

THE CENTER FOR NATIONAL POLICY

“THE BEST DEFENSE: PROTECTING AMERICA IN AN AGE OF AUSTERITY”

FEATURED SPEAKER:

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SCOTT BATES: Well, thank you very much for coming here today. And on behalf of our chairman, Peter Kovler, here and Lester Hyman on our board, thank you for your support. I'm Scott Bates. I'm president here at the Center for National Policy.

How can we best provide the best defense for America in the 21st century? That's the core question. And for the last many years, those of us in think tanks and in the defense community have been talking about this in great earnest. But the attacks of September 11th and the Iraq war in many ways postponed this day of discussion or this day of reckoning about what is a sustainable national security structure for the United States in the 21st century.

It was not until the death of bin Laden and our pullout from Iraq and the de-fanging of al Qaeda to a great degree that we're able to have this kind of discussion. But we're in an atmosphere of constrained resources and a fractured political process.

And former CNP Chairman Leon Panetta, now Secretary of Defense Leon Panetta, took on this challenge of figuring out what is the best way to build America's sustainable defense structure. And just days ago, the result of his work became apparent and President Obama went to the Pentagon along with Chairman Dempsey and talked about what the new review might mean for America's defenses.

The scope of their work is sweeping. And in the words of President Obama, the strategic review is intended to, quote, "Guide our defense priorities in spending over the coming decade." And all of you that are in the industry know that it's not just a decade this will impact. It will be longer than that. And so this discussion has begun.

The Panetta proposal, while the first word may not necessarily be the last, and at stake are hundreds of billions of dollars, the direction of geopolitical strategy on a global scale, tens of thousands of jobs, and the ultimate issue of providing the right kind of national security to prevent war, to build peace, and always to prevail in action when forced.

So to help us discuss this important moment in American history, we're joined by three leading defense thinkers. Heather Hurlburt, over here on the wing, served as former special assistant to President Clinton and was on the State Department policy planning staff. For the past several years, she's been executive director of the National Security Network and appears frequently as a commentator on TV and radio. And was just minutes ago briefing over on the U.S. Senate side. So thank you for being with us, Heather.

Spencer Ackerman, to my right, is senior writer at "Wire.com" and a national security reporter and blogger. Spencer began his career at the New Republic and currently writes for "Wire" magazine's national security section, which is called "Danger

Room.” And I know many of you are daily visitors to “Danger Room.” And we’re very glad to have you, Spencer. And my intelligence sources tell me that, if you dig deep enough, you can see a picture of Spencer at Guantanamo Bay surfing. So he’s a very interesting guy, and has also been in Iraq and Afghanistan. And essentially, his professional career has been at the front lines of action in the 9/11 decade. We’re glad to have you here, Spencer.

And, next to me is Lawrence Korb. He is in fact a living legend in the defense community, maybe not elsewhere but at least that, right? (Laughter.) We can call Larry Korb captain for Mr. Korb served on active duty for four years as a naval flight officer and he retired with the rank of captain in the Naval Reserves. We can call him doctor professor, as the Germans would, as Mr. Korb received his Ph.D. in political science and taught at the Naval Academy, the U.S. Coast Guard Academy, and, most important of all, at my alma mater at the University of Dayton in Ohio. We can call him Mr. Secretary because Mr. Korb served as assistant secretary of defense in the first Reagan administration and was responsible for manpower, logistics, and installations. His appearances in the media, commentating on defense issues are too numerous to mention. His published work span decades and have appeared in every major defense journal that there is. Mr. Korb is currently a senior fellow at the Center for American Progress, a senior adviser for the Center for Defense Information, and adjunct professor at Georgetown University.

So thank you, all of you, for being with us, and for all of you for attending. I’d like for our panelists to share their insights and views and then I’m looking forward to opening it up for conversation with all of you.

So, Heather, how would you like to kick off today? And thank you.

HEATHER HURLBURT: Thanks, Scott. And thank you all so much for coming. There’s been, of course, an enormous amount of ink spilt on this topic over and over the last week but I think there are some sort of basic pieces of it that are a little bit obscure so I thought I’d use my allotted eight or nine minutes to talk quickly about how we got here and what are the key questions that the strategy review really opens up, because I think when we get five years out, we’ll see that this, Scott, as you alluded to, really opened up at least as many questions as it closed for the American defense and national security establishment.

And so the first point I would make about that, you alluded to my time in the White House. And the funny thing about that is I spent most of the last year of the Clinton administration working on a draft of a national security speech that was never given, that was supposed to kick off a period of significant reform in some of these same issue areas, in particular how to take a more – how to find a way of describing the two-war standard in a way that more accurately reflects the reality that even back as far as World War II the United States was able to win in one theater and hold in another but not to contemplate winning in the Pacific and invading Europe at the same time.

So these are issues – these issues that have been presented to us in the last week have been around a long time. The pivot to Asia – you know, people have been saying that the United States was about to pivot to Asia since about the time I got out of undergrad with a degree in Soviet studies, just to date myself a little bit.

