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DEFENSE POLICY AND THE 2020 ELECTION

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P R O C E E D I N G S

MR. O'HANLON: Good afternoon, everyone. I'm Mike O'Hanlon with the Foreign Policy program at Brookings and I'm joined today by my colleague Frank Rose, as well as our colleague and good friend Maya MacGuineas from the Committee for a Responsible Federal Budget. If technical issues are resolved we will also have Jessica Mathews, the former president and Distinguished Fellow at the Carnegie Endowment for International Peace.

I'm going to say a brief word about each of these distinguished and expert panelists in just a moment, but let me weave that into my framing of the discussion and the event we're having today on defense policy and the 2020 election, as well as defense policy and the future governance of this country at a time when Covid has so reshaped the national budget, the economic prospects for the country, and the sense of what threats perhaps are the most palpable and real as we look to the future.

So as many of you will know watching the event, the Department of Defense, under Secretary of Defense Jim Mattis and now his successor Mark Esper, have continued — these gentlemen have continued in the Trump administration to pursue a path that was initiated in the Obama administration and that started to put more focus on Russia and China. And the Trump administration has taken this logic even a step further and characterized current defense policy as focusing on a return to great power competition, with the meteoric rise of China and the ongoing strength of Russia with its huge territory and nuclear weapons, now seen as the greatest threats to American national security and the greatest concerns for Pentagon planning. Pentagon planners tend to emphasize they don't want war with either of these countries, but they feel that deterrence itself has weakened in recent times and that they need to, if nothing else, restore conventional and nuclear deterrence.

Those threats join a list of preexisting concerns that, again, any student of American defense politics or any reader of the paper will quickly recognize, because they've been with us now for 30-some years — the broader challenges of the Middle East, including Iran specifically, terrorism, and then certain other specific threats going back to the Iraq War days. And, of course, that Iraq mission continues today in a much smaller but still ongoing manner. And, yes, there are also concerns in the broader Middle East all the way over as far east as Afghanistan where the United States remains engaged 19 years after the 9/11 attacks that took us to that far away place initially.

So we have the broader Middle East and then, of course, North Korea. As we've just learned from Bob Woodward's new book, and as many others will understand from following events in 2017 in particular, this may have actually been the threat that came the closest to bringing us to serious war in the Trump administration as the young dictator Kim Jong-Un continues to expand his nuclear arsenal and look for ways to flex his muscles internationally.

So that is the traditional national security environment. But on top of that, and the reasons why Frank and I are so happy to have Maya MacGuineas and Jessica Mathews with us today. The broader frame for this discussion of course is a combination of traditional national security threats, you know, state actors, terrorists, but also the country's fundamental strength as a political and economic system. We see the divisions in our polity across political lines, we see the racial tensions in our country this year and other years, and we certainly see a hugely exploding national debt as a result of debt as a result of Covid, something Maya and her colleagues have been trying to take on for many years, but now publicly held debt will soon equal and then exceed the Nation's annual gross domestic product, which is something we have not seen roughly since World War II — if I'm not mistaken, Maya, and you can correct me in a moment. This is a dramatically worsened fiscal situation and at one level it seems like we can always punt the problem a little bit further down until next year or the year after, but the numbers are creeping up and at some point could erode our economic foundations of national strength and therefore national security.

And as Jessica Mathews, a molecular biologist by training and a long standing student of science and technology in public affairs, as Jessica will surely remind us, if she's able to join the call, not only Covid-19 but many other kinds of new threats from pandemic disease to biological weapons to climate change to digital threats have to compete with or perhaps even displace or maybe exacerbate the Russia, China, North Korea, Iran, broader Middle East threats that I mentioned before.

So that's the big picture. And we hear some people saying the Pentagon's current budget of about \$740 billion a year, when you count nuclear weapons activities as well over at the Department of Energy, that that budget is just too big and even though as a percent of gross domestic product it's only a little more than 3 percent, which historically is not a huge number, nonetheless this represents a big part of our discretionary budget and certainly is a substantial amount of money to spend

at a time of ongoing trillion dollar deficits even once we're back in business beyond Covid-19.

On the other hand, people will point out that the whole point of having a strong defense is to forestall and prevent the very wars that could cost trillions of dollars if we were somehow to see them occur, and that we should not therefore think that skimping on a few tens of billions of dollars in the defense budget is really a smart economy, especially because it wouldn't really make a huge dent in the deficit anyway.

So that's the broad framing. And what I would like to do today is propose that we begin with Maya MacGuineas from the Committee for a Responsible Federal Budget, who, as I note, has also been tracking and studying this issue and a very impassioned activist on this issue for decades now in Washington. Despite her young appearance she has been around more than a decade on this venture. And, unfortunately, the challenge of this problem continues to elude solution, despite her best efforts and many others. And she will frame the defense budget I think in this broader fiscal and economic situation in just a moment.

And then we'll go to Jessica to talk about other kinds of threats and how traditional nation, state, and military threats should be seen in perspective. And then Frank will get into maybe some more of the specifics on what the Department of Defense's priority should be and how much money it's going to need in the next year and years ahead in order to address them.

