

**Testimony of  
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**Strategic and Fiscal Discipline: The Defense Budget  
and America's Fiscal Crisis**

**Before the  
House Committee on the Budget**

**July 7, 2011**

Chairman Ryan, Ranking Member Van Hollen, and Members of the Committee, thank you for the invitation to appear today on the critical and timely subject of our national security budget.

As you search for avenues to deal with our continuing fiscal crisis, it is important to keep in mind that a solution can only be found if everything is on the table, including national security spending. The underlying theme of my testimony today is that our defense budget is not only part of our fiscal dilemma; it can and should be part of the solution as well. We are at a critical juncture in defense planning and budgeting at which international conditions make it possible and timely to rethink how we use our military as part of our toolkit for international engagement.

The Defense Department has not faced strategic or budgetary discipline for more than a decade. Our military budget has more than doubled in the past decade, consuming 55% of our entire discretionary costs. Last year it reaching a level in constant dollars unprecedented since the end of World War II. And the missions we have asked the military to perform have grown virtually without end.

Such discipline is now both possible and necessary. In the long term, strategy and resources – human and fiscal – have always been linked. As Bernard Brodie, one of America’s great strategic thinkers, put it more than fifty years ago: “Strategy wears a dollar sign.”<sup>1</sup>

A disciplined approach to both will produce budgetary savings and ensure that our military capabilities and global leadership remain powerful and well focused on core missions. This means making choices linked to a realistic assessment of risks, defining missions better connected to a more coherent strategy, and doing so within constrained resources.

My testimony draws on work we have done at the Stimson Center’s project on budgeting for foreign affairs and defense, including consulting with the Bipartisan Policy Center’s Rivlin-Domenici Debt Panel, as well as my more than thirty years experience in policy research and government service in the area of national security planning and budgeting.<sup>2</sup> It is based on several key principles:

- Our central national security crisis today is our looming federal debt and annual deficits. All ingredients of national spending and revenues must be on the table for our deficits to be brought under control and our debt to be stabilized. A budgetary solution is achievable only if it is balanced, with every element of federal spending and revenues playing a part.
- A defense “build down” is already under way. Defense budgets are primed to decline, as they generally do at the end of combat deployments and with changes in the international environment, and will do so gradually over the next decade. In my judgment, the starting point for budgetary discipline is the FY2011 appropriation for the base defense budget – \$529 billion. The slope of this build down will be gradual, implemented over a number of years, and it should be linked to a coherent set of strategic, mission, and program choices.

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<sup>1</sup> Bernard Brodie. Strategy in the Missile Age. (Princeton: Princeton University Press, 1959). p. 358.

<sup>2</sup> Stimson project work is publicly available at (<http://www.stimson.org/programs/budgeting-for-foreign-affairs-and-defense/>) and blog (<http://thewillandthewallet.org/>). See also Gordon Adams and Cindy Williams. Buying National Security: How America Plans and Pays for its Global Role and Safety at Home. (New York: Routledge, 2010).

- Much deeper reductions than those proposed by the administration are possible, likely, and can be executed with little or no risk to American national security if properly planned. The twelve-year, \$400 billion reduction that President Obama announced in April is a very small step in that direction; it could be accomplished while continuing to provide growth with inflation to the defense budget. Deeper cuts are possible and likely. The Simpson-Bowles Fiscal Commission, the Bipartisan Policy Center's Rivlin-Domenici Panel, and the Sustainable Defense Task Force have all endorsed reductions between \$500 billion and a trillion dollars over the next ten years. Even those can be accomplished successfully, representing something like 6-13% of the currently projected defense resources.
- The key to a successful build down will be linking strategic and mission discipline to this need for fiscal discipline. This means setting mission priorities for the military. In a *Foreign Affairs* article earlier this year, we recommended focusing on combating Al Qaeda's organization and cybersecurity as the most critical missions and divesting from counter-insurgency and nation-building.<sup>3</sup>
- The strategic, mission, and fiscal discipline I recommend creates little risk for our national security. Indeed, priority-setting might enhance both our security and our global leadership. Even with such reductions, the US military would continue to be decades ahead of any other military in capacity and technology, with the only capacity to fly, sail, and deploy ground force on a global basis and the only global capability for communications, logistics, transportation, and intelligence on the planet.