So these – one of the really fascinating things about how this process was done is how it pulls together in a way that's at least somewhat publicly comprehensible, debates that have been going on outside but mostly inside the security establishment inside the Pentagon in some cases for decades. And I'll touch on a couple, and I know Spencer will touch on a couple as well.

The second thing that I would note is the astonishing for Washington smoothness and lack of bureaucratic leaking that took place around this whole process. And this I sort of think of as the dog that didn't bark. And it's really quite remarkable if you think about the Pentagon in particular as having both one of the best formal media operations in Washington but also being deviled by some of the most accomplished lead groups in Washington who know exactly where to go and who to talk to. And that, in fact, you didn't have an extraordinary number of hostile leaks in advance of this thing being released is really fascinating and I think somewhat underreported development.

And, Scott, I would reverse a little bit the order of factors that you cited. We would not I think be sitting here today having this conversation were it not for the state of the economy and for the political conversation about the budget deficit. The death of Osama bin Laden, the withdrawal from Iraq, neither of those factors by themselves would have been enough to catalyze this kind of action out of the Pentagon.

What catalyzed it was the very clear understanding in the Pentagon, in industry that there were going to have to be changes as one senior commander said that the spigot was closing so there were going to have to be changes and it was going to be managed and that this process' smoothness is in many ways one of Secretary Gates' final gifts to the department which Secretary Panetta has really picked up and run with to have run a process which began last March that was very smooth and that occasioned so few leaks.

And I think five or 10 minutes out of the presentation at the Pentagon last week were devoted to telling reporters over and over how many different agencies and sub-agencies were consulted and how many rounds of consultation there were. And those kinds of ritual incantations were all a way of reminding that this process was really run in a quite astonishing manner and given all the stereotypes that are out there about Democrats and the military that have flourished over the last 30 years I think it's worth noting.

And it's also – it's interesting to contrast how there are a number of ideas that have come forth in this strategy fairly unremarked that are not dissimilar to what Don Rumsfeld was trying to do in 2001 before 9/11 which many of you will remember – occasion howls of protests, oceans of leaking and lots and lots of anger within the Pentagon. And two things have happened since then. One is 10 years have gone by.

Second is a number of the innovations that Rumsfeld was pushing for are now just being used and so they're less controversial, but also, as my grandmother liked to say, you catch more flies with oil than with vinegar. So that's a second point I would make about this.

So what are the new realities that we're going to be looking at? First of all, the reduced troop levels, which is the one sort of concrete operational change that we got out of the strategy. Again, an interesting and somewhat underreported consequence of this is not that the U.S. can't start another land war, can't have an invasion and occupation, but that you'll have to call up the Guard and Reserves from the beginning to do so. And what's interesting about this is all the people who over the years have suggested that the U.S. reinstate the draft to make a political point, this is about as close as you can get without actually doing that to create a system where you cannot undertake an Iraq style invasion and decade-long occupation without having to go out and ask the country to make sacrifices.

MR. BATES: And so, Heather, is this why the National Guard is now going to get a seat at the table with the Joint Chiefs?

MS. HURLBURT: Well, that's because Pat Leahy asked for it. But, yes, actually that is – it's a very – it's a real sort of motion back toward the idea that if you have an occupying Army, it's a citizen occupying Army, which we turned out to be in fact but not in idea this time. And it remains to be seen whether that has the political effect that its backers think that it will. Frankly, my guess is that the Pentagon thinks that it won't and I would tend to agree with them. But I note that.

Second – and Spencer has done really excellent reporting on this – is how we now have enshrined in strategy the heightened role of irregular and special ops forces so we're now looking at – we are just at the beginning of a debate and discussion about strategy, ethics, international impacts of these tools of war that were really – we're where we were with nuclear weapons in about 1946 in terms of not having thought or people outside of various small circle not having thought very much about doctrine, not having thought very much about ethics, not having thought very much about their effect on targeted populations, and not having thought very much about what the world looks like when everybody has them, which everybody will soon be as even Mexican drug cartels are now testing out their own drugs. So that is a savings right now that's going to dominate our thinking about the military in the future.

In parallel with that, since I mentioned 1946, there's been a quiet debate within the military about the role in place of nuclear weapons, which you would never know about if you didn't follow these issues pretty closely. But that a surprising number of very senior flag officers unless you happen to be responsible for submarines, ballistic missiles or nuclear bombers, have been saying we should be spending less money on nuclear weapons. They should have a smaller place in our strategy and they should take up less of our operational planning. Now, that was not – that's tentatively hinted at but not outwardly said in the strategy.

At the same time, as you have folks in Congress who have been trying to push additional funding for a new generation of development and potentially also testing of weapons and the weapons complex. So that's one where military thinking and civilian thinking are going in opposite directions. So expect lively and vigorous debate on that in the years ahead.

