we were planning to have either three separate 1991 Gulf Wars, fighting them in that same way or a massive scale of armored warfare three times the size – say, a massive armored invasion of China – we don't actually have the logistic capability to deploy or support that force anywhere near that scale.

It also ignores the growing use of various virtual training platforms and programs, simulators, back home which has certainly not ended the need for having these tools back at home for training and muddy boots training.

But it's certainly changed the amounts. Now, this is not to beat up on the Army. The Air Force has a similar situation with the inertia of its plan to buy 30 new, but actually old, World War II-era propeller powered light attack craft that its own chief of staff says won't be allowed in combat.

And the partner states that we say we're going to train with don't actually want it or its force structure plans for the F-35, which don't reflect the hundreds of unmanned strike systems that we've bought since those force structure plans were conceived.

Or the Navy's inability to explain the concept of operation for the littoral combat ship, a really great exciting technology. But what's the concept of operations beyond running down drug runners and then running out of gasoline? Or the disconnect between the Marine Corps' amphibious warfare plans and the actual number of ships to carry out those said operations.

But for the nation as a whole there's perhaps the best example of being unwilling to look at cherished assumptions is spending on our nuclear weapons complex through any lens other than negotiations with the nation that lost the Cold War. We spend over \$25 billion a year maintaining some 5,500 nuclear warheads spread out across a triad that we treat like the holy trinity.

Whether it's shaving off 275 or 550 warheads and the accompanying roughly \$1.25 \$2.5 billion a year saving, the result would be no strategic loss but rather a strategic gain from the other parts of the defense budget that might be protected.

Again, the issue here is not the traditional narrative of arms control or aiming for a zero nuclear future. Rather, it's being willing to ask what additional security does that 5,226 warhead buy me that I couldn't spend someplace else better.

Third and last lesson – and I'm getting with the hook timing wise – it's something too rarely talked about in the discussions of U.S. force structure – our allies. The U.S. spends so much on defense because we have a global power structure, of a global network of alliances. And it would be a mistake to forget that in contemplation of reductions.

Too often, we don't consult with our allies and we then leave them surprised with the outcomes. And areas where cooperation are needed are frequently treated as something to be dealt with after we've made our own decisions.

And that means that capacity gaps in alliance systems can occur and more importantly opportunities to pool resources and accrue shared savings as they're also going through those cuts are lost.

So related to force structure, this is an issue that we particularly need to explore with NATO in areas like antisubmarine warfare, air defense, electronic warfare, refueling, search and rescue and mine warfare.

It's equally something worth recognizing in the Pacific where we have this odd anomaly of air-sea battle doctrine depending on all of these allies, but actually we in no way, shape or form are consulting or coordinating with, in particularly the pooling of resources.

Secondly, we need to admit that sometimes there are lessons to be learned from our allies. As frustrating as they can be, particularly in the amount of spending that they do, the fact is they've gone through similar cuts and there are sometimes lessons to be learned – not exactly copying, but certainly lessons to be learned.

So in ending, there's a saying we all know: no plan survives first contact with the enemy. Whether it's unexpected attacks like 9/11 destroying a peace dividend or it's unbudgeted natural disasters soaking up operational budgets, any strategic defense ducting process has to exist – has to recognize that this exists in the real world.

Situations change, the military might be asked to take on a role that was not contemplated during the process. And it wasn't specific in any fiscal year budget. The British, for example, recently experienced this where they went to war just a couple of months after their strategic review that they didn't plan for.

That's why a clear framework of thinking must underscore any budget cutting plan. We have to establish what are our underlying assumptions and set a clear ranking of priorities.

You can't just list them scattershot like we've done in our various QDR exercises. That way, you can identify when either your assumptions have changed or when you need to reorder your priorities. Otherwise, the result is a kind of ad hoc action without reflection that got us into this mess in the first place. Thank you. (Applause.)

RUDY DELEON: So Clark, to maximize my 10 minutes I'm just going to sit right here. Thank you to you, Clark, for putting this together. This just shows your capabilities by looking at all of the people that have been in all of these panels.

New title: "Defense in an Age of Austerity." Let's be more accurate – defense as we're trying to conclude two ground wars, while simultaneously dealing with the economy that has seen a housing crisis become a banking crisis that has created an unemployment crisis that has created a debt crisis that has now created a confidence crisis. The only thing worse than watching the debt extension debate in D.C. is talking to people who watched it from China.

And for a country with as many strategic assets as the United States has – from the capabilities of its armed forces to the quality of its universities, and knowledge and

technology – the message that we sent to the rest of the world was not a good one this summer. So that's what we really are dealing with. We're dealing with defense, as we exit Iran (sic) and Afghanistan and as the economy tries to recover from – what?

MR. MURDOCH: You said Iran. It was a slip of the tongue.

MR. DELEON: Iraq, sorry. Sorry, maybe it's just my – you know, watching the Red Sox, I've got a distinct New England accent here this morning.

So challenge number one: Can we still do hard things? And so we're talking here about the defense budget. Let's broaden it, though.

What's the real national security agenda? Which means strong and capable military, but it also means a next generation that is educated enough so that we can still compete on the value change of technological innovation. It means – here's where Gordon and I are exactly right on – it means we've got to have effective diplomacy to match the ready and capable military. We can't ask the military to do everything.

We've got to figure out, where is the energy going to come from in the next 50 years that's going to make our economic model work? Got to figure out how to afford health care in this country – doesn't matter whether it's Tricare or Medicare or Blue Cross, Americans still hold fast to two convictions: They want the best medical in the world, and they want someone else to pay for it.

And then finally, an economic model where we are creating both wealth and jobs: We've been doing OK on creating wealth, at the expense of jobs that have been outsourced, and we have to remember that in a lot of those red states, you have people that had unique crafts. They made clothes with sewing machines, or cabinets from wood. But those skills have been outsourced overseas and they don't see a future.

So to say that it's just simply the defense budget and its levels, you know, in this chain of housing to banking to unemployment to debt to confidence – you know, we're going to have to make this work for the entire country. And so the challenge back to our political leaders is, can they do hard things? Defense is going to be one of those issues.

But just on the political model, the old versus new – we've sort of abandoned the old model for a new model that really isn't any model at all. What was the old model? When Truman needed to do the Marshall Plan, he reached out at found Vandenberg. Eisenhower found LBJ, dealing with Sputnik.

Ronald Reagan regularly met in the back room with Tip O'Neill, and when it really got tough on big tax and financial issues, they brought it Bob Dole and Pat Moynihan. And they all walked out and they all took the flak for the 40 percent that they didn't like, and they all took credit for the 60 percent that they did. George Herbert Walker Bush cut the deal with Dick Gephardt in 1990 – cut spending, increased taxes – the last bipartisan act. The spending reductions in '93, and then Clinton and Dole.

That model, where the leaders get in the room and decide that they're going to find the 51-49 balance, doesn't seem to be working in our politics right now. And so how do we get back to the old model, because we know the new model is really no model? And we just simply continue to send the messages to all of the other global centers of the world that we really are losing our fastball.

So away from macro and obsessions, what are the key defense issues to worry about? Top line's important – the requirements, I think, different views on the requirements from John and Gordon and Tom. I think Pete gave us three very good lessons from the future. When I worry about this budget, having been on the QDR Commission, I don't worry so much about the top line as I worry about the cost structure of this budget.

And you have these two behemoths. So one is the price of military personnel, and the other is – to Larry Farrell's question – it's the cost of replacement equipment. It's not that we haven't been spending money on Air Force fighter modernization. It's that we don't have a lot to show for it. That's the problem.

Now, I started in Washington, and they had just done something called the YF-16, YF-17 fly-off. So that was 1975 – one for the Air Force, one for the Navy. Well, in the '80s, they bought 1800 F-16s for the Air Force, and it became the only surviving force structure capable of simultaneous combat operations in multiple theatres. It was the "hold" in the famous "win-hold" construct of the bottom-up review.

Well, the F-22 was given the OK in '89, and the F-35, the advanced technology aircraft, in '93. And so here we are, almost 20 years later: big R&D costs, and only small silver bullets going into the force. We could do the same thing on transport planes. C-17 is great. I have loved it in a number of chapters of my life. But you could never buy as many C-17s as the C-141s it was replacing, because it's, you know, a third again more costly.

