



Security Policy Working Group

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RHETORIC, REALITIES AND RESOURCES: Media Briefing on the FY 2007 National Security Budget Request and the 2006 Quadrennial Defense Review

Security Policy Working Group
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BRIEFING TRANSCRIPT

Steve Kosiak: First I want to welcome you all to this briefing of the Security Policy Working Group (SPWG). For those of you who don't know, the SPWG is a consortium of nine different groups that are linked primarily because of a common desire to have a more robust and serious and broader debate about national security issues and especially national security issues as they relate to resources and funding issues.

The topic today is the Quadrennial Defense Review (QDR) and the 2007 budget request. There was a lot of anticipation this time around that this QDR would show some very significant changes. It's the first QDR done after 9/11. The first one was released technically right after 9/11 but it was conducted entirely prior to 9/11. So it didn't show much in terms of change.

There was anticipation that this one would, and that the QDR would show some significant changes and that the '07 budget request as the first year sort of set on implementing those plans would also show some significant changes. And we're going to talk about that this morning and give you the views of four different members of the SPWG about what it did show or didn't show.

We're going to each take seven or eight minutes at most and I'm going to try to hold them firmly to that, just giving brief comments, and then we'll hold off on the questions until we're all done and then we should have plenty of time for Q & A.

I'm Steve Kosiak and I've been working for 15 years at the Center for Strategic and Budgetary Assessments. I'm going to talk briefly about my general impressions about the Defense Budget Request and the QDR. Then we'll go to Winslow Wheeler, who's spent several decades working on the Hill (**Winslow Wheeler:** only three) – several includes three – working on the Hill for four different Senators as well as the GAO (both Democrat and Republican Senators by the way) and get his views on the QDR and the Defense Budget. Winslow is the Director of the Straus Military Reform Project at the Center for Defense Information.

Then we're going to go to Bill Hartung, who is President's Fellow at the World Policy Institute in New York as well as Director of the Arms Trade Resource Center there. He's written extensively on the arms trade and economics and he's going to give more of a contractor angle on the QDR

and the '07 Budget Request. Last but not least we're going to have Cindy Williams, who is a Principal Research Scientist at MIT's Security Studies Program and also is formerly an Assistant Director for National Security at the Congressional Budget Office. And she's going to give a broader sort of view of national security spending, looking at agencies and areas outside of the defense budget.

Before I start, though, I just want to introduce – there are a number of other members here of the SPWG that are available. Some have material out in front there and all of them are available for questions after our session today, if you want to hang around after that. One is Carl Conetta, with the Project on Defense Alternatives. Anita Dancs of the National Priorities Project. Rob Manoff of the Center for War, Peace and the News Media, and Thea Harvey, Director of Economists for Peace and Security. So they're not on the panel today but they are available and as I say, some of their material is out front.

I'm going to take off my watch so I can (**Cindy Williams:** Uh-oh, we're in trouble now) – I'm actually more worried about myself than any of you. All right, we're really going to try to keep it to seven or eight minutes.

In seven or eight minutes I want to make six points, so I should be able to do that. One is a very basic point, but when we're looking for these nitty-gritty stories, these insider stories on the defense budget, it's important to remember some very basic points. One is that defense spending is really high right now by historical standards. The 2006 (this isn't the request, this is the budget for this year, for 2006) is going to end up being about \$562 billion for national defense. In real terms, so adjusting for inflation, and that includes war costs, that's the highest defense budget since the height of the Korean War.

The 2007 request is for \$463 billion for national defense. That's a little different than the DoD number you'll see because this includes Department of Energy defense activities and some other little things. But that's the official budget function 050 number for national defense is \$463 billion. But the administration has said that they're going to amend that request later in the year, to include \$50 billion as a down payment on '07 military costs, related to military operations. That'll bring it up to \$513 billion dollars.

On top of that, very few people think that \$50 billion is going to be enough to pay for military operations, everything the Pentagon wants in 2007, so probably there's going to be a substantial supplemental as well. So the bottom line is the 2007 request is likely to be comparable in the end to the 2006 level which as I say is the highest level in real terms since the Korean War. So we're spending a lot on defense.