And the last point that I would raise to keep an eye is that this represents very gradual change, both because everything in the strategy is quite familiar to military thinkers who, as I said, have been arguing about it for a decade or more in many cases, and because the cuts envisioned amount to only about 8 percent of Pentagon budget. And, indeed, the Pentagon budget would start rising again by the end of the five-year period which, in comparison with past build-downs, which were more like 25, 35 percent is tiny and very manageable.

So, of course, the two questions are: number one, politically what's the response to that? You know, we have a leading presidential candidate who thinks we should be growing the Pentagon budget instead of shrinking it 8 percent. And, on the other hand, will – as you know, the sequester represents a more than 8 percent cut, what will the budget look like going forward? Is this enough that we aren't revisiting this discussion again in two years and then what does that look like? So in all those ways, this moment that we're in right now is going, in retrospect look like much more a beginning of a debate than an end of a debate. And, with that, I'll yield to Spencer.

MR. BATES: Thank you. And Spencer has written very interesting pieces about what this might mean within the military too because there might be some contradictions between what we're saying is military doctrine and what the shift in emphasis in budget line items might mean. So, Spencer, please.

SPENCER ACKERMAN: Thanks very much, Scott. Thanks to Peter. Thanks for CNP. And because my friend Heather ended on the budget, I thought I'd sort of start off talking about something that I can't really come to a stable conclusion about what I think about it but what I think might be a good way of sort of framing the question, which is just, you know, first – you know, you look at these really enormous numbers that we're looking at. And you wonder – I think this is probably the right way of viewing it. To what degree is cutting the budget along these lines politically feasible and to what degree isn't it?

So look at the number that's about to fall out of the defense budget according to the plan that was announced last week – the Pentagon calculates that as \$487 billion over 10 years. First of all, that's a really amazing sales pitch by the military because – you know, a lot of times when us and the press report this, what people tend to hear is the \$487 billion. They don't hear that over 10 years part. Over 10 years, if these cuts didn't go through, if nothing happened, the Pentagon is going to spend \$5 trillion.

So that's just kind of a baseline comparison for what we really are talking about in terms of what's actually going to fall out. So \$487 trillion – if you believe that that's the largest amount of money the Pentagon could conceivably get through a Congress that at least in the House is pretty inclined to spend really whatever on defense, then you might view some of what Secretary Panetta has done a certain way.

For instance, I remember before the Budget Control Act last year, the thing that introduces us to this concept called sequestration, which freaks out a lot of people in the Pentagon, there was this hearing in the House with all the service vice chiefs, the deputies essentially of all the different services in which all of them start talking about the number that the White House had put out, \$450 which now the Pentagon calculates as \$487 billion over 10 years, and they start kind of moving their hand, you know, can we really do this, I don't really know. No one really seemed so comfortable with it. And they started talking about the pains of austerity that were going to hit them and were going to hit all of the military national defense under this plan.

What ends up happening, and what Secretary Panetta does when he comes into office is he starts talking only about sequestration. He starts talking only about the prospect that an additional \$600 trillion over – \$600 billion over 10 years to maybe even \$1 trillion or so over 10 years. That is what at one point he very colorfully calls a goofy meat ax scenario and everything you start hearing him talk about is like focused like a laser beam on sequestration. Some on the left start freaking out because it seems to them a lot like Panetta is saying something that might conceivably become policy that when looked at over the grand sweep of build-downs that Larry helped preside over and a lot of people here have lived through and experienced, isn't really so great. But here's Panetta saying, no. Absolutely. This goofy meat ax scenario would leave us really vulnerable, who knows what could happen.

Something interesting happens there which is the service chiefs start freaking out over 450 billion over 10 years/ 487 billion over 10 years. And now they start thinking only about sequestration.

And when it comes time for them to agree to endorse and testify about the reduction that was announced last week, they're cool, not perhaps enthusiastic, but they can now live with 487 billion in cuts to come over the next 10 years. And so their shifts were what the political scientists call the (hovering ?) window, the conversation moves away to terms which have shifted.

On the other hand, if you do think that larger cuts are either possible or desirable, if you think that even one trillion like a coalition called – used its sustainable defense task force some defense doves come out with, we think one trillion over 10 years is really the right number responsible. We should do this because we have other national priorities and so forth. You know, it's a debate worth having. They're going to be really mad with Panetta because now Panetta has said again and again and again that can't happen. That's a really problematic situation and he's kind of blocked and tackled away from that.

At the same time, the idea that that scenario won't happen is predicated on the idea that Congress can come up with this omnibus defense – this omnibus budget deal which spreads the pain out and avoids the dreaded sequestration. I'm not a congressional reporter. I see very little indication that miraculously that can happen.

So the nightmare scenario that Panetta has painted as a way at least in theory of getting Congress to suddenly not go wondering and go along with all of these things might actually come to pass and then Panetta is going to be in a very unhappy position of having argued that this thing is going to be a disaster and now he's got to implement it.