So, without further ado, Maya, thank you very much for joining us. And the way I'd like to frame my opening question and then really just ask you to go where you'd like with it, is to understand the severity of our current economic plight and what it means for long-term national economic health, power, and, therefore, ultimately national security. How do you think about the problem? We can get to the defense budget specifically a little bit later, but how do you view the Nation's broader fiscal picture and what it tells us about the country's trajectory towards future economic health and strength.

MS. MACGUINEAS: Okay. Terrific. And thank you, Mike. Thanks for having me as part of this panel and thanks for hosting this event. And I think the big takeaway I was just thinking through as you were doing your really good stage setter is these issues are more entwined than ever, thinking about over the past of couple of years even as we've done panels together and talked about these issues, it really has been more about the budget pie and how those resources are allocated. And today the world

has changed so dramatically where the types of threats are much, much broader than they've ever been before.

One of the actual national security threats is a weak economy that can be driven by a weak fiscal situation. And without a strong fiscal situation, strong economy, our ability to protect against all of these new fast paced developing type of threats is really, really challenged. So it's always been important. Like you said, I've been working on it for most of my professional career and I'm quite passionate about the needs to be responsible fiscally, but it feels much higher stakes than it used to as these are more intertwined.

So let me just take a few minutes and lay out kind of the fiscal picture of where we are because it is a tricky moment in that the real crisis at hand, the pandemic and the recession, are actually the times when you need to be borrowing more. SO, to set the stage, we entered this crisis with our debt the highest it had ever been and, as you just said, other than right after World War II as a share of GDP. And what was particularly discouraging about that is we were in the midst of an exceedingly long economic expansion. That's when you normally bring your debt back down as a share of GDP so that you're able to borrow when the risks come back. But rather than bring out debt into a more controlled place, we for the past five years have been borrowing an exceedingly huge amount of money for both tax cuts and spending increases. All told, the president signed into law and Congress passed between \$4 trillion and \$5 trillion in new borrowing during the past few years when the economy is growing.

So what that means is we entered this moment with a recklessly high national debt. And the reason you care about the debt, just quickly, is you care about it because it weakens your economy, you care about it because it takes away additional budget resources to pay for interest, you care about it because it means you can take advantage of new important priorities that might come along. A lot of things drive now by changes in our economy. But one of the main reasons you want a sound fiscal situation is so when emergencies, like the one we're in, come along you are prepared and can borrow without being constrained or concerned.

So here we are, we entered this moment irresponsibly over indebted, but we still have to borrow. And I want to make that really clear. This is not a moment to suddenly say oh, the debt is too high — which it is — we need to stop borrowing, which we can't because we have to fight this emergency

first. But what it does mean is that when we come out of this on the other side and the economy starts to strengthen and employment returns to normal and sustainable levels, we will have to turn our attention to bringing the debt back down to manageable levels. Again, so that it doesn't harm the economy, it doesn't harm the budget, we're prepared for the next crisis.

And to the point of what we'll discuss in more depth today, we are prepared from a national security perspective not to be massively more vulnerable because our weakened fiscal position – which is probably the top of my list of concerns of why I worry about where we will be with the debt when we do come out of this.

And just the final point I will make is not only is the debt concerning for all of those reasons, it's really a reflection of one of the other biggest threats we have in our country, which is our massive polarization and division. And the fact that politics has taken over everything and we don't in this country pass a budget anymore, we don't use the budget to set our national priorities and think about them strategically, this is — and the high debt level is really now at this point a reflection of two political parties who would rather fight over who can give away more in different forms of tax cuts and spending increases without dealing with the other side of that, which is how do you offset those costs or pay for those things. Nothing wrong with doing them, you just have to be willing to make some budgetary decisions. But our political environment is such that those decisions aren't getting made anymore and this really reflects this highly dysfunctional moment that we're in, which also contributes to the bigger threats to our national security that we're discussing today.

MR. O'HANLON: Thank you, Maya. Fantastic framing. And before I go to Jessica — and it's nice to see you, Jessica, and thank you for persevering through technical challenges — but I wanted to do one follow up, Maya, which is that in our discussions in the past and previous events at Brookings, I know you're always cautious about saying too much too specific about the defense budget. But I would still welcome your broad view on what does the fiscal plight of the Nation mean for the Department of Defense. I mean are there any broad parameters or broad guidelines, you know, along the lines of shared sacrifice that — you know, lessons from previous rounds of deficit reduction efforts? Any kind of broad principles we should bear in mind from your perspective as we think about the future of the defense budget, you know, even once we get out of this immediate Covid crisis, let's hope, and start

to try to get on a more healthy longer-term path? Any broad guidance you would offer.

MS. MACGUINEAS: I will give you broad guidance with the caveat that I am not a national security expert. And if we listen to me on actual decisions on the defense budget, we're in trouble. But I think these — I'll make three points which I think are fair and safe to be useful, which is, one, obviously there is plenty of savings to be found in the defense budget overall. There are places we could save money, there are lots of outdated spending areas that we are making, there are lots of entrenched interests. It's somewhat like healthcare in that the industries that are a part of the entire national security ecosystem are so powerful and so worked into this that there are certainly savings to be had.