### ***Understanding the Trend: Defense Budgets in Context***

It is not my intent here to analyze the risks that unprecedented US debt and continuous high deficits pose for the US economy and our global role. But it is important to underline that our economic strength is as critical or more for our future security as the level of our defense spending. As Admiral Mike Mullen, Chairman of the Joint Chiefs of Staff, put it, "the single-biggest threat to our national security is our debt."<sup>4</sup>

Today's fiscal problems require perspective. Many attribute our crisis to continuing growth in particular parts of the federal budget, especially mandatory entitlements, and there is no doubt that entitlement spending has grown at a great pace, driven largely by health care costs (which have had their own impact on defense health care costs). Yet it is an overstatement to say that entitlements alone are responsible for our recent deficits. A recent analysis by the Center on Budget and Policy Priorities shows that the deficits of the past decade, as well as those forecast

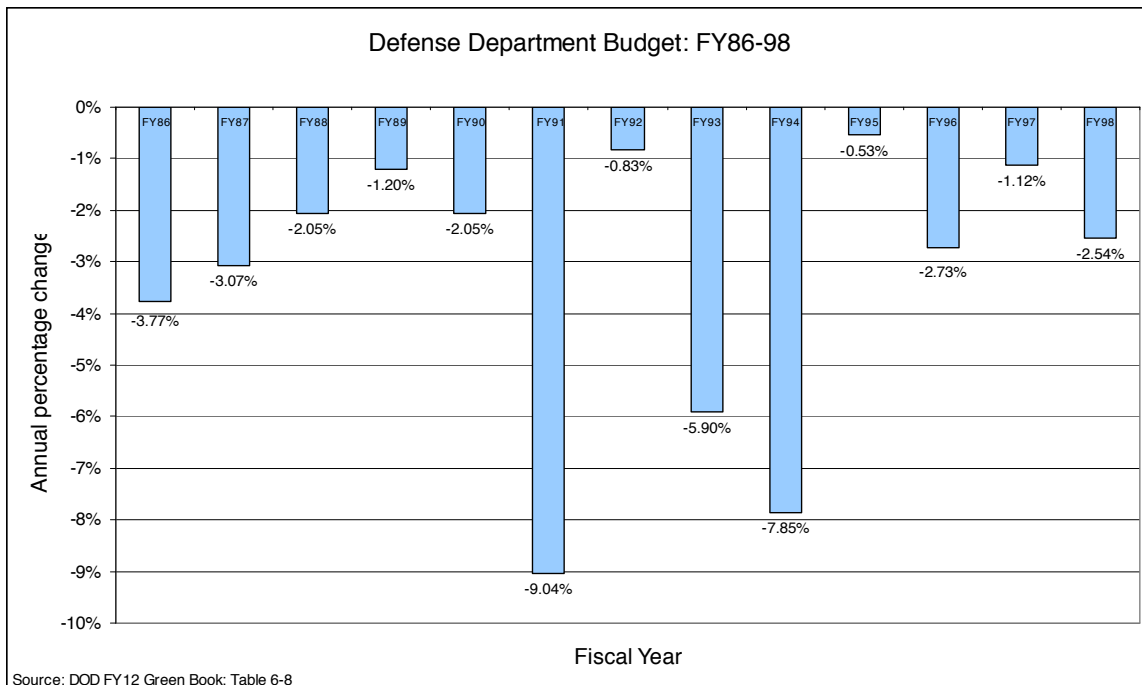
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<sup>3</sup> Gordon Adams and Matthew Leatherman. "A Leaner and Meaner Defense: How to Cut the Pentagon's Budget while Improving Its Performance," *Foreign Affairs* (Jan/Feb 2011).