Another point – these are actually sub-points of my six – this is why I won't actually do this in eight minutes – (**Winslow Wheeler:** oh yes you will) is that the budget request is actually historically high even if you take out the war costs. It's not all due to the war costs. We are currently spending – and the '07 request would be substantially above, something like 20% above in real terms, what we spent on average during the Cold War. It's about 35% above where we were in 1998, which was sort of the post-Cold War low point for defense spending. So we're spending a lot even if you take out the war.

Another sub-point is that exclusive of war costs, the budgets are projected to continue to grow. There's a lot of talk now about defense spending sort of trailing off, which it may, and I think it's going to grow more slowly than it has in the past, but if you look at the budget documents it's still

projected to grow. Over the next three years, through 2009, it's projected to grow at average rates ranging from 4% to 7% in nominal terms.

That's likely to be several percentage points above the rate of inflation. So we're going to have real growth of 2 – 3% on average over the next three years. It is projected to flatten out at the end of the Future Years Defense Program, in 2010 and 2011, but only decline very slightly by maybe 1% in real terms. And this of course, these are two years beyond this administration, so I think they have to be treated somewhat more skeptically than the earlier numbers.

My second point, now, is that the amount of money we're providing through emergency supplementals has grown remarkably large, I would say. The total war-related funding now, since 9/11, stands at \$331 billion. The administration said it's going to request a supplemental later this year, for 2006, for \$70 billion, and as I already mentioned, they have said that they're going to amend the request for '06 for another \$50 billion as a down payment on 2007 costs. That brings the total funding for military operations through 2007 (that's probably not the endpoint for 2007) to \$451 billion in military operations since 9/11. And that doesn't include the \$32 billion or so for reconstruction and related assistance.

The third point I would make is that there is substantial evidence that DoD is starting to rely on supplementals to fund things that are not directly related to the war. We know that they have been funding army modularity programs through that, through '06; supposedly through '07 it's not going to be included in there. But I think there's good reason to believe that a growing share of this budget is not war related.

The fourth point is that I think we should care about that. I think that's not insignificant. I think that should be a source of some concern, because whether or not these are good programs and good activities to be funded, I think the distinction between war-related funding and peacetime-related funding for the military is an important one that we want to retain. Among other things, the Pentagon's long-term plans are not likely to be as realistic as they should be if there's an implicit assumption that year after year they're likely to be able to get a little bit of money out of the supplementals.

The fifth point I would make is that despite the historically high defense budget numbers, defense suffers from a significant long-term plans/funding mismatch. That is, their plans are very ambitious, and even though funding is projected to increase over the next three years at least, it's probably not going to grow to the point where they could actually afford to buy everything they want to buy.

According to the Congressional Budget Office, funding for defense would have to increase by about \$75 billion a year above where it's projected to be under the current plan by 2011, over the coming couple of decades, if you actually want to implement the administration's plans. So it would have to be roughly \$75 billion a year higher than it's projected to be when we get to the end of this plan. I think that's unlikely to happen, given growing concerns about the deficit, and given the fact of the cyclical nature of defense spending in this country. The 2007 budget will be the ninth year of more or less continuous increases in defense spending. That's a very long build-up in historical terms, and not likely to last for the next several decades.

So one of the expectations, and this is commonly understood within the defense community that there is this mismatch; one of the expectations of the QDR was that it would take some steps to make the plans more affordable over the long term. I think in that respect it largely failed. The QDR did cut a few acquisition programs but they were really quite small acquisition programs,

like the B-52 Stand-Up Jammer and the E-10 surveillance aircraft. All of the really big ones, like the Joint-Strike Fighter, which is something like a \$250 billion program; the DDX Destroyer; the Future Combat System, the Army's new family of vehicles and sensors and things, that's about a \$160 billion program; these programs were all kept intact. The F-22 was actually increased somewhat. The big story last year was the F-22 was going to be cut; this year they added four aircraft and extended the production out for two years.