The second point I would make is one of the biggest areas where we could have savings is in actual defense entitlements, in that we are spending a very significant portion of our federal defense budget on healthcare and retirement benefits. And those are systems that need to be overhauled across the entire board, and that includes in that area.

But the third point that I would make is that we are without question still investing in a lot of things that are backward looking, where the risks are very different than the ones that our defense budget is completely prepared for. And as the pace of change continues to grow and we need to think about all the different kinds of threats that are coming at us — and I mean the biggest threats now are not about new weapons systems, they are technological, they are biological, they are psychological, they are economic. This is going to require a massive new thinking of where the most important areas of vulnerability are, but also combined with that — we're never going to be set, it's going to be a continuing ongoing process.

My concern is that as much as there are savings, there will be new areas of risk where we will have to spend money, and that is very much at odds with the weak fiscal position we already have. And I told you so was always an annoying line, but this is going to be an ongoing I told you so moment of if we hadn't borrowed so many trillions of dollars for consumption we would have more space in our budget to really decide what we need to be spending money on going forward.

MR. O'HANLON: Thank you. And I'll underscore, as we turn to Jessica next, that the \$740 billion a year national defense budget that we've been talking about does not even include the

entitlements for veterans. In other words, the Department of Veterans Affairs, which is another \$200 billion plus a year venture, is separate from the discussion we're having today and additional to the \$740 billion, just to be very clear.

I know, Maya, you were talking about the costs that are within the defense budget because military retirement and ongoing military healthcare of course are a part of that \$740 billion a year. I just wanted to clarify the distinction for listeners.

Jessica, thank you for joining us. You've been an impassioned participant in the U.S. national security debate for a long time. You really always challenge us to rethink our priorities and not to be stuck in traditionalist or outdated ways of thinking. And I know you've been continuing to do that in recent years as the defense budget has grown so fast, and yet other kind of threats have manifested themselves, even more palpably than ever before, and now we have Covid-19.

So could you please help us understand, you know, if you'd like, what specific advice you want to give about the defense budget, but also how to think of traditional national defense and national security threats within this broader universe of all the other challenges and concerns facing the country?

And over to you, my friend, and thanks again for joining us today. And your microphone may not be on yet. Still don't hear you. I'm not hearing you. If you'd like you could pick up your telephone and talk into the phone because I think your telephone number, 5-5-, et cetera, is still on the screen. So it sounds like you're still hooked in by the phone. If you want to use your iPhone for the visual and your separate telephone, if you have one, for calling in. I'm not sure how you did this. Oh, I'm being told now my idea was bad, which is not surprising. (Laughter) I guess you were using the same phone for both purposes. We'll have to keep trying. No, it's still not coming through. That sounded promising. I'll give this another few seconds and then we'll go to Frank first and then come back to you later if need be.

Yeah, I think I'll do that because I still don't hear you.

So, Frank, thank you for your flexibility and thank you for all the great work you've been doing at Brookings these last several years on strategic issues, with a particular eye on space, cyber, nuclear matters. Many of the concerns that of course are paramount in this era of great power competition and that may fit into the category Maya was just mentioning of new kinds of concerns,

opportunities, vulnerabilities, that we have to be willing to put some resources into, even if certain other threats may be less formidable and less demanding on resources today.

So, with that broad context, I'd love to hear your thoughts both on about how big you think the defense budget should be under the next president and congress, but also what specific priorities are most important to make sure we resource, even as perhaps we look for economies elsewhere.

Over to you, my friend.

MR. ROSE: Mike, thanks so much. And let me thank Jessica and Maya for joining us today. I agree with much of what they've said and have to say.

I'm going to come at this issue a little bit differently than Maya. I'm going to really focus on the hard defense analysis piece. And let me begin by saying we're in a very different security environment than we were in the 1990s and 2000s. And most important from my perspective is that the United States no longer maintains the overwhelming conventional superiority that we had in the 1990s and 2000s. Indeed, Russia and China have essentially closed the conventional military gap in Eastern Europe and the Western Pacific. And this is a great concern to defense analysts, but also more importantly to our allies.

Now, there is no doubt we are in some very difficult financial straits at this point. And regardless of who is elected president in November, I think it's highly unlikely that the U.S. will be increasing the defense budget. At the same time, I don't see much of an appetite for major reductions in the defense budget either. You know, efforts in congress this year to reduce the defense budget by 10 percent or \$70 billion were soundly defeated in both the House and the Senate. Additionally, neither presidential candidate has called for major reductions in the defense budget.

For me, I think the key word is priority. You know, whoever is elected president in November is going to face significant challenges managing the defense program. In particular, they will need to be able to achieve three objectives. They're going to have to recapitalize our conventional military forces, which have been busy for the last 20 years, they're going to have to modernize our aging nuclear deterrent, and most importantly, they're going to have to invest in emerging technologies, like space, cyber, hypersonics, and artificial intelligence. This will not be easy even with a \$740 billion a year

defense budget.

