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U.S. DEFENSE AND THE 2012 PRESIDENTIAL ELECTION

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P R O C E E D I N G S

MR. SINGER: (in progress) -- your convention versus the other side mentioning the military. Now, while that may be frustrating to those of us defense wonks, one actually can't blame the campaigns too much for not highlighting defense in their strategies as that seems to match where much of the American public is right now.

For example, ABC News and *Washington Post* took a poll that asked the open-ended question of voters, "what is the single most important issue in your choice for President?" Fifty-two percent said the economy, and number two was health care at 7 percent. Neither defense nor foreign policy registered enough to make it outside of the "other" category.

Similar, Reuters and Ipsos asked the question, "which one of these core issues would you say is most important when thinking about the current presidential election: is it jobs and the economy; is it health care; is it family values, leadership, national security, taxes, foreign policy, or representing change?" Jobs and the economy came in first at 53 percent. National security got 5 percent. Foreign policy got 3 percent. In fact, only jobs, economy, and health care even crossed the 10 percent mark, made it in the double digits.

So what we hope to do today is actually pull back and have

a richer discussion on the important questions that surround the selection of the person, that our Constitution actually makes clear, their primary responsibility is to be the commander in chief. So we're going to explore issues like how do presidential candidates shape America's future armed forces? Where do they agree? Where do they disagree? What broader realities, both within their control, but also beyond their control, will affect their decisions on these matters?

And so to do so, we've brought together a really fantastic panel for you today. First we'll hear from Michael O'Hanlon. Mike is a senior fellow and director of research and Foreign Policy at Brookings, where he runs the Iraq and Afghanistan indices and specializes in U.S. defense policy issues.

Mike is literally the busiest man at Brookings, if not all of think tankdom. If you go on his online bio, you'll see literally the hundreds of articles that he's written while his TV and radio appearances number not in the hundreds, but the thousands, and maybe even tens of thousands, I'm not clear.

And on top of that, has written several great books, *The Wounded Giant: America's Armed Forces in an Age of Austerity, Toughing it Out in Afghanistan*, and *The Science of War*. And he's working on a new publication with Steve Pifer entitled *Why Nuclear Arms*

Control is Still Important.

Then we'll hear from Todd Harrison. Todd is a graduate of MIT, with degrees in aeronautics and astronautics. He's worked in the aerospace developing advanced space systems and technologies, and also served in the U.S. Air Force Reserve. He's presently senior fellow for Defense Budget Studies at the Center for Strategic and Budgetary Assessments, which is one of the top voices on the American defense budget.

He's authored multiple publications on budget trends, modernization initiatives, defense industrial base, and military personnel costs most recently.

And then finally we'll hear from Marvin Kalb, who's a guest scholar at Brookings. Marvin is a graduate of City College of New York, with a master's from Harvard. And before finishing his doctorate in Russian history, he left to join the Moscow assignment with the State Department in 1956, which then led to a 30-year career in journalism.

With both CBS and NBC News, he served as chief diplomatic correspondent, Moscow bureau chief, and moderator of *Meet the Press*, earning him two Peabody Awards, among many other honors.

He's also the author or co-author of 10 non-fiction books, as well as two novels, the most recent of which was *Haunting Legacy:*

Vietnam and the American Presidency from Ford to Obama. He's presently a guest scholar and resident journalist at Brookings, as well as the James Clark Welling Presidential Fellow at George Washington University.

So it's a great line-up with a lot of expertise. We're looking forward to hearing from them, and then we'll turn it over to all of you for your questions. So, Mike, why don't you start us off?

MR. O'HANLON: Thank you, Peter, and thank you for the kind words. And, of course, Peter has written the most important book in the country on robotics and the future of warfare, and so, of course, we hope our moderator won't be shy as we get questions on these technologies and other matters from you very shortly.

Let me thank all of you for being here, as well, instead of going to the Redskins tickertape parade or anything else that may be going on, you know, playing hooky and going to the golf course on this gorgeous September afternoon.

And, of course, while we're speaking of dates and history, a brief word. Today, September 10th, tomorrow is the 11th anniversary of 9-11, and I think a brief word just to thank all of those who have done so much to hold our country together and protect it in the last 11 years, including not only men and women in uniform, certainly them, but also first

responders, also everyday Americans who are just making their communities work, their families, allies, today of remembrance and a day of thank-yous, as well, so let me just add that by way of introduction.

I wanted to make a couple of broad points about how to think about Obama versus Romney on defense policy. And, of course, one thing to say right up front is it may not even matter that much what they say on paper. They're both going to have to -- or whoever wins is going to have to deal with reality, including and starting with the looming specter of sequestration, and I'm sure we'll get into that later in the discussion.

But that's not in either one's plan. Neither one wants it, and yet it could happen before either one would be inaugurated on January 20th. And this would add additional cuts of roughly 10 percent in magnitude to what's already happening, in other words, another $500 billion over 10 years.

I'm not going to begin with that subject because it's not what the candidates say they want to do. Let me begin with what they say they want to do, and then as the discussion proceeds, we can go from there.

President Obama, as you know, began his presidency with a plan that would have allowed for modest, real defense spending growth over the future years, in other words, a little bit more than the rate of inflation. And that was seen as a way -- and this is, by the way, not for

war costs, which are separate and also fenced off, in my opening remarks, in a different category, but for the core budget, the base budget of the Pentagon.

And Obama initially wanted to have more money to buy new equipment, as well as deal with the more mundane matters like rising health care costs which afflict the Pentagon like everybody else in this country. But Obama knew that we had had the so called procurement holiday in the 1990s, we had not bought a lot of equipment. George W. Bush had made only gradual progress towards addressing that in his presidency, preoccupied as he was with the War on Terror and the Afghanistan and Iraq missions, and so there was still more to do by way of adding money to satisfy the unmet procurement needs of the services. And there were other reasons, too. But that was Obama's initial plan back in 2009.

By the way, Romney's plan today looks a lot like Obama's plan of 2009. So one broad theme in my brief opening remark is that the differences here between these two gentlemen are important, but not necessarily earth-shattering, not necessarily tectonic in their significance, because, again, you could almost imagine this as Obama 2009 versus Obama 2012 in terms of the range of debate over the proper future of our budget.

And so President Obama began with that plan. In the next couple of years, however, one of the consequences of our ongoing deficit problem, and then, of course, the Tea Party revolution of the fall of 2010, was increased focus on the need to make structural changes in the size of our federal budget deficit. And a lot of people at all of our think tanks and elsewhere in the country have been arguing for broad-based deficit reduction. And so the Pentagon began to get in the spirit. Bob Gates, when he was secretary, started to do this without any kind of broader framework. And then, of course, the Budget Control Act of last summer, in 2011, produced all the broader efforts that we're familiar with: not enough on entitlement reform, not enough on tax reform. But it began to put defense cuts in a broader construct, and that led -- it was part of President Obama's decision to then cut his defense budget substantially compared with what it had been initially in his presidency.

So we heard in 2011 his speech in April talking about the need to cut $400 billion over 10 years from the Pentagon budget, and then ultimately the Budget Control Act increased that number to a little bit closer to $500 billion.

Now, some people will point out that's $500 billion in cuts relative to the previous plan, which was going to allow for some growth, so it's not actually $500 billion in net cuts. Depending on what baseline you

use, it's more like $350 billion in net cuts, which are sort of front-loaded.

We're cutting a bit right now in these years, and then after that, as Todd Harrison's paper that I recommend to you all very clearly explains, written a couple weeks ago, you start to get growth with inflation, but it's after a couple of years in which we've seen cuts, so you see, sort of this shape to the curve. That's where President Obama is today. And he's no peacenik. If you're wondering how this budget looks in perspective, and Peter has got a very good paper he's working on on this issue, as well, Obama, by 2015, would have us still spending as much as we were spending in the end of George W. Bush's first term, and that's including, by that point, some war costs. So Obama's more or less peacetime budget projections for 2015 would be equivalent in real dollar terms, in inflation adjusted terms, to where Bush was around '04/'05.

There are all sorts of different ways people will throw these comparisons at you, whether it's the base budget only versus base budget, budget authority versus outlays, but the broad point is that Obama's cuts will still leave us with a very robust defense budget in excess of anything we had under Bill Clinton, in excess of what we had in the first term of President Bush.

But, you know, it's going to be tough. And there will be some cuts necessary to accomplish that, including roughly 100,000 active

duty ground forces, and then including asking the services to give up their aspirations and expectations of growing procurement budgets that would allow them to get healthy with time.