And then let's not even go down the track of Army equipment, where the most interesting programs have all gone to the budget-cutters. So one, we've got to deal with cost. And military benefits are part of it, but this isn't the Wall Street model. Those on the Defense Business Board who say this is just like the General Motors pension – it's not, because we don't ask 1 percent of the country to do 100 percent of the security. And so you've got to figure out a compensation system that is fair, but that also, you can afford the forces that you need and attracts very capable people. Cost's a big one.

To amplify on Pete's three points, I explain it slightly different. The end of the Cold War and the passage of Goldwater-Nickels allowed us to, sort of, enter into an era of military operations. You didn't have to worry about making angry your largest adversary, because he was off the playing field. And then you had streamlined the way that you did planning for military operations.

Now, you could get from Kuwait to Baghdad very effectively. We did versions of that one and a half times – '91, Desert Storm, the Marines and the Army had never moved faster and further from their home positions than they did going from Kuwait to Iraq. But once you get there is where all of the problems start.

And so having a more diversified box of tools, so that you have to use the military operations less frequently – that you can deter and do something like the Partnership for Peace. And then, three, you've got more synergism with your diplomacy – as I mentioned to Larry Farrell – in the '80s and '90s, there were a handful of senior of foreign service officers who were the global troubleshooters. Now that's the sink. And so you've got to have both of those capabilities.

And then finally, what's on the table now, with the supercommittee – and you know, I'm not as sanguine that they'll have a deal. But what we know is rushing it and getting a bad deal in November is worse than no deal, and it's worse than dealing with sequestration. But that we're looking at doing this hard thing over 13 years.

Now, what's surprising to me is, having been and lived this life from 1987 to 1999 – where, as Gordon Adams said, these caps really did affect spending and it made you justify every dollar – how quickly we stepped away from the discipline of that through the supplemental appropriations process, and just simply appropriated not as much as you need, but as much as you want, which is a different standard.

So knowing that we're going to be doing this over 13 years, right now it's important to get 2013 right, and then use the processes that are available. Someone recently used the analogy that the big budget deal is a little bit like Melville's whale out there. And we think that Ahab, you know, lives at 1600 Pennsylvania Avenue, and he's got that harpoon and he's trying to get the big deal. It's not going to occur between now and Thanksgiving, which is the target for the supercommittee. But we can start to make steps toward it.

But if we're fighting over 2 billion in aid to areas of the country that have been savaged by hurricanes and tornadoes, and we can't agree on that, then we really do have a long – the distance is further than the distance from Kuwait to Baghdad. (Inaudible, applause.)

MR. MURDOCH: I'd like to take – open with one question for the panelists by taking portions of two of the briefs, and then asking the panelists to count on the extent to which these two charts actually match up. One chart was used by Tom Donnelly, and it was out of the QDR independent panel. And essentially, sources of American conduct – enduring national interests, defense of the homeland, assured access to the global commons, preservation of a favorable balance across Eurasia, providing for a common good through global disasters.

A fairly bipartisan statement, a little bit more straightforward than the National Security Strategy that was quoted by another one of them, but pretty consistent with it. I

mean, is there anyone on the panel that would disagree with that as, sort of, a basic characterization?

MR. : You mean the chart that was up?

MR. MURDOCH: The chart that was up.

MR. : Yeah, I think that was a consensus chart.

MR. MURDOCH: I think it was a consensus chart.

MR. : It was a consensus chart for their panel.

MR. MURDOCH: For their panel.

MR. : Two of us signed it.

MR. MURDOCH: But then, in the presentations, I think it was really – Gordon Adams was the only one that went through a list of things that he would cut and do during that time. Now, I know that CNAS will do it a week from Friday. We eagerly anticipate that report. Not that CSIS and CNAS are in competition in any way. That's right, life partners.

But to what extent – and I'll start with Gordon, since Gordon was the one that presented that – do you feel that that force that's left after the cuts that you recommend is adequate to do this consensus strategy?

MR. ADAMS: If you articulated the consensus strategy again, I'd have a more detailed answer. But I was pretty specific on what I thought the mission requirements were, OK? And where I saw – I mean, I'm always very interested when I look at what is testified by the vice chairs and the would-be chairmen of the Joint Chiefs of Staff and so on.

There is a desire to say that if we go below \$450 billion worth of cuts, we're going to have to revisit strategy. To which my response is, bring it on. Then indeed, we should be revisiting strategy. I'm not sure that all of the principles that you articulated ought to be part of American strategy, and let me just take two of them. Because one of them I'm not sure about – that you articulated – but the two of them that are important.

One is this thing that Tom said he couldn't really describe, which is the global commons. I was very struck by – I mean, I'm a great advocate of naval forces, but I was very struck by the fact that there were two different words that were used in the conversation that we just had about this term called the global commons. One was "access to," and the other was "security of."

I think those two words make a huge difference, that access to the global commons is something that, I think, actually, everybody has – and we, with the largest navy of any country in the world, certainly have. Security of the global commons is – this is the term that Tom couldn't define – I'm not sure what that means.

I looked at each of those pictures that were on his slides, and I asked myself, what is the role of the U.S. military with respect to the transactions that are described in those photographs? And the answer is, not much. Not very much. The U.S. military doesn't have much to do – it has to secure its own Internet, but it doesn't have a lot to do with Internet security in general. That's largely a private and commercial function.

Shippers seem to manage to sail around the world, delivering oil and goods and cargo and things of that kind, without each ship being accompanied by a U.S. naval vessel. The naval security of the sea lanes seems largely restricted to piracy off of the eastern Horn of Africa, and maybe some operations in the Straits of Malacca, where there are choke points. But frankly, it's not a large U.S. Navy mission to secure shipping and commerce at sea.

Largely, the rules for that are written over, as Rudy was saying, on the diplomatic side. You know, it's the commercial interests and the diplomatists and the Treasury Department and the ICAF organization, and so on, who negotiate what rules are for air commerce, how much of those airlines are actually secured. Unless we're accompanying each jet that's flying passengers by a U.S. fighter jet – which I don't think is happening, to my knowledge – we're not actually using the military forces in ways that deal with this question of the global commons.

It's a wonderful phrase that we put out there all the time, and assign to ourselves – this beneficent role of securing the global commons, as described – and I accept each of the pictures. I think the pictures are accurate. But the military role in securing that is largely – it's small. It's largely a non-military function, what happens in the commons. So that's one mission that I would say, I'm not sure that drives force structure very much. That's the bottom line.

The other mission that I raised questions about, and I'd be interested in John's response to it – and I raised questions about it in my remarks – was I think the lesson that we drew out of a decision to carry out regime change in Afghanistan and Iraq turned out to be a lesson about something called counterinsurgency/nation-building/post-conflict stabilization and reconstruction operations that has become a very large cottage industry in American military planning, and drives, to a large extent, the expansion of the force structure that we went through starting at the end of 2006.

And did rather quickly, I might say. For all the discussion of how hard that would be to do, it happened quite quickly. But I seriously doubt that the American people will stand for more of it. I seriously doubt that the Congress is prepared to fund more of it. And not becoming the internal intervener in an occupying, governing, economically

developing, stabilizing role in a lot of countries in the world – I don't think it's a future mission of the American military.

In fact, I daresay we're quite parsimonious when we decide to do it. In both of the cases I cited, where I think the wrong lesson is – Afghanistan and Iraq – we actually chose regime change and ended up with COIN. But in most other countries in the world, there's a question of state fragility. Whether we play a role, whether it's in our interest – this is why I'm a selective engagement kind of guy – and where we're likely to fight insurgents, I think, the force structure consequences are really rather small, not of major size.

I mean, we have right now, arrayed across the services, 58,000, I think it is – and the special forces – who are very well-tailored for this kind of mission at the size we're likely to be encountering it in the future, in my judgment. And we will be careful where we use these forces.

And that is a military capability larger than the militaries of more than 100 countries in the world, the entire militaries – which is part of the reason why I say, by and large, we have in existence, and would after losing 17 percent of the resources over the next 10 years, have a military capability that would be quite adequate for a more selective set of missions. So I'm not sure I bought the whole array that you laid out, but those are the missions that I think I most critically do not accept.

MR. MURDOCH: There's clearly one debate that we'll have in just a moment on the COIN, stabilization – that set of issues that Gordon just raised with respect to John's presentation as well. But Tom, let's go back. And it's clear that there's an issue that Gordon has with those four mission sets, or sources of national interest, and the robustness with which you defined them. Tom, you want to comment on that? And then Peter.

MR. DONNELLY: Yeah, I just – and particularly, the comments thing in particular – I think in many ways, Gordon's testimony, as it were, is an eloquent statement of the effect of American domination of these realms, if you will, for so long. It's been there so long, it's so transparent that we don't even see it. Certainly, all those, you know, commercial transactions and communications that were reflected on that chart now, basically, are conducted in a relatively secure environment.