And this in my view is going to require the next secretary of defense to develop a defensive review process that enables the Pentagon to make strategy driven decisions on where to invest and where to accept risk.

I'm not going to go into specific recommendations, but let me highlight four or five areas that I think would likely be reviewed in the context of a new defense review.

The first, and this is something, Mike, you and I have written on, is should we expand our force structure. As you're aware, both the Air Force and the Navy have called for a 25 percent increase in their force structures. I think there are serious questions given the fiscal environment we're in whether such increases are sustainable. Second, and going back to the point Maya made, what is the trade off between procuring legacy systems, like fighter planes, aircraft carriers, versus investing in new technologies, like space, like unmanned drones. The third piece, and this is a big one, is the future of the nuclear modernization program. Now, to date there has been a bipartisan consensus on Capitol Hill to move forward with a modernization of the nuclear deterrent, however, there are some serious cost questions associated to whether that program is affordable. Indeed, the Congressional Budget Office has estimated that the strategic modernization program will cost \$1.2 trillion over the next 30 years.

So I think there's going to be a lot of pressure to look at that, to see if there are any exchanges or trade offs that can be possibly made.

And the fourth area is this issue of allied engagement. Obviously we're not going to be able to do as much as we've done in the past. So the question I think a lot of people are asking is twofold. One, are there ways to more effectively get our allies to assume more of the responsibilities for their own defense and spend more on defense? This is not just Trump. The Obama administration, the Clinton administration, and the Bush administration have been pushing allies to spend on this. And the other question is can we improve our interoperability with allies.

And then the final point I would make is the question of what are the new types of technologies we should be investing in? Should it be more cyber, should it be more space, should it be unmanned vehicles.

So that's a quick synopsis. Bottom line, from a defense policy analysis perspective,

we've got a whole lot of threats that we need to defend against. And it's going to require balance. I don't disagree we're facing new threats, but many of those old threats are still here. So how do you find the right balance? That's the key question.

MR. O'HANLON: Excellent. And before I now go back to Jessica, let me ask you one small sort of synthesizing question, Frank. And this is partly an analytical question, but partly a gut check. As you say, Secretary Esper, like Secretary Mattis, like former Chairman of the Joint Chiefs General Joe Dunford, like many others on the — for example, independent commission, bipartisan commission on the review of the National Defense Strategy of 2018, have called for 3 to 5 percent real growth each year in the Pentagon budget, above and beyond the rate of inflation. The Trump budget projections for the future are essentially flat. In fact, they may even go down slightly in real terms as a result of inflation, projecting out five years.

Of course, Mr. Trump or Mr. Biden would have the prerogative to ask Congress for higher funding if they so chose, but that's what's in the Trump five year projection as of last winter.

And then, finally — and this may be a segue to Jessica, but I'll let her speak for herself — some people would say even the current level is too high and, in fact, this is a good moment to take a big chunk out of the defense budget. Even notwithstanding all the concerns you mentioned, Frank, which camp are you in? Three to five percent annual real growth, flat, or another big cut? I shouldn't say another big cut, maybe going back down towards where the Obama administration had been, let's say in the low \$600 billion range. Do you have one of those places that you would situate yourself?

MR. ROSE: You know, what I would say is I'm a realist. I think in an ideal world I would agree with the recommendations of the National Defense Commission, that in order to maintain the capabilities of our current force and invest in new capabilities, you probably have to have real growth. But given the political realities, I don't think that is going to happen.

So I think the challenge we're going to have is within about the existing defense budget we are going to have to make trade offs. That will not be easy. As Maya said, there are a lot of people in organizations that have institutional prerogatives to keep things the way they are. I think with the existing defense budget, if we make the right decisions and set the right priorities, we can successfully, again, modernize our conventional forces, modernize the deterrent, and invest in new technologies.

So put me in the middle as, you know, static defense budgets, but with a focus on prioritization.

MR. O'HANLON: Thank you. And that's a great segue to Jessica.

Thank you again, Dr. Mathews, for joining us and for your impassioned and enlightened view of national security for so long. I know you're going to take a little different angle on this question. So could I ask you to again situate traditional defense threats within the broader universe of threats that you know the country has to worry about? And give us any advice or recommendations on the size of the defense budget that should follow.

Over to you, my friend.

MS. MATHEWS: Well, let's see whether — do you have audio now?

MR. O'HANLON: All good.

MS. MATHEWS: Ah, amazing.

Well, first, a great pleasure to be with you. And you will forgive me if I repeat anything Maya or Frank said while we were dancing around with Zoom and this firewall.

But for me the single most telling number is one that almost never gets discussed about the defense budget. And most of the time what you hear is what percent of GDP is defense spending. And at 3 to 4 percent it seems very affordable. But that's an almost entirely meaningless number and the right number is what percent of federal discretionary funding is it. And right now the number is about 60 percent. So the defense budget is more than everything else that the Federal Government has to do and chooses to do. And the budget represents our citizens, our core political choices of what we want the government to do, what kind of country we want to be.