Very quickly to Romney and I'll stop. What Governor Romney has said fairly simply and straightforwardly is, I like Obama's plan from 2009 better than I like Obama's plan from 2012. It's not entirely clear to me if Governor Romney would reverse those initial modest cuts that Bob Gates made or if he would only reverse the cuts that Obama made last year and then put into his budget plan as presented to Congress this February. There's room for debate about that. And just the wording in the Romney plan is not entirely clear to me, but in any event, it adds up to roughly $500 billion over 10 years. That's the difference between the two. In other words, it's roughly $50 billion per year, that's relative to a base budget of something in the broad neighborhood of $500, $550 billion.

So these two gentlemen disagree by the significant, but not hugely, you know, hugely astronomical spectrum of about 10 percent. And Romney hasn't been all that specific about a lot of what he would do with the extra money, but apparently he would not make that cut in 100,000 ground forces, and he would increase the shipbuilding budget from the current projection of about 9 ships per year for the U.S. Navy up to about 15. And that's the kind of specificity you can hear better from

Todd Harrison than from me, so why don't I stop right there?

MR. HARRISON: All right. First I was going to offer a little bit of caution that we're making a comparison between plans where we have very different degrees of detail. The incumbent President Obama has a defense plan that's laid out in excruciating detail. He has to do that as the sitting President. He has to submit a budget in February to Congress, and that budget plan actually goes out until 2017, so beyond the next presidential term. So we can look at that and see pretty much exactly where the President plans to go in terms of spending, in terms of specific programs and force structure. Now, that can be both an asset and a liability, because when you do that, you have to pick winners and losers, so there are winners and losers in the President's budget.

Now, the challenger, Romney, doesn't have such a detailed plan, and, quite frankly, I don't blame him. He doesn't have to submit a detailed budget request to Congress as a candidate. So he has not laid out a plan in as much detail. We don't have a lot of the specifics about what he would plan to do with defense.

We do know at the broad level that he would boost funding for defense, and he would keep in strength at about 1.5 million, and so that would reverse the planned 100,000 cut in troops that Obama put in his latest budget request. So that caution up front that we're comparing

plans with very dissimilar levels of detail.

Now, I think that there are many areas where they do agree on things. I think they do tend to agree with each other on the shift in strategy, to focus more on the Asia-Pacific region. Implicit in that also is less emphasis on large-scale ground operations. I don't think there's that much difference between the two campaigns when it comes to these issues. And they both agree on the need to avoid sequestration cuts to defense. They disagree on how they would avoid them, but that's beyond defense. But they both agree that we shouldn't have sequestration level cuts.

But elections aren't about similarities, they are about differences. And I think that there are a few specific differences worth noting, one of which is missile defense. When the Obama Administration came into office in 2009 and 2010, they did not cut funding for missile defense, they kept it at about the same level. About $10 billion a year we're spending on missile defense.

But they shifted how we allocate those resources to focus much more on theatre missile defense. And so these are systems like Aegis Ballistic Missile Defense, Patriot, THAAD. That's where they tended to put their money. Theatre missile defense is good for helping protect our forward-deployed forces overseas or in other theatres we're getting into

conflicts.

Now, national missile defense systems are really focused on protecting the homeland, the continental United States in particular. Also, the Obama Administration changed our plans for European missile defense to leverage the existing Aegis Ballistic Missile Defense System and eventually put that system ashore, first in Romania and then in Poland later.

They also curtailed the Ground-based Midcourse Defense program. We had planned to buy 44 of those interceptors based on the West Coast and Alaska and California. They stopped it at 30. And I think the Romney Administration would actually probably go back and change the balance again much more in favor of national missile defense systems.

And we've actually seen in Congress recently, Republicans have been pushing the idea of deploying some of these ground-based midcourse interceptors on the East Coast of the United States.

Another area of specific difference is in shipbuilding, as Mike alluded to. Now, the ship count is one measure. It's an imperfect measure, but the total number of ships in the Navy, it actually reached a low point, 279 ships, a recent low point, I should say, and that was in the Bush Administration, 2007, we reached that low point. We've come up

since then. I think we're at about 285 ships right now. The Obama budget over the next 5 years will build 41 new ships, and that averages a little over 8 per year, 8 to 9 per year. That would gradually bring the ship count up to about 300. The goal was still I think 313, 315. But if you look out over the 30-year shipbuilding plan, it averages a little over 300 ships.

Now, Romney has indicated he would increase shipbuilding up to 15 ships per year. So if that happened immediately, I don't know if we would gradually work up to that or if that would happen immediately once he took office, but that would be 75 ships over the next 5 years versus the 41 in the Obama budget.

Now, Romney has not indicated what types of ships he would buy, 15 ships per year. That makes a big difference, not only in the cost, but also in the type of force you would end up with, and, you know, what kind of threats you would be gearing up for. Are you going to buy, you know, small boats, littoral combat ships, frigates? Are you going to buy surface ships, destroyers, cruisers, aircraft carriers? Are you going to buy subs, attack subs like the *Virginia* class submarines? Not clear from this, but, you know, a target number of 15 ships per year.

The third area of difference, and this is a little -- the water is a little more murky on this, is Afghanistan and the drawdown in Afghanistan. You know, the President has set the timeline for 2014.

We're not entirely clear what that means in 2014, how many troops will be left in Afghanistan, but it seems, if anything, in an Obama second term, there might be an incentive to accelerate that drawdown, not move the timeline up, but move the floor lower so that we drop to a lower number of troops in Afghanistan from 2014 and beyond. I haven't seen the stated policy on this, but I think that is the inclination right now.

Romney has criticized the plan, you know, setting the date of 2014, and the fact that we're already starting to draw down forces in Afghanistan today. That implies then that Romney would slow the drawdown, but I haven't seen any specifics about what he would do. And, you know, of course, the Obama campaign is quick to mention that Romney didn't mention Afghanistan at all during his convention speech, so I think that just highlights that this is not a major area of disagreement between them, not one that they want to highlight.

There are also external factors at play here that neither candidate can control. I would divide these into two camps. There are fiscal factors that are external, they can't really control on their own. The first is the fiscal situation and the deficit. That depends a lot on the economy and what's happening in the economy over the next months and years. It depends on what happens to tax rates, and, you know, things like Social Security spending, Medicare, Medicaid, health care reform. It

depends what Congress does on these big issues. If tax cuts get expended, that puts more pressure on the defense budget. If the economy grows more slowly, that puts more pressure on the defense budget. You know, if health care reform does not, in fact, bring down health care costs, that puts more pressure on the defense budget.

Now, also a factor is what Congress is willing to appropriate for defense, and that's important because in the past two years, in the 2011 budget and the 2012 budget, Congress cut more than $20 billion from what Obama requested for defense.

So Congress has been in the mood of cutting the defense budget lower than what the administration or the Pentagon had requested for the past two years. The high point in defense spending was in 2010, and that's when you had Obama in the White House, and you had Democrats in control of both the House and the Senate. So it's not what people think in a lot of cases when it comes to defense spending and who's doing the cutting.

The other fiscal factor here to look at is growth in personnel costs, military personnel costs within the defense budget. It's already a third of the defense budget. The Obama Administration put forward some proposals that aren't popular in Congress to rein in the growth of military personnel costs. Those are basically dead on arrival right now. If they

don't get those changes, then personnel costs are going to continue to eat up more and more of the budget, and that reduces your purchasing power for things like modernization programs.

Also readiness and training costs. We spend about $125 billion a year on peacetime readiness and training of our military. One of the priorities in the new strategic guidance put out by the Pentagon was to preserve readiness, to keep our forces, you know, at their top level of readiness. That's expensive, and it's not clear if their ops would be able to continue to do that in the future, especially if these readiness costs continue to grow when you look at it in terms of the cost per flying hour, cost per tank mile, cost per steaming day for ships, they're all growing, and it's not clear that we'll be able to maintain that in the future.

And last just quickly, in terms of foreign policy, there are a lot of external factors here that could come into play. Conditions on the ground in Afghanistan are rather unpredictable. It's not clear, you know, if in 2014 we'll be in a good position to withdraw as planned. Also, Iran and whatever Israel might choose or not choose to do with regards to Iran and their nuclear program. And also, you know, I think both camps are in favor of this pivot to the Asia-Pacific region, focusing more on Asia-Pacific. But there's also a lot of tensions there amongst our allies and partners, not just between our allies and China, but amongst our allies and partners.