<sup>4</sup> Admiral Mike Mullen. Chairman of the Joint Chiefs of Staff, Detroit Marriott at the Renaissance Center, Detroit, Michigan. 26 August 2010.

for the next ten years, are primarily the result of the 2001 tax cuts, rapid growth in defense spending, and declining revenues resulting from the economic recession.<sup>5</sup>

Assigning blame for our federal debt and deficit crisis is less important, though, than understanding that defense budget reductions will play a role in getting it under control. It will not be the first time defense savings have been found, or that they have played such a role. In fact, this build down follows three previous ones: the end of the Korean and Vietnam wars, and the Cold War. As OMB Associate Director for National Security and International Affairs from 1993-97, I had direct experience of the last such build down, and it is both instructive and reassuring. The pace was modest, the cuts were real, and the forces that remained were capable.



The chart above tracks this build down. The median annual reduction was 2.54%, real but gradual, the margin by which this Congress reduced the FY2011 appropriation for the Department of Homeland Security (2%). Reductions at this pace should not lead to sharp changes in strategy. Near-term savings opportunities could include streamlining our “tooth-to-tail” ratio which, at eighty-four support and administrative troops for every sixteen combat personnel, is the highest among industrial powers.<sup>6</sup> Another option would be to consolidate

<sup>5</sup> Kathy A. Ruffing and James R. Horney. “Economic Downturn and Bush Policies Continue to Drive Large Projected Deficit,” Center on Budget and Policy Priorities, 20 May 2011. At <http://www.cbpp.org/files/5-10-11bud.pdf>.

<sup>6</sup> Scott Gebicke and Samuel Magid. “Lessons from around the world: Benchmarking performance in defense,” McKinsey, Spring 2010. Exhibit 3.

headquarters infrastructure, especially combatant commands, which according to the Defense Business Board have now grown to ten organizations with 98,000 military and civilian staff and a total budget in FY2010 of \$16.5 billion.<sup>7</sup> And, even more immediately, Congress could collect the \$100 billion from Secretary Gates' recent efficiency scrub, all of which was left with the military services to re-spend.

Budget reductions paced gradually over several years would provide fiscal discipline and an important contribution to deficit reduction. Over time, such a build down would produce real change in the defense budget. The 2.5% annual reductions shrank the Pentagon's budget by 36% in FY1998 relative to FY1985, or \$206 billion in constant dollar savings that year alone. Change at this pace allows time to rethink strategy and mission. Over the thirteen years in the last build down, the Pentagon reduced active-duty troops from 2.2 million to 1.47 million, defense civilian employment from 1.11 million to 747,000, and procurement spending by two-thirds. The force that emerged was able to help bring peace to the Balkans in the 1990s, topple the Taliban in 2001, and overrun the Iraqi military in 2003.

This build down was managed by Presidents Reagan, George H.W. Bush, and Clinton working in a bipartisan manner with seven Congresses. Much of it was accomplished under the leadership of Secretary of Defense Dick Cheney and Joint Chiefs Chairman Colin Powell. To some extent, this bipartisan process is again under way; the FY2011 base (i.e., non-war) Pentagon appropriations of \$528.9 billion effectively froze the FY2010 amount, marking a shift away from endless growth and creating a starting point for a sustained process of budgetary discipline.

### ***Targets for Budget Discipline and Steps along the Way***

Congress needs to continue this process. Cuts mean a lower funding level than the previous year, not a slow-down in projected budget growth. A lower level of budget growth does not contribute to deficit reduction; it only slows the pace at which defense is deficit-funded. As long as defense budgets grow, the discipline the Pentagon needs is not being provided.

Secretary Robert Gates claimed that he had cut the defense budget but he only slowed its growth. Some of what he "cut" was overstated. Most prominently, he claimed that his FY2010 weapons system terminations cut \$330 billion from future spending. Those savings were gross, however, not net. They included terminating the F-22 and the C-17, though neither was in DOD's long-term budget plans. And Gates routinely did not net out the investment in follow-on programs to replace the ones he terminated, including Army combat vehicles and Marine Corps amphibious landing vehicles. The Gates defense budgets continued to grow – 2.9% in FY2010, despite the terminations – and were planned to push even higher over the FYDP.

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<sup>7</sup> Arnold Punaro. "Reducing Overhead and Improving Business Operations," Defense Business Board, 22 July 2010. Slide 30.