So the question is, do we want to be a country that allocates 60 percent of all of its discretionary money that we choose to spend to defense. And an amount that is more than the next eight largest national spenders combined, of which of those eight, four are treat allies of the U.S.

To me those numbers, before one even gets into the question of what it's being spent on, suggests that we're spending too much, more than we can afford. Unless we want to choose to spend more and make the denominator a lot bigger, we're going to have to make some cuts in my view.

I also agree with where Maya started that our greatest source of national strength lies in

our domestic tranquility, domestic unity, and clarity of purpose. And a country torn apart as we now are is never going to be a strong one, no matter how large its defense budget is. So there's nothing that the Defense Department can do about that, other than to be part of the repair process that we hopefully will begin to go through. But it's crucial to say and to pay attention to. In other words, I would put the status of our domestic well-being right now, I would classify as an almost existential threat.

The other issue is one that has been touched on, and that is the tension between buying more of 20th century weapons and shifting to 21st century, both force doctrines and weapons choices. Basically, are we going to keep on buying big heavy things that cost an awful lot per unit, or are we going to shift to buying very large numbers of very cheap things that cost very little per unit and that are heavily driven by digital technology so that we can begin to stay abreast of digital cyber developments. That's crucial.

And we all know — and I think both of the other speakers have spoken to this — there's no branch of government that is so good at producing needs documents, budget documents. The Pentagon has thousands of people working on preparing those documents and making them very convincing. There's also no branch of government that is as bad at keeping track of what it spends as the Pentagon is. It took 28 years for it to meet a congressional mandate to produce a fully audited budget. And there's no other branch of government where there is such a strong commitment to existing ways of doing things — in this case, existing weapons systems.

So a huge priority for now is to start making those very painful choices where people whose entire careers have been in tanks or aircraft carriers, or what have you, shift the way they think about needs and weapons.

But if you look at the military actions of the last 30 years, we've had 9 large scale ones. They have not been — 3 of the 5 major wars since the end of World War II we fought, only 1 of them would you call a clear victory, the first Iraq War. We are not fighting wars that match the doctrines and weapons systems that we currently buy. We're looking at small groups of shifting enemies, rather than a single national army. So we have to also, as we rethink what kinds of weapons systems we want to buy, we've got to think about adjusting with that the doctrines and force structures that match today's threats.

And, finally, I would certainly — well, let me say this. One of the big problems with a

budget as large as \$740 billion is that any particular savings looks very small. And therefore the amount of political blood that has to be spent in order to execute that, that savings doesn't seem equal to the amount of savings as a percent of the budget that would result. And that's a built in terrible paradox problem with the defense budget. But, that said, there are some great big bites in terms of our tooth-to-tail ratio, the back office spending, inefficiencies, nuclear weapons modernization, really needs to be looked at again. It's not going to be \$1.2 trillion, it's going to be much closer to \$2 trillion the way it's currently designed. And there I think there are some very obvious savings. In particular, I do not think we should modernize our ICBM force. I think we should retire it. It does not match how we want to use nuclear weapons, I believe, which is for deterrence rather than for a first strike.

So there are some great big bites that can be I think achieved without — that have to be achieved without loss of strength. Indeed, with a better match between threats and capabilities.

And then, finally, I mean there are the threats that weapons systems are irrelevant to. Climate change clearly is one of them. The Defense Department, when we have had leadership that recognizes this long-term threat, has been very good at thinking through how to adjust itself, how to reduce its own energy consumption. And I think, given the right leadership, we'll be a leader among government agencies in adjusting to this need.

Health. Also there's enormous capabilities inside the Department. They need to be harnessed into a unified thought through public health system that we don't now have as we know. And this is part of the bigger problem that Americans find it very hard to take seriously, non military threats. And we've had this year, heaven knows, a crash course in relearning that there are two perhaps even existential non military threats that the world faces.

And then, finally, just briefly, you know, the problems of proliferation and of arms control are urgent. I think everybody recognizes that the U.S.-Soviet, U.S.-Russian arms control agreements were very imperfect. Lots of times we spent years negotiating away weapons systems that we don't want or we go ahead and replace something we've gotten rid of with something else. They're imperfect, but they're terribly important and they provide a degree of trust, of transparency, of stability. And together this whole collection of arms control agreements that was negotiated by both parties over about 30 years did slow the arms race from a mad gallop to a jog. Now we're throwing them away. And the New START

Treaty is really all that's left. And there is a direct connection between our ability to pursue successfully horizontal nonproliferation with the stability and success of vertical arms control agreements with Russia and ultimately China. So that also has to be very near the top of the list of priorities.

So I hope I haven't spoken too long there.

MR. O'HANLON: Well, it's fantastic, Jessica, and you've actually anticipated some of the audience questions. I'm going to move into that phase now, but I'm going to package certain questions and actually pose a specific question or two to each of you before we wrap up then around 3:00 o'clock.