One of the things that we couldn't get answered in the press corps last week when this document came out is this document predicated on the idea that cuts of \$1 trillion over 10 years can happen? In other words, if sequestration is a reality, does the Pentagon have to then go back and revise this thing or could it actually implement it of cuts greater than 600 billion over 10 years? I don't have an answer to that. It's not really been put forward in any kind of straightforward way. And what we'll see when I guess the beginning of February, when the actual budget gets released and then when all the hearings come through in Congress we'll get something of a sense of that.

To speak to one point Scott raised and Heather discussed as well, on some contradictions you come on as you read through this thing. I'll just name one of them because it's one that I think is going to be very debated in the Army going forward. If you look at – I brought a prop. If you look at this document, we've got something called primary missions of the U.S. armed forces delineated. There's 10 of these things.

And number nine is what the United States Army has had to do explicitly since 2007 and to some degree in reality mostly through the Iraq and Afghanistan war and that's fight a counterinsurgency operation. And what does it say about this? Its primary line is U.S. forces will no longer be sized to conduct large-scale prolonged stability operations. Now, after 10 years of ground war, that comes as something of a relief probably to a lot of people. But what this document does say is it commits the U.S. to be ready to conduct a limited counterinsurgency.

Now, advocates of counterinsurgency, opponents of counterinsurgency, critics, fair-weather friends, et cetera, et cetera, probably all agree on one thing which is that counterinsurgency is a manpower intensive, time intensive and resource intensive endeavor. I don't know what the limited counterinsurgency means. I don't know if that means you protect the population for a limited amount of time, if you have fewer presence patrols, if what you do is you spend most of your time training foreign allies so that they can hold territory after you cleared away from an insurgent force, I don't know.

And I'm not sure that the Army knows. And I'm not clear if when the Army has got to come up with its long-term plans for how we incorporate this guidance, if it really knows how to instantiate that and how to train for it, what the tactics, techniques and

procedures that weren't from Afghanistan and Iraq have to be ripped up on this sort of thing.

And that leads to I guess the last thing I would say from a strategy perspective, which is you're going to now have a lot of just counterinsurgency hardened, combat experienced, all coming home from Iraq and Afghanistan. And I want to look at kind of the officer corps of tomorrow.

If you're a field grade officer, if your formative experience over the last nearly 10 years now has been as a platoon leader, as a company commander fighting in Iraq and Afghanistan as a grueling phenomenon and doing more in your 20s and early 30s than most of us will do in our lives, now you're facing a life of at least the next several years in garrison, you know, back at home stations. In a scenario where the institutional prerogatives of your service look a lot less important to the national strategy than perhaps those of the Navy do, those of the Marine Corps do, those – especially those of the Air Force do.

I think there's an open question about whether the Army, even as it either decides it's going to go down or the Pentagon decides it's going to go down for about 100,000 troops fewer than it is today, there's a question I think about how you keep those officers with that experience, who have been proving to be adaptable, capable thinkers and leaders in the Army when their future looks, for lack of a better term, less exciting. And that's probably not the right term, but you're going to be doing things that are a lot more mundane certainly than you have previously. And I think this is going to be a real challenge for the Army. And with that I'll turn it over. Thank you.

MR. BATES: Thank you. One thing is clear I think and that's that the father of counterinsurgency, David Petraeus, will not be heard from on this topic, at least not publicly. Mr. Korb.

LAWRENCE KORB: Thank you very much. After listening to Heather and Spencer, there's not a great deal for me to say. So let me try and take it in a different direction by first of all making this point: no matter how much you spend on defense, you can't buy perfect security. And I think that's important because every time you caught at people talk about you're endangering it – and I don't mean to offend anybody but let me relate to something that happened to me in Israel last year when I was there. And I heard this story.

And, basically, it was about this elderly couple before they passed on from this life, wanted to visit the holy land. So they went over there. Unfortunately, the husband passed away while they were there. And the rabbi came to the widow and said, I'm really sorry for your loss. He said, where would you like to have him buried? And he said, you know, if you bury him here in Israel, it's about \$50. She said, how much will it cost to take him back home? He said, at least \$4,000 or \$5,000. She thought for a couple of seconds, she said, I'm going to take him home. The rabbi said, why – \$50, \$5,000.

She said, well, I heard that years ago there was a fellow buried here and after three days he rose again. I don't want to take a chance. (Laughter.)

And my point is no matter what you say, well, we don't know about this. We don't know about that. And, you know, in the document that Spencer was referring to, of course they had to say limited counterinsurgency because you don't want to send the wrong signal. I mean, these things go out. People read them.

I remember when I was in government we did a strategy, we didn't mention Latin America; oh, my goodness, you really got to talk about it. So I think it's important to keep that in mind.

Now, the next thing to – and I think Heather alluded to it a little bit, this isn't a big thing. This is much ado about nothing. Okay? Yes, it was budget to the point the defense budget just couldn't keep going up and up and up forever. I mean, it started going up in 1998 when the Republicans pushed Clinton and Clinton didn't want to be soft on defense so he started increasing it. The baseline budget has gone up 13 straight years. Is it going to up more? Of course not. And so if you didn't have a budget, you know, problem, I think – you know, you could bring it down.