There are a lot of disputes that need to be resolved, and if they are not able to work out some of these things amongst themselves; that could really complicate our strategy in the Asia-Pacific region.

This is not a Cold War like bipolar competition. This is very much multi-polar, and so that could really complicate our defense plans in the coming years. That's all I have.

MR. KALB: Wow. We have heard two experts on budgets and defense policy. I am not a third. I think I'm here to provide some political mood music. And so I ask you to think back to the presidential campaign of 1984, when Walter Mondale, a former senator from Minnesota, former vice president under President Jimmy Carter, asked Ronald Reagan, asked the American people really a very simple question: "Where is the beef?" And what he was getting at there is that you could listen to very lovely, thoughtful, poetic forecasts on what it is that a candidate would like the United States to be and do at a certain point, but how do you do it, and where is the cash? And so you can turn "Where's the beef?" to "Where's the cash?" right now, and I think that really cuts to the very heart of where we are at this point, not only as a nation, but where we are in the course of this campaign.

Romney clearly would like to present an image of a new American toughness, self-determination, a willingness to take risks, to

project American power. He wants American exceptionalism recaptured once again. And he's saying to the American people that if he wins, this is, in fact, what he promises you.

Obama is a bit different, and we now have almost four years of experience with him. He clearly wants continued strength, but in the broader context of alliance cooperation. In other words, he's willing to have what he called smart cuts in defense, if that is possible, and one of the assets that he has is Leon Panetta as Secretary of Defense.

Panetta, some of us may remember, was the chairman of the Budget Committee in the House of Representatives when he was a representative from California, and he then, when President Clinton came to office, Panetta was appointed head of the Office of Management and Budget. Panetta understands budgets and has said that he more than anyone else during the Clinton years was the one who projected, who forecast the idea of a balanced budget, which, in fact, is what happened at the end of the 20th century.

So in my judgment, no matter who wins, whether it be Obama and Romney, whether the new president, re-elected president, is facing the same set of problems, recast for political advantage, the winner is going to face essentially the same political environment that President Obama faces right now, meaning essentially the same kind of economic

realities that he will have to work within as Obama is working in right now.

Budget cuts, in other words, could end up determining the shape and the look of America's defense policy. In other words, you'd like to have it backwards, you'd like to have the perfect policy conceived by experts, and then there would always be the money to be able to have that kind of policy.

What I'm suggesting is we've reached a point now in our political and economic development where the idea of national defense being assured of enough money to do the job may be the case, but I think for the first time in our history, we may be facing a moment when we really do not have the money to do exactly what it is that the experts or the political advisors to a president suggest is the best thing.

The Pentagon is doing its job when it has a scenario for every possible problem, from, as we already heard, Iran, or the bubbling turmoil in the South China Sea right now, what do we do about China. Is it a friend? Is it an enemy? Who knows? But the Pentagon will have a way of addressing each one of these problems, but it's all theory at this point, and it doesn't become reality until the President says "I want us to do X, let's do it." And then somebody would raise the idea, "yeah, that would be very nice, Mr. President, but what then do we do about health care, what then do we do about education, what then do we do about energy?" I'm

simply stating that national security issues always assumed to have enough money may not now have enough money to do what the experts suggest we ought to be doing. So what do you do?

If you're a president, you try essentially to strike a good, sensible balance between the national security and everything else. But presidents don't like to think in those terms. They like to think that everything else is, so far as the public is concerned, more important than national defense. So he's got an extremely difficult question and problem.

Tom Mann of The Brookings Institution and Norm Ornstein of the American Enterprise Institute did a paper a couple of days or weeks ago, a week or so ago, in which they raise the question, "what is going to happen after the election?" What kind of political mood are we going to have then? Will it be changed? Is there the opportunity with a Republican winner, for example, to change the climate, things will become much better?

Or with Obama, will things continue or might Republicans change their minds, as Obama was trying to suggest last week at the Democratic Convention, and see the light and turn it all around?

Well, Mann and Ornstein say that is not likely to happen. And Kalb just wants to throw in his two cents and add to that conclusion. I see nothing to suggest that either one of the two presidents will face in

that moment of glory and victory; the opportunity to significantly turn around where we are now in terms of political deadlock and in terms of limited economic opportunity.

From a public relations point of view, ask yourselves the question, what is it that a president wants to suggest at the beginning of either a new term or a new presidency? Certainly not downbeat news, negative news. He wants to project something that is positive, that says to the American people we're on a new course.

Now, there are experts, and I've mentioned a couple, who think that is not likely no matter who wins. So I ask, what element of American society today is capable of standing back and pointing out the lies, the incomplete truths, flat out untruths, deception? What outside force is there? And my belief, it is only the media that has the responsibility, the job of trying to call the shots, not in terms of determining policy, but in terms of saying this is more or less right, this is backed up by the right evidence, this simply isn't true.

And students of mine have asked me, where are you really? Are you optimistic that the American media today can do that? And my answer is that on Monday, Wednesday, and Friday, I'm very optimistic, and on Tuesday, Thursday, and Saturday, I think they can't do it. So where are we now, Monday?

I'd like to leave you then with a slightly upbeat thought that maybe through the media we might be able to find a way, because certainly the politicians haven't provided it as yet, a way around the coming and continuing political gridlock and limited economic opportunity. But tomorrow will be Tuesday and I think it won't work.

MR. SINGER: All right. So what I'd like to do is file a question to each of you. And in many ways, it takes Marvin's challenge and applies it. A new president, you can imagine there's three types of connections between their stated goals as a candidate and then what happens when they become the Commander in Chief.

There are things they say they want to do that they are able to accomplish in the next four or eight years. There's things they want to do that they're not able to accomplish. And then there's this third category, the things unsaid that they are going to end up doing. So if we go back to candidate Obama four years ago, for him the example of the first would be Don't Ask, Don't Tell. He says he wants to stop it. He does stop it. It's category two of I want to do it, but not able to do it, closing Guantanamo. Category three, unsaid, would be candidate Obama didn't say I'm going to carry out more than 300 drone strikes into Pakistan, but did it. So give me an example of each of these moving forward. What does it that candidate Romney and candidate Obama -- what would be

examples of each of these categories? And particular interest in the third category of the unsaid that they're going to have to do.

And then, Marv, you don't get away without that, you get the tougher question because you posed it to us, how might the media do a better job of informing this debate? We seem to have a disconnect between what is said and what is reported in the American public's understanding. It hits a lot of different issues, whether it's broad policy all the way down to just knowledge of budget trends, you know.

I was looking at some recent data and it showed that roughly almost half of Americans don't realize that we have the world's largest defense budget. It's a pretty odd phenomena.

MR. O'HANLON: Thanks, Peter. I guess in terms of what he will do, I think he will reduce the size of the military. And --

MR. SINGER: Who's the "he"?

MR. O'HANLON: The next president. And, yeah, okay, it makes it harder to do I think either one. I think President Romney would reduce the pace of cuts. He has to be to Obama's right. I don't think he's going to have the money to do everything he's proposing. By the way, if you read his campaign platform, he also wants to link defense to GDP and hold it at 4 percent of GDP, which, over time, would actually be a very large difference between him and President Obama, if you really believe

that. But he says it's aspirational in his own budget, so I don't put that in the same category as these more specific suggestions that he's offered.

But I think either president would probably cut some ground forces. I think either president is going to have a hard time wrestling with Iran and may wind up being complicit or even participatory in an Israeli attack, which runs at some counter to my first plan, except that we wouldn't do the Iran strike with ground forces. I don't know if that fits in your category two or three.

But the last point I would make is I think either president, even within his own plan, is going to need more money to accomplish it than currently projected. In other words, like all presidents before them, there's a mismatch in these two gentlemen's plans and budgets. There are plans to reduce weapons or limit the growth, sound nice, but they actually would require more money than currently projected. And when you have firm caps from a budget framework, it gets hard to do that. So they're going to, just to hold the line with their own plans, they're going to need to come back to Congress and ask for more money, and that's going to be complicated in a world where we could have a binding long-term budget agreement.

Just one last point if I could, and maybe Todd can clean this up a little bit. Marvin, there's two kinds of defense specialists in one

specific way. I just want to make a counterargument, and he can always come back in a second.

He talks historically about how we, in the past, could do what we wanted to do, but now we face budget constraints that are more binding. I'm not sure we defense specialists in the past or the present are ever so accurate in what we project about what the world's going to require of American power that we can really claim that ability for either the 1940s, '50s, '60s, '70s, or today.