And I think I'll start, Jessica, right where you left off, because there were a couple of audience questions having to do with the specifics of areas that you know quite well with your background in molecular biology, among other things, starting with pandemic preparation, also climate. I wonder if there are any specific policies. And I'm not going to ask you to propose a detailed budget for them today, but even in order of magnitude of the kind of cost that we need to be prepared to shoulder up and bear as a nation to be able to address these threats that, as you say, tend to be hard for us to focus on the same way a foreign adversary might be, but that in this day and age are equally serious.

So whether it's climate, pandemic, biological weapons, nuclear nonproliferation, any kind of one or two examples of policies that you are particularly passionate about. A number of the questions tried to get at those sorts of issues, so I want to turn that back to you.

MS. MATHEWS: I can't give you numbers. I can tell you that political leadership is by far the most expensive part of it. And restoring a national sense of belief in science, which is something that four years ago we would never have thought we needed to do, but now we will have to do, is by far the toughest part of this.

I do not believe that this pandemic ought to make us worried again about biological warfare per se, however, because I think governments chose to give up biological weapons not because they didn't see their ability to kill, but because they recognize that they are lousy weapons. And I think the pandemic, if anything, will underline that they are lousy weapons, because it's very hard to protect yourself. And so I put — we have to stay alert, but I put the threat from biological weapons per se very low on my list of priorities.

And, you know, the climate — I've been working climate change since the early 1980s,

believe it or not, and so many people, groups, commissions, everybody, has gone through massive exercises about the transition from today's particularly energy economies to a climate stable one. And, you know, on balance, you think that they are at least cost neutral. There are changes in winners and losers, and that makes them politically expensive, but not economically. So to me that is not — cost is not the key element.

On public health, again I think that the federal dollars required to have an effective public health system is not the rate limiting step, so to speak. When you look around the world at the countries that have handle this pandemic successfully, one thing you're struck by is that there were lots of different ways to do it, right. Taiwan there with the lowest number of deaths per capita in the world didn't do mass testing, they relied on individual quarantine and contact tracing. And they were able to do it in part because they have a national healthcare system where every single person has a card. Then they could be kept track of and everybody knows. So part of our problem in having an effective national public health strategy is the fragmentation of our medical insurance system, which is insane. But I think when you look around the world, as I said at the very different ways this pandemic was successfully countered, the key element was leadership, national leadership, and the degree of trust between the public and their leaders.

And so, again, dollars is not going to be — it's not negligible, it's not nothing, but it's not large.

MR. O'HANLON: Thank you. And I'm trying to create this framework that Maya alluded to earlier, where we do recognize there are many kinds of threats to the country's security, some of them more longer-term, some of them more economic or political. So thank you for the way in which you framed.

Now I want to give Maya a chance to sort of respond to a number of questions from the audience that are in that same vein. And I think the overall theme is about domestic priorities that would be important for reinvigorating our national economic foundations and our political cohesion, both of which I think you alluded to earlier as essential prerequisites for our foreign policy and our national security long-term.

MS. MACGUINEAS: Right.

MR. O'HANLON: And clearly you underscore the importance of bringing down the deficit and the debt. That's one big piece and you may want to say more about that. But I also wanted to invite you, as did the audience questions, to comment on any specific areas, whether it's job retraining, whether it's community college access and strength of curriculum, any other kinds of domestic needs that are important for strengthening the middle class, strengthening the country's manufacturing base, strengthening its science R&D, whatever other issues, whatever other programs you think might be particularly relevant to long-term national economic strength, political cohesion, and therefore, ultimately, national security.

So any specifics you want to add to the conversation.

Over to you.

MS. MACGUINEAS: Yeah, so there are a couple of major points I would make on that. The first one is that our budget needs to change from being a short-term oriented budget into a long-term oriented budget. We are very short-term focused and the national priorities a result reflect that in that they are quite consumption oriented rather than investment focused, they are backward looking rather than forward looking, they are really entrenched instead of flexible and nimble, which does not match a world which changes on a dime with new threats and opportunities coming along all the time.

So, first, just to put it in stark generational terms, our federal budget spends \$6 on seniors per every \$1 it spends on people under 18. If we're truly going to be a budget that thinks about reflecting — and if you asked anybody their national priorities and how they felt a budget should be allocated, I think you would be hard pressed for people to say that that would reflect the national priorities, particularly given that the younger generations are facing so many new kinds of threats and challenges. So I think we need to build into our budget a much more forward looking investment focused type of budget.

Often times people talk about infrastructure. That is critically important. For me, the number one issue is we need to build a human capital budget. And that means where we are thinking about how you make investments all through people's lives, we need to do much better in terms of early education, education in general. A lot of that is funded at the state and local levels. But we also need to recognize that — anyone who was getting older and has 20 year olds on their staff knows lifelong learning is going to be key in all of this. You cannot end your education at 22 or 25 and think you have

any of the skills that will be relevant going forward as people come in with such a better sense of the new systems that are being developed. So a forward looking long-term budget is absolutely critical.