The question, though, that I would ask is, what if it weren't that way? I mean, again, I can't – I don't want to scaremonger or threatmonger, but you know, what's the marginal cost of insecurity in any one of these domains?

Where some nefarious actor, be it a state or, you know, a highly enabled individual – whatever buzzwords you like – just makes it difficult, and not only for us, but for the rest of the world, which depends on these structures being commonly available for commerce, for movement of people, et cetera, et cetera. We just have not

had to answer, and have not thought very much, what the world would be like if it were not the way it is now.

MR. MURDOCH: Yeah, but the question that you're asking is, how much requirement is enough? And the robustness with which you defined your requirement – on your last chart, you said “unknown unknowns” – how much is enough? That's not an unknown that we want to live with, because we have to make decisions each year on how much is enough.

MR. DONNELLY: I know, but I can't – again, there are some many things, particularly about these new realms – the space realm looks immensely vulnerable to disruption to me. I hear from, you know, people who are allegedly experts, that the cyber realm is similarly vulnerable. Elements of the sea lines of communication are increasingly vulnerable, on and on.

I think we should recognize that we don't know the answers to these questions before we make decisions that may have consequences for the security of these domains without thinking it through first. That's kind of my bottom line.

MR. MURDOCH: So here we are on the cusp of a defense drawdown – because I think we would probably agree with the observation that Gordon made, that we are in a drawdown. And there's lots of reasons why it's going to happen. You're saying we may be seriously underfunded right today.

MR. DONNELLY: I think that's – based on the analytics that we have done over the last 25 years, and what we know about what the future will be like – my confidence that we really know where we are is very low.

MR. MURDOCH: So we may be in deep trouble even if there is no austerity around the corner.

MR. DONNELLY: Yeah.

MR. MURDOCH: Peter?

MR. SINGER: I just wanted to make four points on this in answer to your question, and also the two prior comments. So first is, your question said, based on what was suggested, do you think we could meet those four mission sets. Well, you know, when I look at the principles that I put out there, I think we would do rather well. I don't think having 250 less nuclear weapons means that we're not in a position to defend the American homeland.

I'm not reassured by a ground-intercept system that only works half of the time, doesn't hit the main threatening target, and oh, by the way, keeps flooding with mud, et cetera, et cetera. I mean, I think if we follow those principles, we're OK. I'm fine with a

force of 4,000 main battle tanks rather than 5,700. So that's point number one. I think, you know, if we follow those lessons, we can meet that.

Point number two is, I actually believe the way to go about it is to look at those mission sets and ask ourselves, what require capabilities that can be – that require vast investment now, versus capabilities that can be added rather quickly? It's something O'Hanlon brings up as well. You know, look, we've shown the ability to surge out ground forces in a matter of a short couple years. There's other things, like naval, where we can't. We have to decide to invest that way.

Third point: Figure out which of these mission sets involve relatively high-cost versus low-cost capabilities. So cyber, I'll answer your question. It ain't something where there's a scale to maximum spending. You know, we actually had a great event a couple days ago with the guy who essentially discovered Stuxnet and laid out how, you know, with 10 guys, he thought he could take on Cyber Command quite effectively. When you're looking at software warriors, so to speak, it's the difference between someone who's good and elite: It's not two good equal one elite; it's an order of magnitude of around 10,000 good equal one elite.

And so the point is, is there may be certain areas where there's not. There's other areas where the amount of spending that goes on doesn't reflect the value. So the amount that we've spent on counterpiracy operations and justifying what we do related to it is absurd. You know, as an example, yes, I'm a big fan of Aegis-class systems. I don't think their best use is going back and forth across Mogadishu harbor. That's how we do it right now.

Final issue: We have to decide how we will interpret other nations' entry into what we are calling the global commons. Is it a threat or not? That is, we can't have it both ways. We can't say: Hooray, China, for sending our naval forces to work on counterpiracy off of Mogadishu; boo, China, for showing the capability to deploy naval forces long-distance. Space, it's a global common; China launching a hundred satellites, that shows you are a threat. Cyber, we are going to build up a Cyber Command and demonstrate the capability (to ?) carry out offensive operations; other nations do the same – (gasps) – that is a threat.

We have to decide how we view other people's entry into the global commons because we're saying, oh, it's OK in one level, and then at the – and in other mission sets, we decide that's a direct threat. Another way of putting it is, how we interpret our mission sets is in contradiction right now.

MR. MURDOCK: John.

MR. NAGL: I'd like to start where Peter just left off because I do think that the essence of the question is threats, the threats we face, our track record of predicting threats well and the costs of getting threats wrong. And I think that we have demonstrated a remarkably bad track record in figuring out what the next threat is going

to be and we have paid a remarkably high price repeatedly through our history for getting it wrong.

And so I think we have to decide, as a nation, how much risk we're willing to accept in this arena, and whether this is the right place to save, frankly, relatively small sums in the short term in return for a much higher risk that is going to be paid not all in dollars.

We were unprepared – one of the – one of the threats we didn't see, one of the risks we got wrong, obviously, was the terrorist attacks of September 11<sup>th</sup>. We were also completely unprepared for postwar stability operations, counterinsurgency operations in both Iraq and Afghanistan.

And although I will agree with Gordon that the invasion of Iraq in 2003 was a strategic error, that toppling Saddam Hussein's regime was a strategic error – I thought it was going to be before we invaded; so did a number of other people – that didn't particularly matter, and there is no guarantee that we will not make strategic errors again. But I will disagree with him, if he said, as I understood him to, that the toppling the Taliban regime was a strategic error. I disagree; I think that any American government would have been compelled to topple the Taliban once they refused to hand over Osama bin Laden and al-Qaida.

That does not mean that I think regime change is a particularly good option. I think it is something we should avoid whenever possible. But I think that is it a capacity we need to have in reserve. And I do think that we may be able to put some of the capability to do that in the Guard and Reserve.

Instead, it is far better to prevent the need to topple regimes through security forces assistance, which is what I believe to be one of the primary missions of the ground forces for the future. Gordon believes that we can rely on special forces to do that; I will tell him that the special forces are currently engaged in a fairly unsustainable – long-term unsustainable pace of operations conducting almost exclusively counterterrorism operations, and security forces assistance is largely being done by general purpose forces, and there is a very large unmet request for forces to conduct security forces operations by – my recollection is – every one of the combatant commanders who see great value in preventing the need to do future regime change operations by investing in prevention operations now.

And I'm going to end with, I don't agree with Tom that we are underinvested right now; I think that there is a number of cuts that can be made. And I think Peter has pointed out some of the places where we cannot just assume more risk, but in fact can diminish our risk by cutting things like the nuclear stockpile; I think we should be at a global 1,000, not at a global 10,000. But there are other places where the risk we are talking about taking is – imposes a real danger to the people we're going to count on to pay for our choices in very hard currency.

MR. MURDOCK: Before I give Gordon an opportunity to respond, there are a couple of things (that were ?) said. Rudy, is there anything you want to say at this point?

MR. DELEON: Let Gordon respond, and then I'll –

MR. MURDOCK: Right. (Laughter.)

MR. : Create a – create a target – (inaudible, crosstalk).

MR. DELEON: I think – I think Gordon's asking a question that, from what I saw (in ?) panel number two – you know, panel number two wanted to be everywhere continuously. And so I think, you know, on one hand – actually, there's the other chart that's the better chart, which shows sort of the global economy as (it ?) exists today – air, sea, cyber. And so –

MR. : (Off mic) – chart, yeah.

MR. DELEON: Yeah. I don't think it's – I think there's a –

MR. : Two charts from now – (off mic).

MR. : (Off mic.)

MR. DELEON: Yeah, it's two charts. And so –

MR. : (Off mic) – down here.

MR. : It's the one with all the – yeah, the –

MR. DELEON: Yeah. So that's a – I mean, that's an interesting – but I was going to let Gordon talk, and then I was going to agree with him in some of the – (laughter).

MR. : Great.

MR. : All right, Gordon, let me –

MR. : Now, Rudy's just set you up. I would worry about that.