And just very briefly, if you think back to the '40s, we didn't have enough money to keep a force capable of handling Korea. In the 1950s, we built all these nuclear weapons as part of Eisenhower's New Look, but we didn't have an army that could then handle Vietnam.

In the Vietnam era, we, I think, did a relatively mediocre job waging that counterinsurgency, and then Nixon had to pull back in his Guam speech in '69 and say we're not going to be ready for these multiple wars anymore because we can't afford it. Sort of a similar moment in some ways strategically to where we are today. In the 1970s, we arguably had our worst post World War II defense planning decade and led to a hollow force, where the quality of our people in uniform, with all due respect, was not as high, was nowhere near as high as it is today on average. And we had ramped problems of drug abuse and other such

things within the force structure.

And even Ronald Reagan, even though he had ambitious goals and increased the size and strength of the military in many ways, was still operating under a construct that said one big war in Europe and maybe one smaller war elsewhere, when strategists could never be so specific as to say that that would be enough.

And, of course, since that time, we've tried to build our forces around sort of a two-war capability, and then it turned out when we tried to fight two wars at the same time, we really couldn't. And we were collectively, including myself, incorrect in our assessments that what might be needed for a two-war capability, and almost no one ever thought one of them could be in Afghanistan.

So the fact that we're having to choose today about where to plan for, how to keep our aspirations and appetites in check, I would argue on balance that's not that new. But it's just as well, because we defense strategists have no monopoly on wisdom anyway and we need the budget debate, in a sense, to constrain us. Now, that can go too far, but on balance, I actually like the interaction in American politics between defense strategists out there saying there are 14 wars that could happen tomorrow, you better be ready for all of them, and then budget specialists saying, you know, we've got a few other things to worry about, too.

MR. HARRISON: And to pick up on that remark just before I get to your specific question, it's always an interesting interplay between strategy and budgets, and, you know, I don't think it actually would be ideal to set your strategy first and say this is what I want my military to be able to do and then budget to that. I think that would be too simple, because then you would end up with a strategy you couldn't afford.

You know, if you want to plan for a number of, you know, conflicts at the same time, why not 14 rather than 2? And if you tried to do that, it would spiral out of control. I think ideally strategy and budgets have to be developed iteratively. You have to, you know, come up with a strategy and you have to see, okay, what resources are required to execute that strategy? Okay, we don't think we're going to have those resources, let's constrain our strategy, let's come back and check it again and see if that's, you know, fiscally responsible, if we can afford that. You've got to go back and forth to develop them. Unfortunately, too often, as you alluded to, it's the budget that comes first. We set the budget level and then we try to fill in our strategy behind that. I think both camps are guilty of this. Whether it's 4 percent of GDP, if you pick an arbitrary percentage of GDP -- and 4 percent really is arbitrary, I can't find any, you know, rational basis for it; it's not, you know, a post World War II average or anything -- but if you just pick that, well, you're putting your budget first,

and then you're trying to fill in a strategy that finds a way to spend that money.

And likewise, if you say, oh, I've got constraints in the Budget Control Act, boom, there's my budget, and then you also, you know, try to fill in a strategy behind it. I don't think those are productive approaches.

To your, you know, specific question, Peter, you know, what will the Obama Administration actually be able to accomplish, I think the drawdown in Afghanistan, I think they will complete that as they're saying that they will, if not sooner. I think the reduction in end strength, like Mike said, you know, the planned reduction of about 100,000 in end strength, I think they will go through with that. What they probably won't be able to achieve is avoiding sequestration in the way that they want to. It's not even clear if they'll be able to avoid sequestration.

On the Romney side, I think the planned increase in shipbuilding, I don't know that they'll get to their 15 ships per year, but I think they'll be able to shift more resources to shipbuilding. In terms of their plan to reverse the reduction in end strength from the Obama Administration, I'm fuzzy, I'm not sure if they'll be able to do that or not.

The planned growth in the defense budget to 4 percent of GDP I think is unlikely to occur. There aren't a lot of specifics about what

they mean by that. They do say it's the base defense budget. I look back and we haven't spent 4 percent of GDP on the base defense budget in over 20 years. So, you know, is it likely that we'll ramp back up to that, especially as we're trying to reduce the deficit, we're trying to reduce spending? You know, I think that's going to be hard to do.

If you gradually ramped up to 4 percent of GDP over the next presidential term, by 2017, when that president either leaves office or is running for a second term, that would be 39 percent more in defense spending than the Obama plan would be for 2017. That's a significant increase.

Now, the thing that both administrations, regardless of who wins the election, I think the big thing they're both going to have to confront that no one really wants to talk about right now, something I alluded to earlier, military personnel costs. Military personnel costs have been growing much faster than the rest of the defense budget. This includes pay and benefits, and particularly health care costs. If you look back over the past decade, the cost per person in the military grew by 46 percent adjusting for inflation, 46 percent on a per person basis. If we continued that level of growth out into the future, by the year 2039, military personnel costs would consume the entire defense budget.

Now, that's not going to happen, we're not going to let that

happen. What will happen is, if we can't control the growth in military personnel costs, how will we adjust? We will reduce the number of personnel, and as costs continue to grow, continue reducing the number of personnel until you get to the point that you have a military too small to really do anything. So I think that is one of the factors that if not in the next presidential term, within the next two presidential terms, they're going to have to come to grips with. It's going to require some hard, unpopular decisions to push that through.

MR. KALB: Extremely interesting. And go back to the sequestration for a sec. If, in fact, the U.S. is going to have to act on that, it's not just the numbers that you're going to deal with with sequestration, but the effect that that's going to have psychologically on business, on the entire economy.

The Congressional Budget Office guy came in a couple of weeks ago with the statement that if the sequestration happens, the likelihood of a second major recession is very real. So all of the things that we've been talking about take on a quality of the thing theoretical until we address and know where we are as a nation.

Peter's question about the media and why they do or don't do certain things or how they might be able to improve coverage, let me try to answer that question by saying I have a program coming up shortly

called *Why Murrow Matters Now*, thinking about Ed Murrow in the old days. And what we're trying to say is all of these problems exist. The media is an extremely important element in our society, more so almost every day with the growth of cable and talk radio and all of those things.

In what way can you keep the media focused on doing the right thing? It's extremely difficult, because right now for purely economic reasons editorial decisions are reached. So it isn't a matter of somebody saying let's not cover that budget story, let's not cover that other issue having to do with defense policy. I don't even think that editors and producers think in those terms today. They have a very limited budget. To them it means not making what they made last year or the year before. And they're reaching at one and the same time for unrealistical goals, try to recapture that, at the same time do the right thing.

They are trapped. They are really trapped. There are many people in the media and America today who know what the right things are, want to do the right things, but find that they cannot do them because they are constrained by economic realities and by a vacuum of solid leadership of the sort that Murrow provided and people around Murrow, but we don't have that today at the networks, and I'm sorry to say even at a number of our major newspapers.

MR. SINGER: Let's open it up to you all for your questions.

So please raise your hand, I'll call upon you. Wait for the mic to come to you and then introduce yourself. And final rule is all questions end with a question mark. So why don't we -- right up here in the front, right here?

MS. O'DONNELL: Thank you. Clara O'Donnell, nonresident fellow at the Center on U.S. and Europe here at Brookings. I was just wondering what difference do you think that there could be between a second Obama term and a Romney Administration in how the United States might engage with NATO and its other international allies in military terms. Thanks.

MR. O'HANLON: I've got a brief word on that. Iran policy is obviously going to be very close to the center of this, but let me just make a more specific answer which would have to do with the matter Todd raised so usefully earlier of missile defense. And I do think that the Obama Administration would be interested in finding a way to smooth relations with Russia over subsequent stages to its European missile defense architecture. And I don't know that President Obama can afford to just give Vladimir Putin a veto over deploying missiles, interceptors in Poland, but I also don't think that he's necessarily going to feel that a hypothetical plan for 2018 that was developed a couple of years ago needs to be seen as set in stone.

Whereas I think Governor Romney, because of his strong views

towards Russia, would actually see it as a way to establish his bona fides in backing up what he said along the campaign trail. Even if his language about Russia as our top geo-strategic threat was a bit overstated and not something he chose to repeat in his convention speech, happily, nonetheless, he made it pretty clear in that speech that he does see the need to stand up to Russia. And I would think that European missile defense is a very important case.