Eisenhower, when he came in, you know, basically, he had the Solarium Project. Some of you may remember this, about the debate between containment and rollback, and decided on containment and basically cut the heck out of the defense budget. What did he cut? Cut the Army because he didn't want to go any more Koreas. Basically, he adopted a strategy of massive retaliation. And Spencer's right. It's going to frustrate people, but listen; I used to fly antisubmarine warfare. We don't do that anymore. I mean this is, you know, this is basically – you know, missions change and you're going to have to – you know, you're going to have to adapt to them.

So basically Nixon came in, okay, and cut the – you know – cut the military. It wasn't just budget. In fact, we had a balanced budget when Nixon came into office, the last year of Vietnam. We had a war surtax. You want to get people involved? You know, make them pay for the war. But Nixon had other priorities. Mark Shields doesn't call him the last liberal president for nothing. It was EPA, OSHA, and all of that kind of stuff was Richard Nixon, and he wanted to cut the money off from defense and given his credentials he was able – he was able to do it.

Now, when the military – oh, we can't fight two wars, you know, China and the Soviet Union, good, I'll take care of that. I'm going to China. What's your next question? Well, with the Soviet Union – we're going to have arms control agreements with the – with the Soviets. And then kind of got lost because of all the other things that happened. He goes to Guam and gives a speech on the Nixon doctrine. He says, hey fellows, and listen to me, all you other countries, you have problem? We'll send you money. We'll give you – we aren't sending American ground troops. You got to fight yourself, okay? And basically I think that that's, you know, part of the message that we're seeing now.

Now, people talk, you know, well, my goodness, this is a big cut – you listen to some of the so-called defense hawks talking about the end of the world. Okay, as Heather mentioned, it's 8 percent. In the second Reagan administration, we cut it 10 percent in real terms. This is 8 percent from your projected level, not where – where you are. And they're trying to explain – not all reporters are as – know as much about this as Spencer – call me up. But I said, look, if you make \$50,000 and I say in 10 years, I'm going to give you \$100,000, but then I come and I say, oh, we got budget problems, so I can only give you \$80,000, is that a 20 percent cut or did your budget go up? And I think that's the thing and Obama mentioned that. Hey, the budget's still going to go up. It's going to be larger than under Bush. And people forget that under Obama the budget did go up.

Let me tell you something, in 2008, when Bob Gates thought it would be his last year in the Pentagon, he put in the five-year plan, and he said, in 2012, we're going to be spending \$544. And he went through with the cuts and all this kind of stuff. You know what he asked for this last year – \$553, okay? So the budget was – was going up, and I think you want to keep that in mind. So compared to previous downturns, yes, we're out of Iraq. We're on our way out of Afghanistan. We may leave some troops. We've always cut the budget. You cut the Army 100,000; you're back to where you were on 9/11, okay? And we are not – hopefully in our lifetime do these things again.

If you read Peter Beinart's book about the Icarus Syndrome, somehow we tend to forget all these things and we can – oh, we can go in. We can reengineer Afghanistan. We can reengineer – you know – hey, we're powerful, but we're not that good, okay? And we don't have the ability to do what we think. You know, when Maliki was here in town, a group of us met with them. And that son of a gun is completely ungrateful for all of the sacrifices we made – all of them, okay? And you may remember when we were leaving the air base over there that their general says, the occupation's over. When in June 2009, when we left the cities and towns, go back to the bases, Maliki said, we've repelled the invaders.

Okay, this is what we – and it's not a question – you know, they said, oh, the military wasn't good. Clinton cut them. They marched to Baghdad in three weeks, okay? They got – they got al Qaeda out of Afghanistan. So when you talk about two wars – and Heather kind of alluded to it – in World War II, we basically fought in Europe. We told the Pacific, do the best you can until we get this over, and then we – we come over there. So I think in terms of – you know – this was not that big a thing.

We're pivoting toward Asia. We have never ignored Asia. There's still a carrier in Japan. There are Marines in Okinawa. When did we get away from it?

Now, we didn't pay attention because we were focused on (abilities ?), but we didn't do anything. Now, the problem you got with all this talk about it, you're getting the Chinese, oh, my goodness, they're getting aggressive. We need to – you know –

that's foolish, I mean in terms of the things you're doing. You're saying, well, I'm not going to – I'm going to give Asia priority or give it the same priority that – that's fine.

Now, you talk about weapons systems. Obama doesn't want to cut a carrier because you said we need that in the Pacific. Let me tell you something. Those carriers can't do a darn thing about the Chinese. They got all these anti-access weapons, which they can buy much less, you know, than we pay.