MR. ADAMS (?): Rudy just set me up, but let me say for starters that one of the areas where I very strongly agree with Rudy is, it is our instinct in this stovepipe that we exist in in this room to set aside as security issues virtually every point that Rudy made in his remarks, beginning of his remarks – that we face a plethora of security issues that fundamentally affect how we are going to survive in the future, most of which are not defense issues but are very susceptible to government activity, to leadership, to investment, and some of which have direct spinoff onto security issues as we more

narrowly define them – for example, energy investments, which plays a huge role in – you know, if CENTCOM still exists and still has a role, CENTCOM still exists and still has a role in large part because of our energy consumption. So dealing with energy consumption in more direct ways is a critical national security objective of the United States government.

So I want to say that, first, that I strongly agree with that. And it means something that Rudy alluded to, but we do not talk much about here, which is strengthening the – a convention – the nonmilitary, nonkinetic civilian elements of American statecraft – bracket, I do not mean creating a whole-of-government approach to regime change and stabilization; I mean literally strengthening our civilian capacity so you don't have to deal with whole-of-government interventions. I'm prepared to elaborate in more detail, but I don't want to exhaust the time.

Secondly, just a small corrective with something that John said, Iraq was a strategic error. Afghanistan was not a strategic error. Now, there are people who will disagree with me and do in other constituencies and stand considerably to my political left who think a law enforcement, nonkinetic response to the attacks of 9/11 would have made sense. And I'm prepared to say, I'll listen to that option and I'm not entirely persuaded. But I do think – something else that was said on this panel – that we dramatically overreacted to the attacks of 9/11 in terms of what we then did – and then, of course, committed our forces to a strategic error to boot.

What I think we have to keep in mind here, though, in terms of missions for the military, is what I call the problem of the United States as an independent variable. We tend to assume we are constantly in a reactive position in the world. We constantly assume that we fail to anticipate things, and I've heard this repeatedly today.

I want to at least lay out an alternative that after the Korean War, there's hardly been something that we didn't initiate. We may have suffered unintended consequences of initiating it for which we were not prepared, but regime change in Afghanistan – which I do not think was a strategic mistake – we initiated. We also executed it in an entirely different way from the way we executed Iraq, which is a critical difference when you're dealing with the problem of the United States as an independent variable. The way we do stuff and where we choose to do it using military force has consequences, some of them intended, some of them unintended, some of them blowback, one of which is insurgency, that we face insurgency when we carry out actions that are regime change, that are unpopular with some part of the population of the country where we carry that out.

Which leads me to my third comment, which is, I'm leery – I won't say I'm opposed to, but I'm leery of a concept of security assistance operations – call it building partner capacity, call it security force training, call it what you like – I'm leery of that as a largely military-driven exercise. The strengthening of security capacities in other countries may be a very important part of American strategy, but in my judgment, there are high downside risks of assuming that simply by strengthening security forces in a country, we guarantee ourselves the avoidance of some kind of intervention,

destabilization, fragile state correction, nay, even revolution, upheaval, political disaster in countries.

We've been to this movie before. It's not like we invented this thing out of whole cloth. Setting what we do with the security forces of another country – and I agree it's an important part of the mission – in the context of how we strengthen governance in fragile states, in states that are of security concern to us, is a strategy that's more likely to guarantee us the long-term stability of countries, though I don't want to overplay what we can do – problem of the United States as an independent variable, right? – but we don't do it that way. We have developed that program in the service of military missions, but not in the service of a coherent civilian strategy for engaging the issue of fragile states and global governance. When we engage it that way, the military is not necessarily in the lead, not necessarily the provider, not necessarily the policy decider, may play a role in some case in the implementation of security assistance. So I changed the frame on that because I think that's in our longer-term security interests.

MR. MURDOCK: Rudy, one last statement before I throw it open for questions?

MR. DELEON: No, I think we're getting pretty heavy here. (Laughter.)

MR. : (Inaudible.)

MR. : Sorry.

MR. : We're – we're starting to sound like, you know, the senior faculty at, you know, Princeton. So –

MR. MURDOCK: Frank (sp).

Q: Great panel, gents.

I want to pick up on something. Peter made a comment about clear frameworks, and I want to see if I can tease out some more clear frameworks with some specifics.

Tom was the only one who went to a sizing metric – congratulations Tom – (two on one ?) – although I thought the force was much smaller and thinner than I would have anticipated from you, given some of the other comments. And it only dealt with sizing; it didn't deal with shaping. And so I'd like to get John do a little bit – Dr. Nagl do a little bit on the shaping, at least in terms of the forces he emphasized, but maybe not necessarily the character of the opponent or the mission he – (inaudible).

So I'd like the panel, at least those who have the courage, to try to be specific – a little bit of a challenge. What kind of scenarios are you anticipating, specifically, by region and character of the enemy? So we have the fragile state versus the high-end asymmetric threat versus the conventional kind of a threat.

And two, services shares: John was courageous enough to suggest that two of the services – if you take the general public consensus that it's one-third, one-third, one-third, always has been one-third, one-third, one-third and always should be one-third, one-third – which, apparently, the chairman has repudiated in the last 24 hours – what should it be if it's not one-third, one-third, one-third?

MR. MURDOCK: Go ahead, Tom.

MR. DONNELLY: Frank, I left out some of the shaping comments that I had prepared just in the interest of time, so thanks for the question.

I would regard that sort of Middle East theater, if you will, the greater Middle East theater, as essentially – primarily a role for land forces and land-based air forces. I think it's really cool that we can fly carrier sorties over northern Afghanistan, and something that's good to do when you don't have any other access to it. But as a long-term recipe, it's really expensive. Conversely, Pacific theater looks pretty blue on my map, OK?

So we could begin by sort of disaggregating the kind of all-for-one jointness in the grand strategic sense. And I think it's worth running an excursion to figure out what we could squeeze out of the current strength and structure to be able to try to cover, particularly in that sort of covering force way, presence missions and things like that, things that we know we're going to have to do. I don't believe that that's really been done in a systematic way that I know of, so – but I think it's – if you're talking about ways that we can bring more effectiveness out of a smaller force, that's something to think about.

Second comment is, I'm not sure this is a good thing for the Marine Corps. Being the jack-of-all-trades when you're trying to be parsimonious is really hard, and particularly when you started to take apart your operational concept, you know, by killing the EFV. And if you kill the B version of the F-35, then why do we have these big – (inaudible) – amphibians and all of a sudden, you know, you're in Marine death spiral?

So again, things that probably require more analysis than anybody has done, but I – just be a good excursion to run. And those are my prejudices.

MR. MURDOCK: John.

MR. NAGL: I did a little of this in my talk, which I stand by. I think Andy Hone's (ph) global division of labor idea was discussed this morning. I think that there is some real merit to that, and I think that we're – as we step away from drawdown from Iraq and Afghanistan, that that is an idea we should look at. I agree with Tom that the ground forces, in particular the Army, mission focus, stabilization, security forces assistance, Navy, Air Force, on the high-end asymmetric, and the force sizing; I would hate at this point to give up an aircraft carrier battle group.

I do think that, if we're looking for efficiencies, that the Marine amphibs and jump jet capabilities may be a place where we're paying a lot for a capability that we may be able to do more inexpensively somewhere. And I think that if we get below 480 for the Army, 175 for the Marines, that we are – we are taking risks that I do not consider to be prudent, given the threat scenario I see.

MR. MURDOCK: Question right there?

MR. ADAMS: I had a view (on that one ?).

MR. MURDOCK: Huh?

MR. ADAMS: I said, I had a view (on that one ?).

MR. MURDOCK: I'm sorry. Before you open your question, Gordon has a view on what was just said. (Laughter.)

MR. : We're all surprised.

MR. ADAMS: And I see all of you. (Laughter.)

I just wanted to take this down in the sense that Frank (sp) asked the question because I think it's a useful way of framing it. If you – if you took sort of five areas of mission, setting aside this question of commons and COIN which I've already talked about, and you talked about what missions might look like, I think presence is clearly one; I think deterrence is clearly one; dealing with state fragility is one; dealing with humanitarian crises is one; terror is one; and cyber maybe is a sixth.

As force sizing, I think, as I've said, terror is relatively a small demand in force sizing. Cyber is largely not a military mission. Humanitarian is a residual capability that you have. We will choose and should choose selectively where we deal with fragile state issues – that deterrence, given the absence of an existential threat in any near-term horizon, is one that – and here I agree with John – should be driven largely out of the reserves and not out of an active duty combat capability. And presence is the mission that puts me largely in the camp of saying, I would go down least in the Navy.

So would I change service shares? Yes. I probably wouldn't boost the Air Force's share enormously. I probably would increase the Navy's share. This is all within the framework, we're doing a build-down. And I would seriously tackle Marines some along the lines that John was talking about, and the Army's size and capability.