The other I'll just mention is on strategic nuclear arms control. My impression is that of the three people I've been mentioning -- Putin, Romney, and Obama -- Obama may be the only one of the three with a strong interest in pursuing it, although there's some chance Russia would because their forces are coming down for economic reasons. So Obama and Putin might find a way to another strategic reduction tree that might even include other warheads beyond the, you know, traditional strategic ones, whereas I don't think Governor Romney would pursue that.

MR. SINGER: Back in the corner, yeah. Just wait for the mic.

MR. PAVGI: My name is Kedar Pavgi. I'm a reporter with *Government Executive* magazine. I had a question about the entitlements in regards to the military pay and benefits, and I guess I heard the comments from all panelists on that. And I guess my question was

regarding cuts to the civilian side of it. I know the military side of it, the benefits, especially TRICARE and pay (phonetic) is becoming an issue, but what about the civilian side? Do you foresee cuts to I guess civilians working at the Pentagon, or what do you say about that?

MR. HARRISON: Yeah, you know, that's a very good question. The growth we've seen in personnel costs has not been nearly as large for DOD civilians. To put it in a context for people, DOD right now employs about 791,000 DOD civilians, that's full-time equivalent, and those costs total about 70 billion in the annual defense budget.

MR. KALB: Is that all over the world?

MR. HARRISON: All over the world, yes, obviously primarily in the United States, but in other parts of the world, as well. They're not all U.S. citizens either, but the vast majority are. And so, you know, that is going to be a target in the future for budget cutters simply because they don't have quite the lobby influence that military personnel do. And you talk about cutting military in strength, you get the service -- but they can go talk to, you know, members of Congress on the Hill. DOD civilians don't quite have the same amount of influences. Also, it's not quite as clear to people, especially in the general public, what DOD civilians are doing.

I mean, you know, I know from having worked with many of them, but they do a lot of great work. It ranges everything from, you know,

mowing the grass on bases to overseeing, you know, billion-dollar acquisition programs. So could you trim that number and get some efficiencies? Of course. But if you cut too far, you risk either not getting the job done or not providing sufficient oversight, or you just have to use military personnel, which are more expensive per person, to do the same job.

Now, sequestration is an interesting one. The Obama Administration has already indicated they've submitted a letter to Congress saying if sequestration happens, they'll use their authority under the law to exempt military personnel counts. So no one in the uniform military will lose their job under sequestration, their pay will not be cut, benefits will not be cut, with the exception of health care.

A large part of the military health care budget is actually not under a military personnel account, so it would be subject to sequestration. DOD civilians, though, there's no such authority under the law to exempt DOD civilians. They would be sequestration. And if that happens, the cuts -- sequestration cuts happen when you're about a quarter of the way through the fiscal year, so you have to cut enough people to make up that full 10.3 percent roughly cut in the remaining 9 months of the year. That would actually mean you have to cut more like 14 percent of the DOD civilian workforce. That's 108,000 people. And

you would have to do it relatively soon. The longer you wait, the more people you have to cut to make up for it.

So I think DOD civilians are really going to be on the chopping block, not just under sequestration, but whatever kind of budget deal is worked out in the future years.

MR. O'HANLON: Todd, can I clarify on that or ask you to clarify? Isn't furloughing another option?

MR. HARRISON: Yes. You could -- you don't necessarily have to fire them or lay them off, you could furlough with the hope that if sequestration, if they go back and retroactively try to fix it, or if it's just a one-year deal and they work out a new budget agreement in the future, then you can bring those people back.

MR. O'HANLON: Absolutely.

MR. SINGER: What I find fascinating, and it touches back to the question of Marvin's, is the disconnect between what has been reported on sequestration and what has been said in various political campaigns about it versus the reality of what you just said.

Let's give someone on this side an opportunity for a question, unless there are no questions on this side. Right here.

MR. BRUSER: Larry Bruser with Mitsui and Company. Over the past 20 years or so, there have been several occasions where

the U.S. has requested and got what we call burden sharing from our allies to help fight or defray the cost of various wars. Looking at just Japan and Europe, there doesn't seem to be any money available there anymore. So how do you see this concept of burden sharing playing out in the future, if at all? And if not, what kind of strains would there be on the U.S. relations with these other countries?

MR. KALB: That's a good example really of the difficulty right now working with a budget, because that was money that you could count on for a while, and now you can't count on that for the obvious reasons that you said, so it only increases the burden of the decision of coming up with something sensible on the military budget side.

It also says something about the way in which America is regarded around the world today. It used to be that the U.S. was not only the superpower, but we did need a little help from our allies. Now that help is not available and there are questions. Take a look at some of the international polling data today. There are questions that are raised about the global capacity of the United States to do what once it did, whether it can do that same thing today, where there's even further questions about the reliability of America's word on doing a policy or coming through with a decision.

The President said this, somebody can say so what, other

people will say when the President says this, you do it, but the very fact that the questions exist today suggest such a difference in global perception of U.S. power.

MR. SINGER: I think what's fascinating also is, there may be a series of actions or opportunities that were currently and in the past off the table that may be moved onto the table by the tough budget times both in the U.S. and our primary allies. It's sort of the parallel to how there may be certain reforms in personnel or whatnot that you don't see achievable until you get to the really, really tough lean times.

The example I give of this when I talk with military audiences is the kind of cooperation that's been built between the UK and France, and where we've seen a redefinition of what it means to be joint, we've seen a redefinition of burden sharing, we've seen a redefinition of interoperability, where it moves beyond just, oh, we'll both buy the same things, to things like joint training, joint manning, where you even have concepts of an aircraft carrier from one country that's being manned by personnel from another country. And my bottom line on this is, if Britain and France can figure out how to do this, it's exceptionally likely that the U.S. might start to look at that with our close allies like Britain, like in Australia. And we're seeing little moves in that space, and I think we'll see more of it if you have tougher budgetary times.

MR. O'HANLON: Just one quick point. I like these answers, but I want to also take a broader perspective and say that in burden-sharing terms, there is a happier story to tell, as well, which we shouldn't lose sight of despite the very accurate statements we've just heard.

And I agree with Peter, there actually are some opportunities in the constriction on defense budgets, but if you look at our overall strategic picture in 2012, it's a very good picture globally.

We've already heard about the size of our defense budget compared to the rest of the world, 45 percent or so of total global military spending. On top of that, our allies account for another 30 to 35 percent of global military spending. And even the countries that we're worried about, China in particular, you know, may not be an adversary, and probably isn't, and, if we manage that relationship well, shouldn't have to be.

This is a much better world to live in than the world of 30 or 40 or 50 years ago. And so I think discussion of decline and of how the world has gotten turned upside down in a way that constrains us in a manner we didn't use to be constrained needs to be balanced by the notion. And I don't want to try to do my Bob Kagan imitation here up on stage, but this is sort of what success looks like. This is what the post World War II strategy was supposed to create by way of strong,

independent powers that are generally democratic, generally pro-market, and often allied with us. And even when they're not allied with us, like India or Indonesia, are often in support of similar kinds of goals.

So I share the concerns, but I'm also glad for the world of 2012 compared to anything of the recent historical past.

MR. HARRISON: I'd just like to pick up that, you know, I think there is a legitimate reason to be concerned that if you look at our level of defense spending, our base defense budget, we're spending about 3-1/2 percent of GDP, and under the Obama plan, that would decline gradually over time.

Our European allies are, I believe all of them are, spending less than 2 percent of GDP, some of them down closer to 1 percent of GDP. I think Poland is one of the better ones. They have it set -- I think it's set in lots of 1.95 percent of GDP, 2 decimal points. But, you know, if you look at that, it makes you wonder, well, is there a free rider effect here going on? Are they able to spend less on defense because we're spending it for them? You know, we're paying for European missile defense, it protects Europe, why isn't Europe paying for it? These are legitimate questions, and as our budget gets tighter, I think people are going to start to ask these questions more and more.

To downside those, if you try to do something about it, if we

just spent less and said we're not going to provide as much security for you, well, it doesn't always work out that well. You know, that's kind of a hedgehog strategy approach, where we try to get our allies and partners to build up their defenses so they can do more of their own security, or what if they don't and we're still left, you know, basically responsible for it because we have core interest in the same areas.

I think it's a tough problem to deal with and both administrations are going to have to deal with it one way or the other.

MR. SINGER: All the way in the back there.