Now, let me conclude with this. We don't have a resource problem. We have a management problem in the Department of Defense. Go back and take a look, and even – if you saw John McCain's speech, on December 15th, on the floor, where he talked about all of the problems we have with every weapons system. Yes, we normally get maybe 20 and 30 percent over. Now, it's over 50 percent. You know, \$400 billion in cost – in cost overruns. You know, you got a fixed price contract on the tankers. They're already going over the fixed price. I mean, this – this type of thing. So you really need to – and let me conclude with this. I – the next president, if Obama gets reelected, or whoever it might be, if he asked me one thing to do, I'd say get yourself a strong deputy secretary of defense. David Packard. Okay, give me a break. David Packard and Paul Wolfowitz in the deputy's job. Okay. Charlie Duncan from Coca Cola worked for Harold Brown.

The Bush White House, the first Bush, when they thought it was going to be John Tower, he didn't get the job, then it was – (inaudible) – already picked the deputy, Don Atwood from General Motors. Okay. And that's really what you need to go in and shape that, shape that place up.

Final saying is yes, we're going to have to do something about military pay and benefits, okay? Yes, we're going to have to do it. And you can do it without breaking the promises that you make to people. Nobody ever said we'd never raise TRICARE premiums. That was not a promise. TRICARE for life doesn't exist to 2,000, so what about all the people who are already, you know, retired. Military pay is supposed to go up with the employment cost index. It's way over that. Even the Pentagon's own studies tell you that.

So I mean there are things that you can do if you want them, but, again, I think it's going to take strong management and people really making the case.

So my final thing is I tell those chiefs, okay, if you guys don't do something about the personnel, it's going to cost you, you know, in the other areas. That would get their attention. Thanks.

MR. BATES: The next time my mom complains about TRICARE, I'm going to put her on the phone with Larry Korb. (Laughter.) And you're going to have to explain her that.

Great. I had a chance to talk with our panelists beforehand, but I – we have a great crowd here today and we'd like to hear your thoughts and your questions. So raise your hand, and especially you in the back, who've been patient back there and just identify yourself and ask a question. A hundred and twenty bashful people, I don't believe it. Oh, good, here we are.

Q: Hi, Jeremy – excuse me, Jeremy Kadden, Congresswoman Shelley Berkley's office. Heather, you really got me thinking about this, the dog that didn't bark. I was wondering if you could – (inaudible) – a little bit more. I mean to what do you attribute the lack of links. Was it just that they all recognized this is coming anyway, so we should just get on board, or is it – is it just that they don't like it? I mean, why were they all fired?

MS. HURLBURT: Well, three things. First, actually, is the factor that Spencer laid out that the sequester very efficiently came along a provided a worse bogeyman, so that would be – that would be my point – point number one. Point number two is – and I'm going to say this respectfully and as a fan of your boss, but it's been clear in the for profit sector and even in the Pentagon for a couple of years that this was coming. And I say it's clearer in those places than it is clear on the Hill that it was coming. And you saw – and folks in the room can correct me on the timing of this – two and a half years ago, you had a big round of defense mergers and you had a big round of buyouts, at a moment where nobody, you know, would have – (inaudible) – defense isn't doing badly at all.

So it's been understood that this was coming for a while, and so there is a certain amount of relief that it wasn't worse. And third – and I really want to insist on this point because Gates and Panetta deserve joint credit for that and it's so counter to sort of an old stereotype about – and certainly countered with the stereotypes that we dealt with in the Clinton administration – just well it was managed and how there was a lot of buy-in and a lot of effort to get buy-in, which, you know, is the thing that dissuades people from running to (Bill Goetz ?) or whoever it is. So I would – those three things I would say.

MR. KORB: And they also have a signed nondisclosure agreement. I can tell you how much they trust – if I were a flag officer – maybe I'd quit. Okay, hey, if you don't trust me, you know to do – making a military person sign a nondisclosure agreement that you – I mean, this is crazy. But they did. Gates did it and Panetta did it, both.

MR. BATES: Other questions or thoughts.

Yes, sir.

Q: (Off mic.) Are there any thoughts about the new budget and the cyber operations? Is that a growing area on the – (inaudible)?

MR. BATES: So cyber.

MR. ACKERMAN: Massively so. The Navy has (reconstituted ?) its Tenth Fleet, now basically building around cyber operations, the last defense bill that was just passed.

This is a kind of constant debate, but basically, it provides more leverage and authority to the new military command that's supposed to protect military networks, but also take a very broad view of what protecting really means in electronic warfare and cyber attacks, basically to launch offensive operations. And we're not really sure what that looks like yet, but yes, this is something that increasingly is part of the arsenal and is just going to get more important because the prevailing theory is that it's actually a more cost effective version of warfare that you have to disrupt someone's command and control networks or just, you know, engage in an attack that might conceivably shut down a major piece of infrastructure, or could be something as a lower scale, but still significant as jamming electronic signals of say – we were talking about anti-access area denial – Larry was before – in air defense system, like in fact we did during the Libya war. So yes, you're going to see that grow a lot.