And that has some historic reality with the United States. In none of those cases do I eliminate a capability entirely. And I think that's the bottom line I wanted to lay out, is we are, in all of those areas, still a globally superior capability, both in manpower terms, in training terms and in technology terms – we are still a global capability even with those variations.

MR. MURDOCK: Question, please? Sorry to interrupt you with another response.

Q: Yes – Bill Courtney, with the Computer Sciences Corporation.

In July, the Defense Business Board issued a report saying the private-sector best practices in successful downsizing efforts could be translated into actionable strategies. Specifically, substantial budget cuts, 5 (percent) to 15 percent, can be achieved without affecting future mission readiness if there is an intense focus on reducing overhead and infrastructure spending. Fifteen percent reduction would be perhaps twice as great the Defense Department is planning on now.

Some officials, though, have said that if cuts are greater than Defense Department's currently planning, that could be risky. Are those officials underestimating the potential of applying best business practices for downsizing in the Defense Department? Or do they think it's too hard to apply those? Or do they think the Defense Business Board estimate might be too optimistic?

MR. MURDOCK: Rudy.

MR. : Please.

MR. DELEON: So we – you know, the QDR commission and the Defense Business Board had some exchanges. (Laughter.) And after the fact – and, you know, they were highly critical because they're really driving the number down. They're looking at it as, again, you would look at GM. They look at military pensions the same way you would look at the pensions for the United Auto Workers, and I'm not sure that that's an accurate analogy, even though there is room for work in this space.

On the headquarters side was one of their focuses. And so their bold initiative was to get rid of, and with fair success, the Joint Forces Command out of Norfolk. A lot of their work used to be done by the old office of military support in the Army – DOMS.

So, you know, we've necked down Joint Forces Command. We put a lot of that staff into the joint staff and into the Pentagon. And at the same time, we've created an Africa Command, a Cyber Command and a Northern Command that all, consistent with military structure, consumes enormous personnel resources. And so, as you look at how you make sure you have capable forces to deploy, you can't have them all sitting in headquarters staffs.

So I think when they talk about the 5 (percent) to 15 percent, that is partly what they're talking about.

Now, we've done a tremendous thinning of the civilian side, particularly on the acquisition side. I think we found that the civilians that write O&M contracts when you

deploy a force overseas are very critical because you get a – you make a lot of mistakes when you don't have savvy people writing those contracts. And early in Iraq – and it took – it took quite a while to recover from this – the Army took the person from the Southern California Corps of Engineers water district, who might be lucky in managing a hundred million dollars in contracts, and put him in an environment where he was doing 2 ½ billion (dollars) in contracting a week.

So – you know, so I think the business board was asking the question, look at where you're putting all of your highly capable people.

MR. : Quick sentence on that?

MR. NAGL: With – with –

MR. MURDOCK: Yes, John?

MR. NAGL: With great respect for Arnold Punaro and the DBB, I think they sometimes confuse efficiency and effectiveness. And businesses can afford to – and have to be efficient. The Department of Defense has a – has a responsibility to be able to surge. So the people Rudy just talked about who write the expeditionary contracts are people who we may not need all the time, but when we need them, we really need them. And where we don't have that capacity resident, you can't expand it rapidly, and as a result you waste tens of billions to hundreds of billions of dollars in an overseas contingency operation. And so I don't think all of the same rules apply.

I think that there are some lessons that can be learned. I think that the department is behind in terms of adapting the information revolution. I think that the fact that it's – a government organization imposes additional rules on personnel and makes it harder to move people out and to make those efficiencies – but I do think that we run the risk of being an extraordinarily efficient DOD that loses its ability to be effective when we need to search for operations.

MR. MURDOCK: Peter.

MR. SINGER: (Inaudible) – three quick points.

The first is on – the notion that the DBB was pushing of a successful downsizing experience by the private sector really depends on where in the private sector you reside that is successful from shareholder value, maybe executive pay, but not what Rudy was saying in terms of jobs. The main strategy that was accomplished in downsizing and the American civilian economy was through outsourcing offshore.

What – point number one – we've attempted that same thing based largely on the recommendations of that panel within our system to the private military services sector, a different type of outsourcing. And – correct me if I'm wrong, and I wrote a book on it, so

please do try to – (laughter) – we didn't – we didn't get a lot of savings. Otherwise, we wouldn't be in this problem.

Point number two, that's not to say that there aren't other lessons that actually I would look to the American economy outside the beltway bandits for guidance from, particularly when it comes to the point of where much of our spending in the defense budget is really growing, and that's in personnel and benefits. And I would argue it's not just a matter of the personal benefits accounts sort of growing in scale, it is a mismatch from what the current generation of service men and women want and need. We have a model from General Motors of 1950 that the Google generation is receiving and, in my mind, until we correct that, I wouldn't count any service secretary or secretary of defense or chief of staff's tenure as a success unless they face that point forward.

Third point, I do believe the – we all have been to the Pentagon, and we all know that there's a lot of excess there, particularly – you know, I'm always continually stunned by the sort of unhappy looks of all the lieutenant colonels and colonels roaming around, you know, who have gone from serving in great leadership roles to being stuck in a tiny cubicle, producing memos that may not be read. And I would argue that one of the other ways to judge any kind of force structure cut – I'm in agreement with John and the others, maybe cut Army by slightly more, maybe let – but if we do not cut the staff within the Pentagon by a greater percentage than we cut those in the field, this will be a failure –

MR. : That's right.

MR. SINGER: – and that includes – I hate to say it – the sponsors of this conference. (Laughter.)

MR. : Oh!

MR. : Now you've gone too far. (Laughter.)

MR. : I mean – now you've gone way too far!

MR. SINGER: (Inaudible) – and the reason – the reason for that is strategy is not traditionally done by hundreds of people generating memos back and forth. Good strategy historically comes from something else – comes from the World War II model.

Q: (Off mic) – follow up with Pete on one – I just wanted to – Pete, would you clarify the question?

MR. MURDOCK (?): No, you can't, sir. (Chuckles.) Yes, of course, you can. (Laughter.)

MR. : Don't let these people – (inaudible) –

MR. : (Off mic) –

Q: Would you clarify the issue about a chief facing the issue of benefits and where would – you would go with that? Are you – are you suggesting that you align yourself with the Defense Business Board going to a 401(k) kind of a thing? Where does this go?

MR. SINGER: That – my point was I will not consider the success of any senior leader doing what – you know, we're all doing sort of the assessments of Gates right now and, in a couple years or whatever, we'll be doing the same assessments of civilian-side leaders and on – you know, we've got a wave of retirements. We apparently have a new assessment of Tommy Franks' tenure that I had never thought of. (Laughter.)

My point is we usually sort of judge them on, oh, so-and-so provided more MRAPs, success or not. I – going into it, I often think sort of, you know, at the start, it's good to judge them: What do I think they need to accomplish within their time – if we come out of these tenures with no change to our personnel and benefits model or, at the very least, no pilot programs within each service to figure out, what is the best model? Is the 401(k) model the best? Is it continuing service? Whatever it is, if we're not running pilot programs within the next year or two years, I'm – I'll be willing to say, I don't – I won't consider their tenure a full success even if they figure out how to slash 50 billion (dollars) from the budget and still accomplish X, Y and Z. I think it's become such an important issue that it needs to be one of these priorities on their set.

MR. MURDOCK: Right there.

Q: Thank you.

MR. MURDOCK: Steve.

Q: Steve Grumman (ph). I'd like to start and ask you to accept the predicate built off of Gordon Adams' view – I'm paraphrasing Gordon – let's skip the harkening back to the first panel; let's skip the denial, anger and negotiation phase; and come to grips with the fact that we are in a drawdown, and I'll put a number to it. If we have about a – if we have a plan right now that would put us at, I think – I think Todd – these are Todd's numbers – would settle us out at the end of the next – and at the end of this decade at \$600 billion – that's the plan – then, instead, we need to quickly come to grips with the fact that we are going to settle out at the end of the decade somewhere between 450 and 500 (billion dollars). I'm asking you to accept that as a predicate.

My question to you is this – if you – if you'll just play along – would you rather glide your way down there or would you rather divot your way to it? Because what the budget that right – the divot is what the budget control act would suggest: Let's divot down to 475 (billion dollars) and actually then kind of putter back at the rate of inflation. And the reason I think it's an interesting question is because many of you, and throughout the day, are folks that are talking in various forms of – about reforming and changing this system of defense that is embodied in, you know, in the \$600 billion budget and my

experience would suggest that if we glide down, we – we'll actually stay in the denial phase for a couple years, we'll be angry for a couple years, but we'll get there, and we'll be here again in 10 years talking about not quite having the right force and not really having a strategic concept at the end and, you know, the population understands.