The second point I would make is that economic growth is really critical and we face some very serious headwinds in all of that because the demographics are working against us with the baby boomers retiring, meaning our labor force will be growing much more slowly than it has in the past. Unfortunately, productivity isn't what we wish it were. And so we have some real issues working against our overall growth picture. That's one of the reasons that I worry so much about the national debt. But it's not just going to be growth at the GDP level. And, in fact, I think GDP is quickly becoming an outdated metric in that it misses all the nuances of the huge issues of income inequality, wealth inequality that have to be addressed for growth to be shared, prosperity to be shared, both because it's critical for the economy and for national cohesiveness.

But the third issue in terms of — so there are economic issues and they are — we have to grow the pie and we have to grow the pie in a way that is looking towards the future. But then when it comes to the political issues, I think the lack of shared interest that we have in the policy space now is downright dangerous to the point if you're a Republican, you're a Democrat, and this person says they like this policy, without even knowing what it is, someone of the other party will reject it. Like the level of if you like I must hate it is driving — I mean we could go on for hours and hours and days about all the things that are driving us apart, but in the policy realm that there is literally no zone of overlap anymore is a huge challenge. And one idea that I think would be really hopefully constructive is we need to develop a set of national aspirations. Like there's a lot of questions right now about country and legacies and our history and our narrative. One thing we can do is look forward and think about what kinds of values and hopes and dreams do we as individuals and in our communities and as a country share. And out of that how can we create the great next American moon shot that we could all be unified on. And I wish I knew what that should look like. I'm convinced it should be that the U.S. should win the soccer world cup, but that's because we're a soccer family. And other people have their other aspirations, but let's do something together, let's get — to quote an amazing CEO who once came to an event I was at and she said we have lost our swagger. Like we need some sizzle to come back. But this country needs to have some shared ambitions that we then work on together and think of it as friendly or healthy competition.

So a lot of these are ideas that we're thinking about in our project FixUS at the Committee for a Responsible Federal Budget that's looking at the underlying root causes that got us here and how we can engage citizens to think of ways forward. But I think the one thing we all know is things don't feel right and there are so many risks on the horizon, there are so many to national security, there are so many to who we are as a people, as our relationship with technology. All of these issues are existential threats and if we can't find a way to unify enough so that we can function and compromise, those threats pose a tremendous risk to all of us.

MR. O'HANLON: Thank you very much. And now I'm going to go to Frank and then we'll have a brief moment for everybody to give any final quick thought they would like.

But, Frank, there are a number of questions that have come in that I think are well directed towards you. And I think they are in two broad categories. One could be sort of couched at a philosophical or broad strategic level about competition with Russia and China. And I think the gist of the questions is just how worried are you about those two countries. I don't know if something you want to put on a scale of 1 to 10 or if you want to compare it to your experience when you were first coming into this field at the end of the Cold War and you want to compare to that moment in time. And just, you know, how urgently do we need to focus on those two countries. And, by the way, to what extent is the defense budget really even the right tool to deal with those threats, even if they are becoming quite acute?

That's sort of the broad set of questions. And then there are a couple about specific issues in nuclear and strategic modernization in arms control, which Jessica also touched on. Whether you want to venture any opinions as to which weapons modernization programs are most important, which arms control efforts may be most important.

So over to you for those two big baskets of questions.

MR. ROSE: Great. Thanks very much, Mike.

And, Mike, I'm going to default on the competition question to our colleague, Tom Wright. And Tom Wright in his book, "All Measures Short of War", argues that competition with Russia and China is back. The period we went through in the '90s and the 2000s was an aberration. And I tend to agree with this. But here's the challenge, there is no doubt in my mind that we are in this competitive

relationship. At the same time we also have shared concerns with Russia and China, whether it be pandemic, nonproliferation, climate change, you name it. So the challenge that we face is striking the right balance. How do we push back on China and Russia on things like human rights, their anti satellite weapons, and other nefarious activities, at the same time working with them on issues of common concern. In many ways this is really the fundamental question of U.S. foreign policy for the next decade or two.

On the arms control piece, as you know, I've been a strong supporter of extending the New START Treaty for a couple of reasons. One, it allows us to maintain stable deterrence with Russia in the near to mid-term. Secondly, New START was very important in building the bipartisan consensus for strategic nuclear modernization. But the third point I think is the most important. We need to buy time to develop a new framework for arms control and strategic stability that better reflects the current security environment that we're in. I think most of those bilateral treaties in the '80s and '90s served their purpose, but they were fundamentally about one thing, regulating the nuclear arms race between the U.S. and the Soviet Union and then the competition between the U.S. and Russia. We face new challenges. And from my perspective, there are two key challenges to the arms control regime.

First we need to find a way over the longer-term to bring China into a future arms control and strategic stability framework. I am not one of the people who are arguing we need to bring China into New START. That makes no sense. But as we think about next steps after New START, we need to find a way to integrate China.

And then, secondly, we've got to figure out a way to bring in some of these emerging technologies into the discussion. Specifically anti-satellite weapons and offensive cyber capabilities, because what I've seen is that the ASAT weapons and offensive cyber capabilities are increasingly impacting strategic nuclear calculations.

So let me stop there.

MR. O'HANLON: Thank you. This is a good moment I think now to just take a moment and ask if anybody wants to add a final observation or tie different pieces of the conversation together, or just reiterate the most important message they would like to leave the audience with today.