MR. MORGAN: Good afternoon. My name is Scott Morgan and I am the editor of the blog *Confused Eagle*, and I want to thank you for this great panel. I want to change topics for a little bit and touch on the subject that Peter discussed about the drone strikes that the administration has increased. What do you think is the future of asymmetrical operations in the next administration? And do you think they'll be seen as being more cost effective so we don't have to use large deployment of ground forces such as on the scale as we had in Iraq and Afghanistan?

MR. SINGER: It's again the issue of pulling back and looking at both the candidates' personalities, but also the broader trends that are happening behind it. So we're not going to see this technology of

unmanned systems, or if you move into other new technologies that are game changers, like this cyber weaponry, we're not going to see it go away. It's not going away. It's, in fact, becoming more and more commonplace, not just in the U.S. defense establishment, but in both our allies and potential adversary, and it's also growing more and more capable.

So a lot of people point to the ramp-up of the number of strikes during Obama's administration so far, and that's a complex story. But, you know, one of the parts that the media doesn't talk about is the fact that not only do we have more drones and unmanned systems, but they also carry more munitions. So if you have a plane that carries one bomb and then another guy has a plane that carries six bombs, this other guy in the future is the one who's going to be -- he will have more munitions dropped by that. That one-to-six example is what played out in the advancement of our weaponry over the last four years, one of the primary systems.

So the technology is getting more and more advanced, it's getting more and more used. Both Obama and Romney's military and CIA will have it as their tool. I don't think we will turn away from it.

The other part you hit on, which is the willingness to use it, and I don't think so far we've seen any indicators that either Obama would

shrink the numbers. Instead, the statements that he's made, again, on a program that we're still in that weird phase of cannot confirm or deny that we do it, but we'll occasionally talk about it or leak about it, he's shown no indications that we're going to shrink it.

Romney hasn't voiced that he would reduce it. I think it goes to both the popularity of these programs, going around 65 percent in American public polling, so no one is going against that, and the idea that it gives you a workaround to some of the challenges of the past if you needed congressional authorization for it by not having to send people into harm's way.

The challenge which both of them will face, whether it's Obama or Romney, is another one of these external factors. Congress, on both the right and the left, starting to get more and more uncomfortable with their lack of oversight, their lack of input into this, and we're seeing statements being made on both the right of that and kind of growing discourse in the American public on it. I think the environment around it makes it a little bit more difficult for that next president, over the couple years won't end it, but more questions will be asked of them. They'll be asked to issue more reports, more fighting off legislation and the like than maybe they would over the last four years.

MR. KALB: Peter, were you suggesting that there may be

the need for a congressional resolution authorizing the use of the drone?

MR. SINGER: Well, what I'm suggesting is that, for the last several years, Congress has been -- let's go back. There's a bigger trend here when it comes to the role of Congress and the Executive Branch and the domain of war.

Congress hasn't declared war, actually declared war, since -- we're now on the 70th anniversary of it, that is, they haven't done it since 1942, against the last of the Axis powers. And then you saw, you know, workaround attempts through like the War Powers Act after Vietnam. Well, we've seen how that's been or rather not been implemented. And so Congress has been largely quiet on a lot of these issues.

We're starting to see, though, in the last year or so, nascent attempts to start a legislation or letters to heads of agencies. And what's notable is it's not coming from one party in particular, it's coming from parts of both parties. And so I think whichever is the winner, they're going to face more pressure. And the interesting thing will be the role of the Democratic Party, which I think there's a number of people in Congress that may have held their tongue because of having a Democrat Commander in Chief, and so they may be more vocal than they would have been for partisan reasons.

MR. O'HANLON: I just had a point. Thank you, that was a

very thoughtful answer. I would just add three points to remind those who think of drones as magic cheap silver bullets not to, and I know you weren't suggesting that, but a lot of people are still under that impression.

First of all, drones are only effective to the extent they're backed up by extremely good intelligence. And we spend about, the last unclassified number, $80 billion a year on American intelligence broadly defined.

Second, they're only really effective in Pakistan because of the ground presence of American forces in Afghanistan, because otherwise we wouldn't even have bases from which to operate them nor would we have the human intelligence capabilities that I just talked about, and that operation has been costing us $100 billion a year. Now, it's not going to require that level of investment to sustain the bases, I don't think, in the future, but it's still going to be in the low tens of billions probably beyond 2014.

The third point, even though Libya was the triumph of limited uses of force of which drones played a role, there hasn't been a repeat performance of Libya since. And if drones were all the spectacular, easy way to decide wars in our favor, we would have seen presumably some progress in Syria or Yemen or Mali by now that would have perhaps been ushered in by their effectiveness, and yet that hasn't happened.

So as much as they are an important tool, as Peter said, as much as they caused all these controversies, rightly so, as Peter said, they are not always going to be a silver bullet.

MR. HARRISON: Can I just add one point to that? The drones we have today, the UAVs we have today, are primarily only useful in a permissive air environment, where we've already either taken out the air defenses, as we did in Libya, or where there really are no air defenses or we already own the airspace, like in Iraq and Afghanistan. That's what makes these systems able to operate.

They cannot operate, many of them that we have right now, the vast majority of them cannot operate in a denied environment, where you've got serviced air missiles that could target them and shoot them down. They're relatively defenseless. So I think if we're going to maintain this advantage in UAVs going into the future, we're going to have to increasingly shift our technology to invest more in stealthy UAVs, and also their communications links have to be better protected.

MR. SINGER: And that's an interesting example of a big, big topic in defense. One of the core questions for the next four to eight years in the Air Force, in the Navy, will be these debates over how far to go with unmanned systems, how much to invest in that versus manned systems, some of the signature programs, and then questions of the law

and usages of it.

And now there's a foreign policy implication of what happens as other nations start to play in this. These are big, big questions, and you won't hear them talked about. In the same parallel we're focusing on drones, but arguably, every one of those phenomena applies to cyber, you know, questions on how much can the president utilize or not? Not President Obama, but the president in terms of the Executive Branch. How much does Congress have to be involved? Which agency should be in charge of it? These are all big questions that that Commander in Chief is going to deal with that, you know, we're not talking about because we're more focused on straight budget issues or not even exploring the rest of the defense policy.

Okay. Back there in the corner.

MS. NGUYEN: Thank you. My name is Genie Nguyen with Voice of Vietnamese Americans. I thank you for the statement you just made, and I also thank Mike O'Hanlon for talking about the sharing of the burden, because it's worth noting that Secretary Clinton and Secretary Panetta have both went to the Asia-Pacific recently, and it's worth noting that during the DNC conventions Secretary Clinton is not there.

So the significant success of Obama Administration is the diplomatic defense. So would you give us the numbers of the budget for

the State Department and the Defense Department totally together? Because I believe that that is the smart way to defend ourselves by diplomacy. And we're now having, as Mike O'Hanlon has said, more allies internationally than ever before. And we don't deploy troops, we can cut troops, but we can have allies fighting for themselves everywhere else.

Now, the same question would come to ASEAN, Southeast Asia. Would you read into it and see what can we expect to reduce our budget here and improve our presence in the Asia-Pacific with the current trip and in the future? And it's also not worthy that right now in Virginia, in Leesburg, the fourth round of TPP negotiations is going on with all the Asian representatives there, and they think Aung San Suu Kyi is to be here this coming week. So those are all significant diplomatic defense. So would you give us the number of the budget totally between the Defense and the State Department? And I think that's a big, big -- we should say congratulations to President Obama and Secretary Clinton.

MR. SINGER: Let me put a sharper point on that. How might the two candidates deal differently with the non-DOD part of national security, the other agencies, how might they handle it differently or the same? And then a follow-up, do you see any different approach in the two candidates on not just Asia big picture, as you put it, they both might support the pivot to Asia, but how they'll handle the specific issues in

ASEAN, maybe South China Sea and the like, or Burma?

MR. O'HANLON: I'll just say two specific things because it's a very hard question, a very welcomed question. And by the way, the overall magnitude of spending is in the range of $50 billion. That's diplomacy plus aid. Tom may be more precise than I, but roughly 10 percent even when you add those two together relative to the defense budget.

I think on Pakistan, as Bruce Riedel, our colleague here, has usefully argued, we should shift more of our aid to the civilian side of the equation and be a little tougher vis-à-vis their military. Now, that was a recommendation he made in the worst of the impasse of 2011, early 2012, but there's still, I think, merit to it.