And maybe – play along with me – maybe a little divot would help us grab some of these reforms of necessity, right? It's that crisis – that little self-imposed crisis. Maybe this is too hypothetical; but is there any interest in saying, yeah, we're going to have to take a little crisis here in order to achieve the fairly radical changes that maybe 10 years from now when we got a \$500 billion budget we'd be happy with?

MR. : That make any – (off mic) –

MR. ADAMS: Hey –

MR. MURDOCK: Gordon, I'll let Rudy start this.

MR. ADAMS: Oh, yeah, Rudy, OK.

MR. DE LEON: So as soon as you know where you're going, the faster you know how you're going to get there or the better off you are. And then, what is the mechanism that keeps you honest against those numbers? Because that system that keeps you honest is what forces trade-offs.

So, for example, Bill Perry – so the base force, 1990. That sort of gave you the trajectory for the downsizing of the U.S. Army in Europe. And there was an aircraft review that's still controversial and been all the way to the Supreme Court and didn't – in one case, but that was pretty well-bounded, and then comes the bottom-up review in '93, and by then, the real focus is on deficit reduction. How are we really going to get – cut the deficit and unleash the private sector? Do you give the private sector confidence that they can really start investing in this information technology? So the pathway was well known and then, from that point forward, you were – you were figuring out the smartest way to do it each year.

But, as with any budget, it was personnel-driven. You were reducing civilian and military personnel, principally the ground forces, and then you were doing it quickly than I think the Army thought. But also, the budget caps and the fact that, as we got closer to a balanced budget, after '95, there was a discretionary cap on defense and there was a discretionary cap on nondefense. And so that really meant that every dollar you'd spend in one place, you wouldn't spend in another except for Bosnia and Kosovo where you decided that would be off budget, and the most that we would spend would be a supplemental of a billion and a half (dollars) and you'd add 300 million (dollars) because of the boll weevil infestation in Alabama – (laughter) – and so – but this – this would go on back – but there was the huge – should it be offset? – and – but it was the – every dollar counted.

And so you needed to close the bases, you needed to get to your optimum personnel numbers as quickly as possible, and then the one piece that will be open for a long time is, OK, we're not going to continue the current generation of aircraft; we're going to put the money into F-22 and F-35 or DDG-1000 and, you know, you got – we got into the procurement of the great program is over the horizon, and it's going to be better than buying more of the same, but we – you know, we're still trying to get to that point.

But forcing trade-offs, because that was the world of Bill Perry and then Bill Cohen perfected it, but he said that, if we're going to mobilize troops and send them to Bosnia and Kosovo, that's not going to come out of regular O&M; you got to do that in some kind of supplemental process.

MR. MURDOCK: John had a word and then Gordon.

MR. NAGL: So just quickly: Making big cuts rapidly is going to have to come out of personnel. You – with the – you can't cancel weapon systems and think you're going to save a whole lot of money if you've already signed contracts for them; they have – the companies are going to get a substantial cancellation fee. And it's a really, really tough time to make substantial cuts in ground forces personnel, which is the only place you're going to be able to make serious cuts in personnel, given that we're still fighting two wars.

So I do not see – I agree with Rudy that the sooner you know what the glide path is going to be, then the easier it is to do it, but it's very difficult to make big cuts right now.

MR. ADAMS: So, in that case, you can't count on cutting the billet to save your money. You're going to have to figure out how you get a better cost structure for each billet that you have, meaning that your cost(s) of your forces are high and so you're going to have to figure out what does the Google generation want, both for those that only – the 80 percent that serve one tour and are out there in combat continuously versus the cadre that you need that will stay 20 years or longer?

MR. MURDOCK: Gordon and then Tom.

MR. ADAMS: I'm tempted to say, Steve, define a divot. I think Rudy, I think, quite nicely summarized what I would call the best managed builddown in American post-Second World War military history, which was a build down that started with base force; it started in the Bush – George Herbert Walker Bush administration; it was picked up by and continued by the Clinton administration.

But, as Colin Powell will tell you, the number in the active duty force went down 500,000 people before Bill Clinton ever stepped into the office. The budget had gone down 25 percent in constant dollars during the four-year period that he was in charge of the stewardship of that and that real softie Dick Cheney was implementing the process at

the Department of Defense, and that process continued. You could call it a glider, you could call it a divot, but what it did was in fact force increasingly, because of the discipline of the caps, a choice – choices that had to be made.

And while there were a lot of issues raised in the political turmoil over that about readiness and about overstress of the force, I think a lot of the Army would look back on the halcyon days of the 1990s and force stress, in terms of what in Iraq, and say, my God, we had never had it so good. But nonetheless, every single step of the way, trade-offs had to be made, choices had to be made.

We got two really first-class BRAC rounds out of that process because they had to be made and the discipline, whether it's a divot or a serious, sustained downslope, as long as it's serious, forces that kind of discipline. Now the transformationist will argue that we didn't get the military in 2000 that we should have gotten. We actually got a lot of transformation through those years because some of that was very cost-effective, and the force that we did use in Iraq used a lot of transformational capabilities in carrying out the invasion of Iraq, one which I think was a strategic mistake, but nonetheless an interesting military exercise.

And discipline was enforced, and I thought the result of that discipline was some very good management and priority-setting that happened in the Department of Defense: The total active duty component decline was 700,000 people off of a base of 2.1 (million); the total civil service decline was 300,000 people off a base of a million; and the budget resources overall went down 36 percent from 85 to 98; and procurement went down 50 percent.

And they're right. Procurement is often reached for – in the dollars, but the typical experience of a build down is force comes down and procurement both come down, and you start to get from sustained discipline the squeeze on the overhead that is a hard piece to do. I think the hardest piece to do is the pay-benefits piece that we were talking about earlier just because the politics of that are so lethal.

You know, I'm the guy that sat in 250 in the Old Executive Office Building and took the hits every year when there was anything that had to do with personnel from the retirements (sic) groups, the organizations that were defending those benefits. I have the spears – scars to show it, if you want to see. That's a very, very hard to-do, but I think we're in a period where it now looks like some of that creeps onto the table. Since I believe this discipline to be sustained over the next 10 years, bar black swans, I think you will have imposed that kind of discipline in the process and better choice-making, if not optimal choice-making in what the building decides to do.

MR. MURDOCK: Tom?

MR. DONNELLY: Yeah, very quickly.

MR. : Actually two things –

MR. : We all say that and never do it.

MR. : Don't – OK, well – OK, so.

MR. DONNELLY: It strikes me that the – yeah – I'd like to begin my clock now.  
(Laughter.)

MR. : (Don ?) – over.

MR. : OK – (off mic).

MR. DONNELLY: Gordon and Rudy have both talked about budgetary discipline, and the premise that not only Gordon but, say, Chris Preble advanced that – is that budgetary discipline inevitably needs to – leads to strategic discipline or restraint. That certainly has not happened heretofore; so the question is what – under what – you know, why do we believe that will be the case going forward?

Because the strategic aspiration of the country and certainly the – you know, the people in uniform have been the guys who've felt this has not changed really appreciably; if anything, it's grown. The appetite has grown with the eating.

So the premise – you know, what's the measure of – (chuckles) – you know, evaluating a divot versus a glide path here? Do you – do you want to take a divot out of the international system or do you think that the international system can go on a – you know, can decline gracefully? I don't know the answer to that, but that's the question that I want the answer to.

My final statement is – (chuckles) – and an appropriate one: I have the Tommy Franks money quote. (Laughter.) I don't want to disrupt the proceedings, and I'm willing to do it off the record later – (laughter) – if needed.

MR. : I mean, I have to say, as somebody who lived through the same period that many of my compatriots did – Rudy and Gordon in particular – the year Gordon described the defense drawdown of the late 1980s, early 1990s as the best management – (laughter) – defense drawdown is to me an amusing retrospective estimate because I still recall – you know, the word then was “defense budget free fall,” and we were in a free fall at that time and people weren't managing it. This was the time in late '91.

People remember – base force was announced and it was suspended because of the Iraqi invasion of Kuwait, and then “divot” doesn't get to the – to the how rapidly we came down after that one was done where the Defense Department, under Cheney and Powell, just lopped 50 billion (dollars) off the topline, no strategic justification whatsoever. Managed – best managed – it's a relative concept – (laughter) –

MR. ADAMS: I –

MR. : – (inaudible) –

MR. ADAMS: – made a distinction between “best managed” and “well managed.” (Laughter.)