MS. HURLBURT: Larry, I'm really struck about your Eisenhower analogy, which it think you can extend to this and in the same – in a somewhat similar way to how, you know, Eisenhower chose not to do rollback, chose to do massive retaliation instead, and that had consequences that we talked about and tried to figure out how to work with for decades, that we will look at this period and realize that choices were made and conclusions were drawn, which leads us into this whole world of cyber and irregular warfare. That we are only at the beginning from every operational, diplomatic, ethical, practical, how do you care for the troops that are doing – how do you deal with PTSD for people who are sitting in a room in front of a screen. But all of that, we're just at the beginning of, and that that's going to – when we're sitting here like Larry, and musing back on our time in the early Obama days, we'll see this as a turning point on those questions.

MR. BATES: Great. Yes, sir.

Q: Yes, Matt Cary, director, D.C. Office of Veterans Affairs for the mayor. I think DOD needs to build into their budget present and future costs going to war. And I don't care if it's 3 percent or whatever, but something like that, because this situation with VA isn't going to hold out forever. People are going to lose interest in the coming home issues because of other things. And also, they need to look at the transitioning into civilian life. The DD214 need to have some kind of an email address on there that's current, not a mil one. And the other thing would be mandatory enrollment in the VA prior to discharge, which the VA can do through executive orders.

MR. KORB: Can I – you make a couple of good points here. One of them is that when I hear people talking about, you know, after Obama said, well I don't want to cut veterans benefits. That's a different agency. That's not what we're talking about, though the Budget Control Act kind of talked about security spending.

The other thing is, listen, let me tell you. Not only do we not pay for, you know, pay for the war, or count these costs. Where we really had a moral failure is not activating selective service, okay. Again, from my own experience and the ones I've had, Ronald Reagan campaigned against draft registration. He claimed when Carter brought it back it was an empty gesture. So they dumped this on my lap to kind of take it to the president.

I get into the room with the president. Every one of the libertarians in there opposed to it, and the budget people, and all. And finally, I'm thinking I've got to come out with something here to get the president's attention. And finally, I said, look, how about the moral thing? And he said what do you mean? I said, look; let's assume we get into a war, a long war. And we have told the young men and young women in the service, one year deployed, at least two years at home, and all this kind of stuff? What happens if we can't do that? If you have selective service, you will. And I tell you, all of the military chiefs and particularly, they should have said, look; you want to go to war in Iraq? Fine, you're the president. You want to do it. We're not doing unless you activate selective service because we already got a big problem in Afghanistan and General Shinseki told us how much – how many troops were going – let's activate. Let's – why do we have it? When are you going to use it? And so we made it worse for these people with – not giving them enough time. We had made that – when I was there – if you spend a year or whatever time in a combat zone, you get least two back home. They didn't do it.

You had the surge. Fine, you want to have the surge, get selective service. That'd get the American people's attention. And if you talked about selective service before you went into Iraq, you'd have had more of the senators and congressmen reading that whole NIE. Do you know they didn't read it?

How in heaven's name can you be a public official and not read the whole thing? And I – obviously I couldn't, but when I talked to Senator Graham, who was then the chairman of Senate Intelligence, if you read it, there's no case for war, okay?

MR. BATES: I was working on the Hill then. I can assure you at least a dozen or two dozen of the 535 read that. It was – yes, a lot of lessons learned for raising those issues.

Other question, yes, sir.

Q: I'm – (off mic.) – from Voice of America. I'd like to ask a question more related with the – U.S. strategy – (inaudible). Secretary Panetta said that – emphasizing American alliance, he – (inaudible) – vital foundation for security Asia Pacific region. Secretary Korb, do you think – (inaudible) – that this new strategy will eventually lead to a cut in the number of forces – the number of forces in Asia Pacific region. And another thing is that – I just – (inaudible) – a quote here from the Secretary Panetta. He said, we

will emphasize our existing alliances, which provide a vital foundation for Asia Pacific security. Does the – (inaudible) – take on a bigger role in the future?

MR. BATES: So let me amplify your question and literally amplify. The question is about Asia and commitment to Asia and troop levels and would they go down under this plan. Let me – let me throw this into the works. What if the Budget Control Act takes effect and there are deeper cuts than are envisioned right now: do you think that the commitment to Asia, which Secretary Panetta has been clear about, maintaining what we've got, can that withstand that kind of change in policy? And are we asking more of our allies in Europe and in Asia to contribute to collective security?

MR. KORB: I hope so. You know, when my colleagues here, Alex Rothman and Max Hoffman, we put out studies that showed you can take the trillion dollars over 10 years. That would be a 17 percent cut, not nearly as much as Eisenhower or Nixon or Reagan and Bush I even before the end of the Cold War without jeopardizing it.

Now, you don't need to cut the Army and Marine Corps more than you have on the table, now, okay, to do that. Now, you've got to do some other things – stretch out procurement of certain systems, get rid of – you don't need all the nuclear weapons, all the modernization of all three legs of the triad. Do something about military compensation.