And then secondly, that's just one country. On the broader Arab Awakenings and broader Middle East reform, we have a huge stake in Egypt. I'm an admirer of what Egypt has been doing so far on balance in its revolution, but to the extent that its new government wants to make I think, you know, tough decisions, as it's going to have to in coming months, we ought to be able to support that with economic help. And I was glad to see the discussion of helping it with some of its debt, but I think the meager amounts of funds that we have available now are inadequate to the challenge that Egypt faces, and we need a friendly,

stable Egypt.

So on balance, I'm worried. I think you have to use examples like that and sometimes tough love, like Riedel has suggested, towards Pakistan, where you might want to increase in one area, but cut in another to get the American public and Congress to support something that's still seen as the softer and often less effective form of American policy.

MR. SINGER: Mike, you know, I can't play moderator with the former host of *Meet the Press* up here without putting this in a harder question.

MR. O'HANLON: That wasn't hard enough?

MR. SINGER: How might Romney versus Obama handle these issues? Do you see them taking a different approach be it on, as you listed, what we should do -- you put what you thought we should do in Pakistan or Egypt, do you see them having a fundamentally different approach to it?

MR. O'HANLON: It's a great question. I don't know how I can meet either one. I don't think I've heard either one talk about the two countries that I just mentioned with any kind of specificity or even the broader region of the Arab Middle East. So maybe it's a punt, but I don't even -- I could speculate, but I actually don't think either candidate has

said anything.

And this gets back to some of what you argued at the beginning, we need to draw them out, and what Marvin said, we need to draw them out on some issues that are much more than just small details in future American foreign policy.

MR. SINGER: Todd, Marvin.

MR. KALB: I have the sense that we do have a flavor of what it is that Romney and Obama have been saying. And Romney, as I was trying to articulate earlier, Romney is trying to suggest to the world that if he becomes President, it's going to be a reaffirmation of American exceptionalism, and that will mean, I believe, more of an emphasis on defense, on the military, than it would be on what it is that Secretary Clinton is working on right now.

I think there is a very distinct difference between what Romney is suggesting his administration is going to be like and what it is that the Obama administration, and I think there is a clear difference between the two. One is attempting to reach out, the other is attempting to be muscular and strong and let the rest of the world ooh and aah.

MR. HARRISON: Yeah, I mean, what I would add is, well, first of all, I apologize, I do not have the specific number of the foreign affairs budget, but I believe Mike is right, it's in the neighborhood of 50

billion, which is about a tenth of what we spend on DOD.

But, you know, I tend to agree with both Mike and Marvin that, you know, it's hard to read what the actual differences would be between an Obama and Romney administration. I think the difference might be more one of rhetoric than action. I think the talk might be a little different, the words might be a little different, but the actions would probably be pretty similar because so much of foreign policy is dictated not by, you know, internal domestic politics, but rather just the events that are happening in the world as they unfold.

Who would have thought even just a few months before we went into Libya and took on that operation, who would have thought we would be doing anything in Libya in a no-fly zone, you know? You know, who saw the Arab Spring coming until it was right upon us? I think so much of it just depends on world events. I don't know that changing administration will really affect it that much.

MR. KALB: So, Todd, when a candidate says something in the course of a campaign, the record is clear that he can be held to that, and he's aware of the fact that he can be held to that because quite often during a campaign, the candidate is very cautious about what he's prepared to say. But you go on the repetition of certain things, the suggestions that are -- Romney has been I think reasonably clear that he

is going to try to be much more aggressive with respect to Iran than Obama. He's made fun of the way in which Obama has tried to deal with them, making fun of the early reaching out, then getting your hand slapped back.

My gut feeling is that the reality will dictate that one or the other is going to respond essentially in the same way. But at this point during the campaign, I think it's fair to say that if Romney were to win and then hold back with respect to Iran, some groups could look at him and say, "Hey, buddy, you were suggesting something quite different during the campaign."

MR. HARRISON: The problem with Iran, I think, and the reason Romney isn't more specific of what he would do different from Obama is there aren't really good options.

MR. KALB: Oh, yeah.

MR. HARRISON: You know, you look at what we could do in terms of an air strike, and it's not a good option. You play it out, and how does it end? When do the air strikes end? What do they accomplish? Have we just delayed things? Have we angered them? Does it escalate? There are a lot of unknowns there.

MR. KALB: Oh, yeah.

MR. HARRISON: And in a campaign, you don't want to

bring that out and not have a good answer for how you would follow through what the end game of these strikes would be. And the Obama Administration, they don't want this to become an issue just before the election because it's unpredictable how it would go. They may well want to deal with this right after the election, who knows? And so, yeah, I agree with you on the main point, yeah, who knows? And, you know, the reality is going to be determined by the situation in the world that we can't really control.

MR. SINGER: There's another part of this which is the flaw in how we approach our thinking and our reporting around presidential elections, is that campaigns, their entire goal is to make it all about that person. So we've had this discussion, Romney, Obama, and yet, as was said, it was Secretary Clinton's trip to X, it's the role of all of their appointees in these key positions that often has a much more shaping power than maybe -- that may be the most important decision that president makes is who is the Secretary of Defense, who is the Secretary of State. And, you know, it's like the line from *Pulp Fiction*, you know, "personality matters, it goes a long way." And you think of the differences between Secretary Rumsfeld versus Powell versus Gates, and why on one hand you cannot -- you'll never be able to draw out from a candidate who are you going to appoint, you can get a sense of who the type of

people they would like to appoint by asking them what are your examples of best Secretary of Defenses, best Secretary of States. I don't know that for -- I know potentially what Obama would say. He'd say his current people, you know, that's going to be bound by that. I don't know what Romney would say. Would he say, you know, a Gates, or would he quickly in his mind go, hold it, but Gates served under Obama, so I can't say that? I mean, it'd be interesting to know that because it would give a better indicator of where they want to see the departments go.

MR. SINGER: Just one more quick question.

MR. KALB: Could it be the moderator of *Meet the Press*?

MR. O'HANLON: While here at Brookings, can he do both? One quick thing is, we should also mention the broad budget environment. And here we had a situation where -- and this sort of backs up Marvin's point in a different way because Governor Romney has been specific about wanting to increase defense, but has not been specific about wanting to increase state or diplomacy, or, A, by implication, the latter is the lower priority. Also, when you look more generally at his budget, and I'm not saying this from my own accounting, but look at various organizations like the Committee on a Responsible Federal Budget, who will try to size up both candidates' overall fiscal projections and hold them to reality while they're both claiming they want to reduce the deficit.

Frankly, neither one is great.

I never thought I would miss Ross Perot, but I do miss him just a little in this campaign. And I think it's fair to say, on balance, President Obama has been a little more specific about how he would at least cap the deficit. Governor Romney has talked about aspirational plans to reduce tax deductions as a way to be on the lower rate and still not lower revenue, but he hasn't really been specific.

And he's talked about reforming entitlements, which I applaud, but he hasn't wanted to anger the elderly just before an election either, not that Obama has wanted to himself.

Anyway, when you look up the bottom line, Obama's budget, as best one can tell, would have debt as a percent of GDP, publicly held debt, at around 75 percent. Romney would have publicly held debt relative to GDP at about 90 percent if you look out over a few years. So Romney's plan, as best we can tell so far, is a little less rigorous on reducing the deficit, and, therefore, he doesn't have the money for diplomacy or aid.

MR. SINGER: Right here. It's coming.

MR. BRUNO: Thank you. Michael Bruno with *Aviation Week*. You've done a great job describing some of the differences or trying to describe between the candidates. What are the milestones we

should be watching for, the decision points that the next president, whoever he is, will face: sequestration January 2, 2014; in Afghanistan, a new QDR; those kinds of things?

MR. HARRISON: Well, the first one I think, obviously, it actually occurs before the next administration. On January 2nd is when sequestration is scheduled to go into effect. You know, I've seen plenty of articles, people pontificating about what would happen if Obama wins and you basically have a status quo in Congress, you know, split control between the parties? What happens if Romney wins? I think it's just too hard to know until it's actually after the election and we see the results and get a feel for what people are taking as a mandate from it, if anything. You know, this Congress and this administration are going to have to do something or not do something with sequestration by January 2nd.

So I guess the milestone then, as on January 20th, when we've got either the same president in a second term or a new president, what do they then try to do to modify or come up with some sort of a deal if one hasn't been reached by that time? So I think there's going to be a very early milestone on sequestration. They're going to have to hit the ground running. Also, we'll probably still be in their continuing resolution. So for the FY '13 budget, they're going to have to do something with that, reach some sort of a deal, and then immediately after that, come out with

their FY ’14 budget and five-year projection, which, in reality, it’s almost all going to be put together by the Pentagon before the election is even decided. So I don’t expect to see a huge change there, but those are some immediate budget milestones that are going to happen, you know, once a new administration or this administration continues in office.