MR. : Well, that – now, that’s true. “Best managed” and “well managed,” that’s true.

MR. ADAMS: “Best managed” is a comparative statement –

MR. : But –

MR. ADAMS: – deliberately a comparative statement.

MR. : That’s right. (Inaudible) – “better managed” versus “well managed.”

MR. ADAMS: Think of – (inaudible) – “managed” in Vietnam and “better managed” in Korea.

MR. : I take that under advisement.

Question right here.

Q: Randy Page, I’m a lieutenant colonel who’s on a fellowship to the Atlantic Council. So I’m one of those lieutenant colonels you mentioned earlier. (Laughter.) It’s a parochial –

MR. SINGER (?): I want to see your memo. (Laughter.) It’s got red all over.

Q: – It’s got red all over ’em. I’m still working on it. (Laughter.) Homework tonight.

It’s a parochial question, but I think it has strategic implications, and I was concerned – as a Marine, we’re always concerned about our survival; we’re always kind of an easy target because we’re small. But I think the Marine Corps provides a service, you know, coming from the sea, and I’m concerned about comments about reducing the amphib shipping, you know, comments about the EFV and such, but it’s also broader access.

We can have, you know, carriers; we can have unmanned systems; we can do well in cyber. But I think it’s a faulty assumption to assume that we can get access to areas of concern or conflict, and I think we have – in my short career – we’ve kind of retrograded in terms of our capability and capacity to get the forces from where they are into an area. And I think we’re moving – we’re continuing to go in a declining direction, and I haven’t heard any of the panelists kind of talk about that.

I mean, it's a function of global commons; I understand that. But, again, sailing around the global commons, flying around them. If I can't put boots on the ground or capability where I need it, I mean, then, you know, really are you going to be able to accomplish the mission? So I would just ask any of the panelists to comment on that.

MR. MURDOCK: Tom.

MR. DONNELLY: I want to make it clear that I was not advocating any – I never advocate any force cuts. I think the only programs –

MR. : (Off mic.)

MR. DONNELLY: – well, I'm glad we're – that the – (inaudible) – is coming to an end, and there are a few that, you know – I – there are a few things that – but I'm just saying, A, that the overall concept of the corps is already, you know, it's like a stool that, if you take – keep taking legs out from – and things like the EFV or, you know, the amphib tractor-type things are also combat vehicles. And, sure, nobody wants to ride from Kuwait to Baghdad in that Triple-AV again probably, and having a 25-millimeter cannon would have been a useful thing to have. But, again, it's a – it's a – it's a whole concept with the amphib, with the rapid transit ashore. You're right. So if you're going to pull these stools out, at what point does the whole thing tip over? And particularly if you're talking about taking away a jump jet, why do I need that carrier?

Conversely, they have their upsides too. You know, an amphib with a – you know, even a low-end 5<sup>th</sup>-generation fighter can do things our current big-deck carrier with F-18s can't do. So I'm just saying, let's know what we're getting into before we just sort of do salami slices that really upset the whole apple cart – to mix my metaphors here.

MR. MURDOCK: Peter?

MR. SINGER: Three quick points, the first on the fellowship part. We're all think-tankers so we're definitely going to read whatever you write. (Laughter.) My point was you're actually in a much better place than a cubical somewhere in the bowels of the building issuing memos that we can guarantee a lot of people wouldn't read. That's my – so I don't actually put fellowships within – when we're talking about the personnel cuts.

My fear is there is current senators –

MR. : Or study money for thinks tanks, for sure. (Laughter.)

MR. SINGER: Yeah, exactly. My fear is there is certain senators who really, really dislike one think tank in particular that may result – that's an inside baseball discussion – OK. To your actual question, when we get to the point where we believe the cutting of a single acquisition program will threaten the survival of a service, which is

how we've framed these things frequently, it's a graphic illustration that our thinking is off. That it is the melding of service identity with a piece of technology is just the wrong way to go about it.

It's even more dangerous when it's a piece of technology that is not good nor needed, i.e., a system that's the size of city bus will – that is not protected against anything greater than light machine gun fire is not going to fare well in the littoral-urban battlefield that I do believe the Marines might go into, regardless of counterinsurgency or on – even on just simply an embassy evacuation plan. So I'm actually glad they cut the EFV.

But the point is, when we had this sort of dialogue and discourse – oh, if you cut this, it means the end of the Marine Corps – it shows how far we've gone off the track in our thinking. It's also a little bit dangerous, I think, for the Marine Corps itself which, you know, used to be the force that could maximize what it did regardless of the technology. Now it's become – and often in the sort of public discourse – continues sort of clinging onto the most exotic technology. I actually think that's contrary to the Marine Corps heritage than anything else.

Second, the Marine Corps heritage and the Marine Corps mission in the future – I'm going to say some – a heresy here – is not an amphibious one, it is an expeditionary one. And there is a difference between the two. And so to me the unique value set that the Marine Corps brings to the nation, and we need to make sure that is enabled, is not solely looking through it through amphibious lens, it's the ability of a 911 force that brings its capabilities organic to it. That's what makes a difference in special operations or airborne or regular ground forces.

And so constantly kind of focusing on single weapon systems or keeping a concept that is amphibious only – and again, we can talk all we want but if the Marine Corps concept doesn't match up to the Navy shipbuilding concept, which is where we are right now, all of this is irrelevant. So in my mind the real key for Marine Corps survival and thinking about it how do you maintain that expeditionary excellence?

MR. MURDOCK (?): It's also true that it helps to have a very good congressional liaison office – (laughter) – because the Marine Corps is the only service whose force structure is legislated by law. Now, while we've heard previously that Congress can always undo what it did, they haven't come close to doing that. (Laughter.) Rudy, did you have a point to make?

MR. DELEON: Just two quick points. One of the few changes between the base force and the bottom-up review was that the bottom-up review plus-ed up Marine Corps force structure. Second, to echo, a service should never see its identity through the lens of one particular program. The campaign of 1980 – the lightning rod issue was the cancellation of the B1 bomber – and why are you starting up this cargo plane called the C-17?

Now, 31 years later one of those programs, you know, was a game change in terms of logistics and mobility and the other, you know, has been sort of to the composite bases of the Midwest. So, you know, you can – you never want to see your identity through the lens of one particular system. And we're going to always prefer that we get you to shore some way other than landing at Omaha Beach because – or Iwo Jima – because we value what you're going to do on the ground more than – we want – we want a better way to get you ashore.

Q: I would agree, sir. But the problem the Marine Corps has right now is this system, you know, that we're using currently, the AAV, you know, it's a 60 – I mean, it was probably developed – it was developed in World War II, essentially. And, you know, we have a system that we are using today in battle from then. And it's a lot worse than what was being developed. I don't disagree with linking ourself to a particular system.

And, you know, if anyone is interested, you know, we do allow public announcements in the Marine Corps, so – (laughter) – I would commend you read or comment on the letter to Secretary Panetta. He sent them a personal letter and it talks about expeditionary. So I think you're right in that.

And I would just throw one more plug – (laughter) – Marine Corps only consumes –

MR. : Good public affairs office, too. (Laughter.)

Q: Well, like he said, sir, 7.8 percent of the budget, so when you look at cutting numbers from the Marine Corps, what does it get you, you know for the cost? So – (inaudible, cross talk) –

MR. : And I think most the Marine Corps and Camp Pendleton are safe, so – (laughter).

MR. MURDOCK: Pat (ph), I'm going to let you have the last question.

Q: Thanks, Clark. And thank you and thanks to CSIS for this. This has been a great day; I mean, a lot of interesting work, and thank this panel particularly. It strikes me that some significant fraction of the force structure is going to have to be versatile. It's not going to be able to – we're not going to have optimized and so – and that has implications for hardware, for major platforms. I mean, one can think of qualities of a platform that lend themselves to versatility – reconfigurable volume, RF bandwidth, switchable electrical power.

But it strikes me that the tougher thing might be making sure that the people are versatile. And that means that you can't have a service or a major community within a service that has one mission as the real deal and everything else is just, you know, CS – you – because you're going to have to have people organized in units that can, you know,

stay at the cutting edge and keep – you know, keep the morale high, when they're doing two or three different things. It's not just the one big thing and everything else is – (inaudible).