Congress also has conflated defense growth with budget-wide cuts. The \$20 billion cut in the administration’s FY2011 base defense budget request was, nonetheless, “approximately \$5 billion above last year” for defense.<sup>8</sup>

Congress should use “current services” as its baseline, starting with the FY2011 base defense appropriation. The experience in the Reagan-Bush-Clinton period showed it is possible to manage a gradual budget reduction pace, and the FY2012 request should be the first one to sustain such discipline. The administration’s \$553 billion base budget request is already overtaken by events. Were it appropriated, as the House Armed Services Committee authorized, it would represent \$24 billion (5%) in growth over FY2011. This is unrealistic. Even the President acknowledged it on April 14, seeking a minimum of \$400 billion in reductions from his own projections over the next 12 years and using the FY2011 appropriation as the baseline. Similarly, the House Appropriations Committee reduced the FY2012 request by \$8.9 billion, but that still leaves a 3% increase and makes no contribution to deficit reduction.

The President’s proposed \$400 billion in reductions from the plan should be treated as a “ceiling” for defense, the most the Department might expect to receive. The Defense Department could provide those savings and more from current budget projections and still maintain budget growth at the rate of inflation. This level of build down does not require a change in strategy, despite the “strategic review” Secretary Gates began (see table below).

Defense Department Budget Authority: Current Plan and Obama Administration Alternatives

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total: FY12-23
FY2012 Plan	553.00	570.70	586.40	598.20	610.60	621.60	632.80	644.10	655.70	667.50	679.52	691.75	7511.86
FY2012 Planned Growth Rate		0.03	0.03	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	
GDP Chained Price Index	0.014	0.016	0.017	0.017	0.017	0.018	0.018	0.018	0.018	0.018	0.018	0.018	
Real Freeze in FY2012 Adjustment	536.30	544.89	554.15	563.57	573.15	583.47	593.97	604.66	615.54	626.62	637.90	649.39	7083.61
Reduction from '12 Budget	16.70	25.81	32.25	34.63	37.45	38.13	38.83	39.44	40.16	40.88	41.61	42.36	428.25

Indeed, deeper, real cuts are clearly both possible and responsible. The President’s Simpson-Bowles debt panel, the Bipartisan Policy Center’s Domenici-Rivlin Debt Panel, and the Sustainable Defense Task Force sponsored by Representatives Barney Frank (D-MA) and Ron Paul (R-TX) all proposed more substantial reductions ranging between \$500 billion and \$1 trillion over ten years. Most interestingly, working different paths, although with some consultation, these panels found common priorities for defense discipline: the size of the force, hardware investment decisions, personnel policies, and management efficiency (see chart on page 8).

Some of these recommendations are already subject to congressional action. This is an important, if minimal, step. The cost of the military health care program has more than doubled

<sup>8</sup> See [http://republicans.appropriations.house.gov/\\_files/41211SummaryFinalFY2011CR.pdf](http://republicans.appropriations.house.gov/_files/41211SummaryFinalFY2011CR.pdf). Congress was able to grow the defense appropriation while also freezing the Pentagon’s base budget, referred to earlier, because of savings from the military construction appropriation resulting from the wind-down of the 2005 BRAC process.

since FY2001, from \$24 billion to \$52.5 billion, and the Pentagon projects it to continue growing at disproportionate annual rates of 3% to 5% through 2016. Working-age military retirees and their dependents were expected to pay approximately 27% of program costs when TRICARE was established in 1995 but have not seen any cost increase since then. Medical inflation and policy changes thus narrowed their cost sharing to approximately 11%. The fee increase being considered would increase costs for single members by \$2.50 a month, from \$230 to \$260 per year, and for members with families by \$5 a month, from \$460 to \$520 a year. The Defense Department would save \$340 million next year if the fee is increased, and indexing that fee to Medicare inflation would accelerate savings in later years.<sup>9</sup>

Congress also appears ready to support the Pentagon's request to terminate two programs targeted by the independent defense savings panels, the Marines' Expeditionary Fighting Vehicle (EFV) and the Army's Medium Extended Air Defense System (MEADS). Both programs needed such budgetary discipline. The Government Accountability Office reported that EFV costs per unit grew by 170% since 2000, to \$24 million, and that the vehicle's design and schedule were in doubt.<sup>10</sup> Meanwhile, no amphibious landing of the sort that would justify EFV has been executed under combat circumstances since the Korean War's 1950 Battle of Inchon. MEADS, also on the block, duplicates the ongoing PAC-3 update to theater missile defenses and has long been a low priority for the Army.