I do think we should cut down the number of troops in Europe for two reasons. One, basically it'd save us some money, particularly if you took them out of the force. But number two, the Europeans are free-riders. They're looking around and say, oh, you still got 80,000 – the Cold War ended 20 years. You've got 80,000 people there. Who they were? Who's going to – who's going to attack so they can become free riders.

I don't see – in Japan – no Japan, well, I mean, we have a lot of troops in Japan, in Asia, I don't see – we don't have – we have about maybe one third of what we have in – we have 150,000 troops deployed around the world, about 50,000 are in our nation. Now, I don't see that – you know, it's pretty much air and naval forces.

I hope at some point we get this air base with the Japanese resolved at Futenma. And you ever been – when I was in Okinawa in the '60s, it was too many people near that base then. I can't imagine what it's like now. I mean, move it back to Guam or – this is just – but no, I don't see – I don't see much and I think the Chinese, by some of the things they've done, they've gotten some of these other countries like Vietnam. I want to go back to Cam Rahn Bay, okay, where I was years ago, if we become allies with the Vietnamese. But you're seeing a lot of those countries, Australians and stuff like that, coming to us. So I think, yes, we can rely on them and we should.

I mean the Japanese are buying the Joint Strike Fighter, so no, I don't see us cutting back even if we do the whole trillion dollars.

MR. ACKERMAN: Earlier this morning, Admiral Greenert gave a speech about the U.S. in Asia Pacific, specifically – particularly around the South China Sea. And he puts up on the power – (inaudible) – behind him, the kind of breakdown of where the fleet is around the world at any given time. And basically, there're 100 ships that he's got deployed at any given time out of the 286 in the fleet. And out of those 100, 50 of them are in the Western Pacific, East Asian region.

And he gets asked, so what if, you know, there's some kind of cut that the Navy has to absorb if – (inaudible) – doesn't work out, and he made the interesting point, significant for a service chief, saying that he wasn't really so concerned with necessarily having to go down in size. He's more concerned with the distribution of that fleet and where it stays and with the larger geographic emphasis remaining in the Western Pacific. And he talked quite a lot about the linchpin of that being America's formal allies in that region: South Korea, Japan, now Australia, with the agreement of the base in Darwin, and as well some of the more emerging, closer partners: Singapore, Philippines, Indonesia, Malaysia, and so on.

So I think you're definitely going to see, at least from the Navy's perspective where it's probably going to be more operationally significant, that – (inaudible) – at stake.

I'm going to touch on Larry's point really quick about Europe. The document itself really kind of makes the case without drawing an exclusive conclusion. If U.S. really does need to cut, say – in a significant way – goodbye to its – (inaudible) – staycation in Europe, where it says most European countries are now producers of security rather than consumers of it. And that's sort of – every – every thinking person can recognize that that's been true for decades now, certainly since the end of the Cold War, and it's only controversial in Washington.

MS. HURLBURT: So let me – let me say two things about that.

MR. ACKERMAN: Maybe in European capitals.

MS. HURLBURT: Yes, well, because actually the other dog that didn't bark was you noticed there weren't howls of protest from European governments about this document. And you might have expected to hear some squeaks of anxiety from some of the more conservative and NATO-focused European governments and you didn't. And what Spencer's alluding to is exactly, I think, the reason why you didn't. It was very carefully pre-briefed.

The other reason you didn't, of course, is that again, an 8 percent cut looks tiny compared to the cuts that European militaries have gone through. You know, I just remind you that budget times have gotten so desperate in Europe that the Brits and the French are now sharing some platforms, which is just a truly amazing thing to contemplate.

So the Europe drawdown will happen. The preference is clearly for it to happen very, very slowly in part because there's a fear, which I think is correct, that a drawdown will actually encourage even more free riding, rather than less. So that is going to be a tradeoff with how do you maintain what you need in the Pacific if there's further budget pressure.

The second tradeoff that I think is worth mentioning is the problem of surface versus boomers in the Navy, which has a very direct bearing. Spencer you're talking about it. We have to stick this into tweak Mr. Bates because of its importance for the great state of Connecticut – his home. But again, if you think that the relative importance of the nuclear submarine fleet as a deterrent is less important in a 21st century world, is less important in the strategic environment that we're looking at, then you wouldn't be surprised to see the budget that comes out implement the principles in the document by dramatically slowing down the building of new subs.

On the other hand, that's been pretty fiercely fought out within the Navy because the subs take up so much of the budget. So that is another place where existing nuclear doctrine and the desire to prioritize naval operations in the Pacific come into conflict the more resources are squeezed.

MR. BATES: This is the beginning of the debate, the first words, and in the weeks ahead, the budget will be rolled out. The discussion will just start on Capitol Hill and probably out on the campaign trail is my guess, too. Please join me in thanking our panelists today for this discussion. (Applause.) And we'll see you the next time. Thanks for coming.

(END)