And the second problem is we're going to have to be sure that the – or we got to figure out a way that the services can train to be versatile rather than train to be 100 percent. We're going to – we're going to have – it's not a matter so much of the kids you're training as the trainers, who are going to be a bunch of people who spent 20 years going out to Fort Irwin, refighting '73s – (inaudible) – until they get it 100 percent.

Well, I don't – I don't doubt that when you switch from doing main force action to doing either COIN or CT that, you know, yeah, you lose your edge when you're doing – when you're doing one, you lose your edge for the other. So you're only going to be at 75 percent of max for any one of the two or three missions you got to be ready for. And I don't – my impression as an outsider – never been there but had my nose up against the glass for a while – my impression is that the system isn't set up to do that.

The system is trained to bring them to an incredibly sharp peak of performance for one big thing. And we're going to have – and I'm not sure that the institutions are able to – are set up that they can train to be versatile.

MR. MURDOCK: OK. We'll start with John. You can answer that question and make a final, very brief, comment, and then down the line.

MR. NAGL: I'll just answer that question and in-building on the CSIS, CNAS long-standing friendship and partnership. Maren Leed here at CSIS and Brian Burton and I at CNAS last year both published reports on just this question – on what kind of officers do we need in the 21<sup>st</sup> century?

And we came to very much the same answer, that in an uncertain world in which we're – we needed to be capable along the entire spectrum of conflicts, that although we could specialize some forces for the high end and some forces for the low end, what we most needed was units that had the ability in fairly short order to maximize their capability in whatever it was the nation needed at that time. And to do that we needed to create adaptive, flexible officers with very broad patterns of thought and the ability to transfer lessons from a number of different endeavors to the military task they faced.

And we recommended – both Maren and my report recommended things like fellowships, like civilian education, some of the things that we've seen in the most successful commanders in our current wars who had to adapt from a system that was designed to produce things that could do one particular task to a much broader array of tasks while retaining that lethal capability.

And so I think those investments in the mental agility and flexibility of our people is the single most important investment we need to make as we enter what, I agree with Gordon – is – Clark – is going to be an era of budget downsizing. We've got to hold on

to the investments, like the one in our Marine Colonel here, that are going to keep them mentally agile and flexible. And that, unfortunately, is going to be one of the easiest things to cut even though it costs even less money than the Marine Corps does.

(Laughter.)

MR. MURDOCK: Gordon?

MR. ADAMS: On this particular issue, my feeling is kind of what he said – that is to say, yes, obviously, we need that. I wanted to close at least first by citing two of what I think are the more revealing statements that have been made by military officers in the last nine months – one of which was Admiral Mullen and one of which was General Corelli.

The one I'm going to refer to from Admiral Mullen was not: debt is our most important national security issue. It's not that one. It's the one he said on January 6<sup>th</sup> when he said the budget has doubled over the past 10 years and we've lost our capacity to make hard choices, set priorities and do tradeoffs. Now, that is a highly revealing comment about the impact – we can talk about whether you do, you know, divots or slopes; the result of doing ramps is that you lose the capacity to do that kind of choice making. And that's what Admiral Mullen was saying.

The other was General Corelli who was asked in the vice chair hearings that were held in July for the House Armed Services Committee by an otherwise unsuspecting member of the House who said: What are we going to do to get back to the readiness levels that we were at in 2001? We got to get back to peak readiness levels; we're wearing the force down. And General Corelli quite honestly, speaking of honest debates, said: I don't want to go back to the readiness level I was at in 2001. After the last 10 years I got a – I got a force that's on-point – sharp point of the spear, highly versatile, very experienced, much better than – I don't want to go back to 2001.

So if we could dissuade ourselves of the sense that more money answers the problems and could dissuade ourselves of the notion that the consequence of these two wars – one of which may not have been a strategic error and the other one was – that we have ruined the force in doing them, let alone not equipped the force in the process of doing them – I made reference to the report we're doing in a couple weeks that says we have equipped the force mighty well in the last 10 years – we could get rid of some of the dishonest mythology about what's happened.

MR. DONNELLY: Yeah. I would agree with what John and Gordon both said. Actually, I think this force has proved to be at – remarkably adaptable to completely unforeseen circumstances – 9/11 to today. And you don't have to look farther than Ray Odierno, who was the rootin'-tootin' 4<sup>th</sup> ID commander – (chuckles) – at least that was the cartoon of him – is now exactly the poster child for the opposite.

So, you know, to the degree that that measures anything real, but it was the product of investments that came before – things that now look to us like overhead, like

professional military education and time with your fellowships and stuff like that – time to train. You know, Pat, you obviously haven't been to Fort Irwin for a while – (chuckles) – but the charge of the regiment hasn't happened in 10 years – alas, it was a magnificent sight. (Laughter.)

So, you know, I just really have a hard time following all the people who say that there's – that we don't get what we pay for. You know, there are problems in the system but – and there's a lot that we don't understand about how the system produces what it produces, but what comes out at the – what comes out at the tailpipe at the end, I'm pretty satisfied with. So before I start, you know, changing the gears or changing the engine or changing the exhaust system, I want to know what I'm getting into.

MR. MURDOCK: Peter?

MR. SINGER: I wanted to answer that question directly and then a broad point. And the question direction – there is this sort of assumption that comes out of it that given the nature of the problem set, the world that we face and declining budgets, then therefore we need every system to be multifunction. The problem is this notion of one-size-fits-all is incredibly appealing. It's particularly appealing within acquisition processes. It's actually what we're discussing for the next generation of unmanned aerial systems that John was advocating earlier – and I'm really psyched by that.

But the NQX (ph) program is the illustration of this. And the head of the NQX (ph) program has said that we want this to be the replacement for both the Predators – Reaper class – but a whole host of other systems. It is going to have the speed and characteristics of a fighter jet but also be able to carry out the attack capacities of a Reaper and an A-10 and, oh by the way, it will do ISR like a Global Hawk, and by the way it will be able to carry cargo. (Laughter.) He describes it will be like a truck. Now

–

MR. : Does it have a bottle opener too?

MR. : Yeah, where's the – (inaudible, cross talk) –

MR. SINGER: What we're – what happens, whether you're talking this future scenario of the NQX (ph) or we can find other examples of programs that try to have it all – ahem, F-35 – (laughter) – instead of getting something that meets everyone's needs you get something that is over-engineered, over-schedule and over-priced that meets no one's needs. Instead of getting something that has the speed and characteristics of a sports car, the carrying capacity of a station wagon and also, by the way, a pickup truck back, you don't get that. What you get is a Pontiac Aztek. (Laughter.) And I can go across pretty much every single service, to the prior question, often their signature programs, and say: Pontiac Aztek, Pontiac Aztek, Pontiac Aztek – whether it's at land, sea or in the air. And so we have to avoid that.

The way out of it, actually, is – to bridge something that Rudy said with what John brought up which I couldn't agree more – it's actually innovation on the mental side. It's not trying to do one-size-fits-all in your acquisition; it's actually having people who are innovative and adaptive. So, yeah, the B1 was a problematic system. But we figured out how to use the B1 for close air support. And that was because of innovation.

And the ending note that I would say is that in thinking about this need of sort of a future force of people who are adaptive, versatile innovators, we usually frame it as a back and forth between that and the old guard. The problem I think is looming is, instead, who they're going to be against isn't the old guard as much as the penny pinchers – that is, we have a system looming that is going to reward those who are basically budget cutters in selection and promotion, whether it's on the military or the civilian side. And that's one skill set that ain't adaptive to all the others.

MR. MURDOCK: Rudy?

MR. DELEON: So, Pat, you reminded me what I learned all those years testifying before Congress, which was to understand the difference between a question and a speech. (Laughter.) And I'm still not sure whether there was a question there. In terms of the people, from the Army and the Marine Corps, there is a generation of field-grade officers that are among the most innovative, adaptive, pragmatic and capable that the country has ever produced. And in the post-Iraq, -Afghanistan, how do we use all of those capabilities and make sure that those are the first promoted? So I think that's one.

Second, do we learn from what we're doing? This is, you know, we came up with a lot of measures on readiness and things like that. Do we keep learning and do we keep adapting? That's been the American strength and I think that is still critical. I think that there is now a consensus formed around an idea that originally came from, I think, a report that John Hamre and Clark Murdock did, and that's whether the chiefs of the services should be involved in the acquisition chain. And I think that consensus has been realized, whether – taking them out of the chain may have been the right thing in 1986, but putting them back in is the right thing in 2011.

MR. MURDOCK: I want to have you join me in thanking the panel for a stimulating conclusion. (Applause.)

(END)