MR. SINGER: Okay. Right here in the front.

MS. SONNENFELDT: Marjorie Sonnenfeldt, friend of Brookings. I can’t face the question on either polling or extensive media analysis, but I have a strong sense that many people seem to feel that the choice is between defense and welfare, social spending, help for the poor, research on drugs, and so forth and so forth. Can you please tell us what percent of total federal outlays are now going to what you call defense, including the war budget perhaps, and what percent of discretionary spending is devoted to defense, where the real choices are made between defense and, in general terms, social spending? Thank you.

MR. SINGER: You’re pulling out your charts right here.

MR. HARRISON: I have some numbers I can give you. You know, this is not exhaustive by any means. In President Obama’s FY ’13 budget request, 15 percent of the total federal budget goes to the Department of Defense, excluding war funding. There’s an additional $88-1/2 billion of war funding in there, as well.

Social security gets 23 percent of the federal budget. Medicare gets 14 percent. Medicaid gets 7 percent. Six percent goes to interest on the national debt. That's actually going to explode over the next decade. By the end of the decade, we will very likely be spending more on interest on the national debt than we do on defense or Medicare or Medicaid.

And about 14 percent of the federal budget goes to all non-defense discretionary spending. So Social Security, Medicare, and Medicaid, those are primarily mandatory spending programs, so talking about the discretionary part of the budget here. So that gives you an idea of, you know, the order of magnitude.

The big items in the federal budget, of course, on the one hand, one side of the equation you've got revenues, on the other side you've got -- the big ones are Social Security, defense, Medicare, those are the big ones. So if you want a thing that says the simple choice or priorities, it's among those things. You know, what are you going to do with revenues? What do you want to do with Social Security, Medicare, both of which are, you know, programs for the elderly, or defense? So those are really your big choices in your federal budget.

MR. SINGER: And that's the numbers from the planned Obama budget. What's your rough scenario for a planned Romney one?

I mean you previously said if they actually carried it out, defense goes up by roughly 40 percent, so how does that change those numbers there?

MR. HARRISON: Yeah, so, yeah, I haven't projected out in all the other categories of what it would do because a lot of these programs -- Social Security, Medicare, and Medicaid -- they're basically on autopilot because they're mandatory programs.

There's a formula written in the law Congress doesn't have to appropriate separate money for these programs each year, so those programs would probably stay on the track that they're on now, which means they will actually grow as a percentage of the federal budget over the coming years, because they are growing faster than inflation and overall federal spending. Defense would also grow, so then what gives? If revenues don't go up, which is what Romney has said, revenues would stay at about the same. You'd cut rates, but then you would also eliminate some deductions, so it balances out. So you've got your revenue side of the equation that's basically the same, your spending is going up in all categories, like Social Security, Medicare, defense. Medicaid would go down under Romney, I would suspect. If you look at the Ryan plan that's what they're talking about doing, block granting it and then cutting the amount.

And then that 14 percent for all non-defense discretionary

spending, that includes the foreign affairs budget for the State Department, it includes Homeland Security, it includes veterans' benefits. Some of the veterans' benefits are discretionary, some are mandatory, you know. And things like FAA, you know, Air Traffic Control, NIH, you know, medical research, science and technology programs, all of that, that would have to be cut, and it would have to be cut pretty steeply to make all of this add up. Or the other alternative is you don't get any more in revenue, you do spend more on some of these programs, you hold some of the programs relatively flat or decrease them, and you just run a higher deficit. That's obviously also an option, and we have a good history of doing that in this country.

Just a quick point very quickly, to summarize, because that was great. The 15 percent of the federal budget that President Obama wants to spend on defense now, not counting war costs, Governor Romney, in the short term, would spend about 16-1/2 or 17 percent of the federal budget on defense, so 15 versus 16-1/2 to 17. Now, if Governor Romney over time were to really hold himself to this aspirational goal of 4 percent of GDP being devoted to the military, the gulf between Romney and Obama grows much wider. So maybe by 2017 it's something like 13 percent for Obama and 19 percent for Romney, something like that. But in the short term, it's more like 15 percent of federal spending versus 16-

1/2 or 17 percent.

MR. SINGER: We're getting to the witching hour here. So I want to ask each of you, if you have any, some closing broader thoughts on this. So we'll go in the same order again. Mike.

MR. O'HANLON: Just very quickly, and thank you again for being here, I would just simply say that either candidate is going to have to come up with some innovative defense policies, because neither one has the money. The problem, as I just said, I think is even bigger for Governor Romney. I think his aspirations are slightly less realistic. But nonetheless, they're both looking at defense plans that are going to need to be rethought in some ways. We need some innovation in how we deal with defense problems. Sometimes it's going to be old-fashioned issues, just sort of tightening belts. In other cases, it may mean new, innovative ways of operating our military forces. And I'll just give one of my favorite examples. Instead of expecting the Navy fleet to get bigger, we may have to find a way to make due with it staying at its current size or even being a little smaller, and I think one way you do that is this idea of having crews fly from the United States to overseas operating theatres to replace each other to a policy sometimes called crew swap or sea swap.

The Navy's own think tank has developed this idea; it's not just some wooly-headed Brookings guy. It's hard to do, in fairness to the

Navy. It's already being done on some ships, also in fairness to the Navy. I think that's the kind of idea that needs to be expanded and generalized, because we need more innovative ways of using the limited resources we already have.

MR. HARRISON: I think going forward, regardless of who's president, you know, the administration may change, but the math remains the same. There are some really hard fiscal issues they're going to have to deal with. And then defense is going to force some really hard strategic choices. And, you know, I look forward to getting past the election when we can see, you know, whatever administration is in charge, what they start to do in terms of making those strategic choices, because the longer you wait, the tougher the decisions get.

You know, this idea that both sides are pursuing of, you know, setting our particular budget target and saying that's what we're going to stick to and we're going to fill in the strategy behind it I think is not a good approach. I hope after the election we move beyond that. You know, slogans like, you know, 4 percent of GDP, 4 percent for freedom, you know, may sound appealing to people, but alliteration is not a strategy. At some point you've got to really put something behind it and justify that.

And my last point is, defense is a relatively small issue in this

election, as much as we would like it to be a larger issue, as much as it's a larger issue for us personally, but even the defense issue itself isn't really about defense, it's about the budget. And that budget depends more on what happens outside of defense in terms of tax revenues, in terms of entitlement spending, and non-defense discretionary spending, that's what it depends on. Defense is really what rolls out after all of those bigger issues. You know, in terms of public perception, the big issues have been decided.

MR. KALB: Just a big ditto on what Todd just said. I was thinking earlier some of the numbers of the polling data that Peter provided earlier, about 5 percent economy being somewhere at 55 percent, and the national defense down to 5 percent or even less, because it is not the central issue on the minds of the American people, and, therefore, it is not the central issue on the minds of the people in Congress or of the President or the campaigns. So you have to deal with the reality of what it is that we've got, and what we've got is not a bright horizon opening up in another couple of months, but a continued drizzle, and we're going to have to live with that, whoever wins the election. And we have to live I think -- I could argue with the points that Mike made earlier, but I'm afraid because I have so much respect for that guy. But there is a point at which the American people, if you followed Mike's line of

reasoning, that this is a wonderful time to live, better than -- in the old days, people still had the feeling in a family that the kid was going to live a better life than the father, and that is not the case right now and that's a huge change in the sociology, the mentality of this country, and that says a lot about where we are. And I think that we simply have to grow up and understand that things have changed and we're not going to have it the way it was.

MR. SINGER: In closing, for me, it's striking between the large number of important issues that are out there, especially in defense, and whatever the ones that loom that we don't yet know about. You know, the 2000 election wasn't primarily about defense, and then what did the winner of it end up dealing with for the next eight years?

Despite that, there are a series of questions that we don't have answers yet from the candidates. There's a series of assumptions that they're making in their plans that remain to be tested. And there's also a series of falsehoods, whatever other thing you want to describe about the post truth politics of today that need to be knocked down. And hitting those three is something that I believe, you know, falls to us. It falls to us in the research community, it falls to us in the media, it falls to us in the public to begin to force the candidates to answer those questions, to test those assumptions, to knock down those myths that they're using.

So we thank you all for being part of this process today.

(Applause)

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