Consensus among these panels can provide further guidance for the Congress. Additional savings could come from slowing and terminating parts of the F-35 Joint Strike Fighter program and from reducing end strength as we withdraw from Iraq and Afghanistan.

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<sup>9</sup> Robert Hale. "FY2012 Budget Briefing," 14 February 2011. <http://www.defense.gov/transcripts/transcript.aspx?transcriptid=4770>. For the history of TRICARE cost sharing, see "Report of the Tenth Quadrennial Review of Military Compensation: Volume II," Department of Defense, July 2008. p. 46.

<sup>10</sup> "Assessment of Selected Weapons Programs," Government Accountability Office, 29 March 2011. <http://www.gao.gov/new.items/d11233sp.pdf>.

## Defense Savings Options: A Comparison

	End Strength Reductions	Investments	Personnel	Overhead
Simpson-Bowles	50K overseas stationing	Cancel V-22 Osprey Cancel Expeditionary Fighting Vehicle Halve USAF/USN F-35 & cut USMC F-35 Reduce Research & Development (10%) Cancel Navy sea-basing Cancel Army tactical vehicles and radios Reduce "Minor" procurement (22%)	Modernize health care cost sharing Freeze civilian pay (3 years) Freeze military pay (3 years)	Pocket "Gates efficiency" savings Double Gates' contracting-out cuts Substitute 62K civilians for 88K troops performing commercial activities Reduce maintenance at bases & facilities Consolidate commissaries with Service exchanges Integrate children into local schools
Rivlin-Domenici / Stimson Center	92K COIN ground forces 80K overseas stationing 100K "infrastructure"	Cancel V-22 Osprey Cancel Expeditionary Fighting Vehicle Cancel F-35 Joint Strike Fighter Reduce Research & Development (19%) Reduce "Minor" procurement (19%) Prioritize Missile Defense (ballistic & cruise) Defer VA-class submarines Streamline intelligence activities	Modernize health care cost sharing Freeze civilian pay (2 years) Freeze military pay (2 years; Stimson plan) Reform retirement structure	Pocket "Gates efficiency" savings
Sustainable Defense Task Force	92K COIN ground forces 50K overseas stationing	Cancel V-22 Osprey Cancel Expeditionary Fighting Vehicle Cancel F-35 Joint Strike Fighter Reduce Research & Development (\$5B/yr) Curtail ballistic missile defense Reorganize USN to 230 ship fleet Retire 2 aircraft carriers Retire 4 USN/USAF fighter wings Reduce nuclear arsenal & cut bomber leg of Triad Delay KC-X Tanker	Modernize health care cost sharing Recalibrate military compensation relative to civilian pay	Scale recruiting costs to force reduction Streamline depots, commissaries, exchanges Scale command, support, and infrastructure costs to overall cuts

\* Simpson/Bowles and Rivlin/Domenici options are illustrative only. Both commissions' formal recommendations targeted only a savings number.

### ***Linking Fiscal and Strategic Discipline***

Returning defense budgets to the peacetime levels more typical of the past 40 years, as proposed by the fiscal panels, raises the more fundamental question of strategy. Budgets discipline strategy and strategic (and mission) choices can discipline budgets. Such discipline has been noticeably absent over the past ten years. The Domenici-Rivlin panel moved in this direction and it is also the focus of our article, based on the panel's work, in the January/February 2011 edition of



*Foreign Affairs*.<sup>11</sup> In contrast to the Quadrennial Defense Review of 2010 and, very likely, the current strategic review, this approach would set meaningful priorities among military missions, calculate acceptable levels of risk, and tailor the force within budget constraints. Priority would go to military missions that are probable, consequential, achievable and appropriate.