And so let me do that in the same order that we had originally lined up the speakers. So

I'll start with Maya and then go to Jessica and Frank.

And, again, you know, either an additional observation you'd like to offer and/or an overarching theme and message that you want to make sure you resoundingly leave people with today.

Maya, over to you.

MS. MACGUINEAS: Thank you, Michael.

I feel like I made my main points a couple of different times, so I won't repeat them. I will make one point I forgot to add in, which is if one thinks that you should have savings in defense and, again, I don't have a strong opinion on the overall defense budget as much as the overall budget and where different priorities fit in, but people feel strongly one way or another. But for those who think we should be spending less on defense, I agree with comments that Frank made that it's unlikely it's going to happen on its own, it's not a priority to cut spending on defense in a way that will really catch on, unless it is part of an overall budget agreement, because the budget deals that have worked in the past — and we will have to have one going forward — we are going to be in very, very dangerous fiscal shape. That is for sure. But the way that it can work and any changes that are hard and have to do with thinking about where savings could come from are when everything is put on the table and all different areas of the budget looks to force where they can actually save without really harming their core mission. So I think that is the most likely way that that would happen.

And, again, just for people who are not as familiar with budget speak, savings never actually really mean savings, it just means growing more slowly than it otherwise would have. So I don't think anybody is talking about massive cuts. But that would be the dynamic where I would see us generating due to the fiscal pressures and due to a great rethinking of the budget, which, like I said, I hope will be much more forward focused.

And I will put national security in the area of being forward focuses, smart national security. But I think that's where you might be able to kind of uproot some of the entrenched spending that may not be at the top of the list of priorities.

And I'll just take this opportunity to say thank you for pulling the panel together, Mike, and thanks for having me.

MR. O'HANLON: It's so great to have you, Maya.

And now, Jessica, over to you for any final thoughts, observations, or reinforcement of a core message.

MS. MATHEWS: A couple of quickies. I mean you know it's — we're going to hear so many people, maybe everybody, talking about the need for new thinking, that this is a new moment that strategies, goals, policies that have served us well for 70 years, or at least 50, since the end of World War II, are no longer fitted to the external environment. But it's really hard to do fresh thinking.

So a couple of things that we could think about. One is to remember or to convince ourselves again that the nuclear triad did not come out of any concept of strategic logic, it came out of inter-service rivalry. So although it is almost a holy scripture in nuclear planning that we should have a triad, that's something that needs to be rethought. And the land based part of it I think we'd be better off without — with certainly major savings and not loss of our core strength.

Secondly, we have got to get a goal for our policy with China. Right now we don't have one. When you read the China experts, the goals of policy are — there's lots of stuff about strategy, but strategies are no good until you have a goal. And right now we are very far from having one. This is a kind of adversary we haven't dealt with before that is an economic powerhouse. The Soviet Union never was. And so that is an absolutely central requirement of our thinking.

And, third, I completely agree with both Maya and Frank about the difficulty of what we need to do in terms of cutting the defense budget. I do think that we need to look at real cuts, you know. But at the beginning of the Trump administration the defense budget in real terms was larger than it had been since World War II. So all of the carrying on about how it was so under resourced was not supported by the facts and we have since added \$120 billion, \$140 billion a year to that amount. So we are going to have to, I think, confront real cuts, not just cuts in growth.

And I do agree with the others on how hard that's going to be. It won't happen, I think, unless we have some people in the White House, the Pentagon and the congressional leadership all at the same time who have both legitimacy and credibility in thinking about national security, as well as this kind of commitment. And I recognize that's an incredibly high bar, but that I think is what it's going to take.

MR. O'HANLON: Jessica, thank you.

And, Frank, I will give the floor now to you for your thoughts and the last word. You can also wrap up on behalf of Brookings after your final observations please.

Over to you, my friend.

MR. ROSE: Great. Well, Mike, I'm going to be very brief given that we're well over our time. I'll leave you with one last word, and that word is balance. As we move forward, I think we have a couple of challenges.

First, I think we need in this era of competition with Russia and China to find balance in the relationship. Again, identify the areas where we disagree and push back strongly, but also identify areas where we have common interest and be prepared to work with them. And the same goes for the defense budget. You know, my personal opinion is I don't think there will be large cuts in the defense budget. I think they will probably remain static. And that's going to require us to balance priorities. Specifically recapitalize our conventional forces, modernize our nuclear forces, and invest in emerging technologies like space, cyber, hypersonics, and artificial intelligence.

It will not be easy. I think we're fooling ourselves if we think these challenges and finding this balance will be easy. But it will be essential if we are to be successful and if this country is going to be successful moving forward.

And on that note, let me thank Maya and Jessica on behalf of Brookings for participating in today's event. As Mike said, we didn't want to just get into the weeds on defense policy and budget in today's event, but we wanted to have a larger discussion about the role of defense within the larger set of U.S. national security priorities, and I think we achieved that goal.

So, on that note, again let me thank the panelists and thank the audience for joining us today. Have a great day. Keep safe.

MS. MACGUINEAS: Thank you.

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