TESTIMONY FOR THE HOUSE ARMED SERVICES COMMITTEE, SEPTEMBER 13, 2011

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

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

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

to attack the deficit in a serious way, defense must be on the table—just as all other major elements of federal spending, as well as the tax code, must be.

But before we ask the Pentagon to provide a disproportionate share of spending reductions, as some would counsel, we need to sit back and think. Issues of war and peace are too fundamental to our nation's well-being to be guided by emotional reactions to an economic downturn that, however important, is nonetheless still a temporary phenomen. We have spent decades building up the best military in the history of the planet and also helping establish an international system of alliances and other security relationships that has prevented another major power war for almost 70 years. Care is required in changing it. Yes the defense budget is huge—at nearly $700 billion it is one-fifth of all government spending, and nearly the equal of all military spending by all other countries on Earth combined. But it is not particularly huge in historic terms as a percent of our economy; it clocks it at about 4.5 percent of gross domestic product, in contrast to levels of 6 percent under President Reagan and 8 to 10 percent under Johnson, Kennedy, and Eisenhower. Nor is America currently a militarized society that needs to reorient its economy or culture. Even if one counts the National Guard and Reserves, only 1 percent of the population is in uniform, compared with more like 2 percent in the latter decades of the Cold War and even higher figures before that. Modern America is more notable for the distance between the average citizen and its all-volunteer armed forces than by any overmilitarization of its society. And the defense budget is a bargain if the alternative is a higher risk of war.

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

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

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

Behind these specific recommendations is a broader premise. Not only the United States, but the world in general, benefits from the current international order in which America is the strongest power and helps lead a broader alliance system involving most of the

world's other major powers. World peace would not be served by U.S. disarmament or even a trend towards the emergence of multiple, comparable power centers. I do not mean Americans should want to dominate others. Nor should the United States do other countries' fighting for them. But if the United States were to stop playing a global leadership role, competition and conflict would be the likely result. In such a "multipolar" world, countries would often be less confident of their own security, and sometimes inclined to take matters into their own hands by engaging in arms races, building nuclear weapons, or even attacking their neighbors.

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

Put differently, we have to be careful about cutting defense so much that we have to give up some current overseas missions and responsibilities. It would be nice if some parts of the world had become less important, some missions that were previously very important obsolescent, some allies that had previously been too weak to carry much of the burden of maintaining international stability much stronger and more inclined to use their power in productive ways. But the world does not offer many such easy options. One place might be Russia; despite Moscow's prickliness on many issues, it has become more security partner than adversary of the United States, and any threats it might pose to NATO are minimal. However, our force planning already downplays the possibility of scenarios involving Russia, as it should, so there are no big further savings to reap. Some might think that Korea would offer a more promising case where American security commitments could be reduced. And it is true that South Korea's military is stronger than before, North Korea's less strong. But the last time we tried to ignore the Korean

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

threat, back in 1949 when Secretary of State Dean Acheson infamously declared it beyond America's security perimeter of key overseas interests, what we got was an emboldened North Korea and a full-fledged war. Today, North Korea is ruled by the same fanatical regime as before, and while the conventional military balance on the peninsula now strongly favors the Republic of Korea and United States, North Korea now has nuclear weapons.

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

Military budget cuts should not be, and cannot be, our main means to reducing the deficit. Cutting $350 billion over 10 years, or perhaps up to $500 billion, would entail some risk to America's global interests. As such, it can only be justified on national security grounds if the nation's economy is strengthened substantially in the process. Nations with hollow economies cannot be secure indefinitely, so it is legitimate to view the debt as a national security threat, and economic renewal as a national security imperative. However, this idea only works if projected deficits are reduced enough to make a notable difference in America's economic prognosis. And that is only possible if broad-based deficit reduction occurs. As big as the defense budget is, moreover, it is only one of five big components of the federal budget of roughly comparable size—the others being

Social Security, Medicare, Medicaid, and the sum total of other domestic programs ranging from science research to infrastructure development to federal support for education. In short, big defense cuts are only sound policy if they are accompanied by entitlement revisions and tax reforms that reduces spending and increases revenue.

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

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

- a return of the size of the ground forces to Clinton-era levels
- further reductions in some parts of the Navy and Air Force force structure, winding up for example with a Navy of about 250 ships (but making greater use of crew rotations by airplane to keep ships on forward deployment longer and more efficiently)
- no large-scale replacement for the Army's Future Combat System and a reduction in the size of the planned F-35 program by at least 40 percent

- serious consideration of eliminating one leg of the nuclear triad and taking one nuclear weapons lab out of that business
- fundamental redesign of the military retirement system broadly in line with the recent suggestions of the Defense Business Board and perhaps an increase in Tricare premiums for middle-age retirees as well as serious consideration of the end of military commissaries and exchanges

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