In our judgment, the United States has never been as secure as it is today. Despite the rhetoric about an increasingly dangerous world, the US faces no existential threat and substantial choice about the international commitments it makes. Confronting Al Qaeda's central network is an important priority. Defending against cyber attack also is significant, though the US needs to be cautious that it does not stimulate an even greater threat through our own offensive investments and to ensure that we work with the international community to control the challenge we face. The quality, rather than the quantity, of our defense investment against these two challenges is what matters. As the bin Laden mission demonstrated, special operators are the most effective capability to deal with the terrorist threat, combined with international action, financial tools, and law enforcement. A large ground force is not the right instrument.

Large-scale conventional combat, a capability that deters adversaries, and some level of sea lane patrol to provide presence are next-level priorities. But, again, the end of the Cold War has brought unprecedented levels of security to the US. Large scale conventional war is less likely and the US is gradually slimming its nuclear deterrent to reflect the much lower level of nuclear threat it now faces. Neither of these missions justifies continued growth in defense spending.

Still, as Secretary Gates pointed out in May 2008, military services with lesser roles in current wars chronically plan around "Next-War-Itis," a fixation on potential future conflicts that would feature them more prominently and thus inflate their budgets well beyond demand. China is the scenario on which this planning focuses, especially for the Air Force, Navy, and advocates of programs that are aimed at ensuring US "access" to the Pacific theater.

There is no doubt that China is a rising power and is making substantial investments in its defense capabilities, but some perspective is needed here. China's military investment is, according to the most informed sources, one-seventh of ours. Chinese capabilities at sea and in the air are minimal compared to those of the US and will take decades to catch up, a goal reachable only if the US stops investing in defense. Moreover, there is little indication that China seeks a military confrontation with the US and no grounds at all for viewing the relationship as one driven by fundamental ideological hostility. We must be careful to avoid the contradiction of viewing China as a country with intentions but no capability for confrontation while considering ourselves as a power with capabilities but no intention for confrontation. There is ample room here for a long-term strategy that maintains our military power and presence in the Pacific region, avoids an arms race, and engages China on the diplomatic, economic, and financial

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<sup>11</sup> Gordon Adams and Matthew Leatherman. "A Leaner and Meaner Defense: How to Cut the Pentagon's Budget while Improving Its Performance," *Foreign Affairs* (Jan/Feb 2011).

levels. Indeed, the Chinese may be looking for the US to get its fiscal house in order, which is in the interests of both powers.

The prospect of a major conventional confrontation elsewhere is minimal. North Korea's military is numerically impressive but would be confronted by a substantially different South Korean military than that which existed in 1950. The US role in such a confrontation would be significantly lower, limited to sea and air power. Pacific strategy more broadly can and should be one of nuclear deterrence, air support, and naval presence. The prospect of a long-term conventional conflict with Iran is also low. Iran's vast size, to say nothing of the public hostility to any US presence, makes anything more than air strikes or Special Forces operations unlikely. And for all the rhetoric and concern about Pakistan, the likelihood of a major US ground presence in that country is near zero for the same reason.

It is hard to find another case where a sizeable US conventional ground presence is likely any time in the near future. It is appropriate to hedge against a conventional ground conflict or the use of naval and air power, but a smaller US force and budget would be ample to cope with this risk. Today the US already has the most dominant global conventional capability on the planet, providing a significant hedge against such challenges, and we would continue to have such a capability even should the budget go down as it did in the 1990s.

The most cited danger is also the most recent addition to US military missions: fragile states, insurgencies, nation-building, and post-conflict reconstruction. Here we are at substantial risk of learning the "wrong" lessons from Iraq and Afghanistan. The US was not dealing with state fragility in either country. We consciously pursued a strategy of regime change using conventional combat forces in both cases. Once the occupying power, we faced an insurgency our invasion helped stimulate. The internal capacity to govern and provide for balanced development disappeared partly because we "disappeared" it.

Basing future policy on this model is a dangerous but lesser-known case of the "Next-War-Itis" Secretary Gates warned about. It is far from clear that the US military is or will be in demand for large-scale invasion, regime removal, occupation, nation-building, or fighting insurgents. These missions have had their day, our success has been less than stunning, and, thus, they deserve a low priority. Future conflict resolution, conflict prevention, and support for governance and development are civilian missions for the US, in concert with international partners, not the future of the US military.

Reviewing defense missions in this way would lead to tough, strategy-driven choices on personnel and investment — the areas that the Pentagon most seeks to protect from budgetary scrutiny. US ground forces have grown by 92,000 soldiers and Marines since 2007, in large part linked to the rotation requirements of long counterinsurgency and nation-building campaigns in Iraq and Afghanistan. Our proposed priorities could reverse that growth. If the likelihood of conventional confrontation is as we see it, our Asian and especially European allies are sufficiently secure to permit a drawdown of the 80,000 US forces permanently stationed overseas. And if the tasks facing US military forces are less than we have given them over the

past ten years, the defense infrastructure could shrink as well, eliminating another 100,000 uniformed positions from the half-million service members that the Pentagon classifies as working in overhead positions and not deployed.<sup>12</sup> Taken together, these end strength reductions could be phased in over five years, providing significant savings but retaining a globally operational military capability.

Mission prioritization can also inform investment choices. Our current air dominance suggests that continuing current fighter-jet programs rather than building a new F-35 may be adequate. Slowing the rate at which we buy new Virginia-class attack submarines also may be sufficient given our global dominance, and lowering our current investment in missile defenses may be better tailored to the real missile threat. Ultimately, the defense savings proposed by the independent debt panels would lead to this kind of strategic rethink. Yet these panels would also retain a dominant global military force, and their savings are achievable through modest, incremental steps over a period of years, long enough to accommodate discussion and implementation of a changed strategy.

### *Enduring Security of the United States*

All of these strategy and mission thoughts are, for now, suggestive. We are currently working, with the support of the Peter G. Peterson Foundation, on a more detailed review of military mission priorities and the forces and costs associated with resetting them. Making choices in this way would do what the 2010 Quadrennial Defense Review failed to do and what the ongoing strategy review is unlikely to do: constrain the defense budget to a strategy that prioritizes missions, deliberately manages risk, and accepts the resource discipline reality advised so long ago by Bernard Brodie.

A broad approach to strategic and fiscal discipline in defense helps provide a sound footing for federal finances and the economy while also improving our security. It is possible while retaining the most superior global military capability history has ever seen. The United States would continue to be the only country able to patrol the world's oceans, deploy hundreds of thousands of ground forces to any point on the globe, and dominate the global airspace with superior combat fighters, long-range bombers, and unmanned aircraft. At roughly 60,000, US special operations forces alone would be larger than the militaries of more than half the world's countries. More broadly, the United States' entire post-reform active duty force would exceed the forces of any other country except for China and India. Supporting this overwhelming force, the US would retain the world's only global military transportation, communications, logistics, and intelligence capabilities. And, even with a trillion-dollar reduction over ten years, an unsurpassed defense budget would enable this force. For perspective, our FY2009 military research and development spending alone exceeded China's entire defense budget.

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<sup>12</sup> Arnold Punaro. "Reducing Overhead and Improving Business Operations," Defense Business Board briefing, 22 July 2010. Slide 23.

Admiral Mullen has underlined the importance of returning this budgetary discipline to the Defense Department. As he acknowledged in a budget press briefing on January 6<sup>th</sup> of this year, “the defense budget has basically doubled in the last decade. And my own experience here is in that doubling, we've lost our ability to prioritize, to make hard decisions, to do tough analysis, to make trades.”<sup>13</sup> He is precisely right.

Congress and the administration now have the opportunity to improve our national security at a reduced cost, while ensuring a balanced package of deficit reduction. The experience of the Reagan-Bush-Clinton exercise shows how meaningful that modest defense budget reduction, implemented gradually, can be. When the next generation of policymakers looks back on the era of restraint under way today, they will see that matching fiscal and strategic discipline led to a bipartisan defense program that responsibly and soberly saved as much as a trillion dollars from the coming decade of defense spending while ensuring that the US continues to play a leading role on the world stage.

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<sup>13</sup> Admiral Mike Mullen. Chairman of the Joint Chiefs of Staff, Pentagon, Arlington, Virginia. 6 January 2011.