On top of not making cuts, they also added some new initiatives. The most important, I think, as an acquisition program at least, is accelerating the acquisition and fielding of a new long-range bomber from 2037 to 2018. I may differ with some other panelists here, but I think that's not a bad idea. I think we were over-focused on short-range aviation, and shifting resources into long-range aviation probably makes sense. But it would have been a more convincing change had the administration made some other cuts elsewhere to suggest the money will actually be there when you get towards 2018, or just in the next several years when you're actually going to need to shift money into that. And they didn't do that. They didn't cut some other acquisition programs that would have suggested that there's at least in theory some space available to ramp up a bomber program in coming years. So it's not as convincing as it otherwise would be.

The last thing I'll close on is that the other area where they did make some changes, and I would actually give them more credit in this area, is that they did make some cuts in end-strength and force structure. I think over the long-term one of the ways we've been able to afford to modernize our forces is to basically make this trade-off. We accept somewhat smaller forces over time because they're equipped with much better, much much more costly, and presumably much more effective weapons systems. And so we don't have to do one-for-one replacements. And they did that in the case of the Air Force. The Air Force's end-strength is supposed to decline by about 8% over the next five years, the active duty strength.

They also are getting rid of some force structure elements: the F-117 fighter, some B-52s, and the U2. The Navy is also projected – although this isn't a change from last year's plan – projected to go down from 372,000 end-strength in 2004, they're projected by the end of 2007 to be down to 341,000, an 8% decrease in end-strength. They're also cutting some force structure elements; they would like to cut one aircraft carrier. But to a large extent the Navy's hoping it will be able to do this because the new ships they're buying have smaller crews, so they don't necessarily have to cut force structure. I think these are moves in the right direction; ultimately they are not enough to do much to make this plan more affordable, but I think they are steps in the right direction.

I'll stop there; I think I went 9 minutes, and go to Winslow.

Winslow Wheeler: You don't need to fish it out of the folder you have, but I have some briefing slides in the folder, and my presentation to you is actually going to start at page 10 of it. I point that out only because the first 10 pages are different ways of looking at the size of this budget in graph form, usually with numbers. It may help you later on data issues, where you want to fish out the number for X, Y or Z it's in a chart in the first ten pages.

My first substantive point to you is going to be a cheap rhetorical trick. This is Monday's *Defense News* headline: Pentagon Delays Hard Choices: DoD Seeks Up to \$40 Bill More. The cheap trick part is the date on this is October 1, 2001. In other words, *déjà vu* all over again. Yes, this is the first administration that's had a post-9/11 QDR, but frankly this QDR doesn't cut it. I'll give you two examples of that.

The ultimate reason for having QDRs is to declare a strategy, to declare the defense program, and to link the two of those to the budget. That is in the legislative instructions for Secretaries of Defense: how to construct a QDR. This QDR doesn't even have a section on the budget. You can argue whether the strategy is linked to the defense program, but you cannot argue about whether those two are linked to the budget. They are not. Furthermore, as Steve said, there's a plans/reality, under-funding, over-programming mismatch. It's getting worse, not better.

More than a year ago, CBO came out with a study on this under-funding program, and you had to read between the lines a bit, but it's \$50 billion per year, their estimate of the dimension of the under-funding, over-programming problem. They have a new study out this year, it's at their website, it's not really reader-friendly, but they have different constructs for measuring the mismatch. Again, you have to read between the lines a bit, but the way I read it is the mismatch is somewhere between \$50 billion per year and over \$100 billion per year. Match that up against Gordon England's paltry little \$32 billion cut drill over five years. In other words, if you match up what they're doing in the budget with what the nature of the problem, they're addressing about 1/10 of the problem. Doesn't cut it.

Second point. Trying not to be all that negative: is there some good news in this budget? Well, sort of. I like the idea of spending some more resources on special forces; they're talking about 4,000 new personnel, lots of new UAVs, and other stuff. I tallied up from their budget brief the resources they want to spend on insurgency issues in the baseline budget. I counted \$17 billion. That's \$17 billion out of the \$439 billion. That's 4%. They give a lot of rhetoric in the QDR to the long war and all that good stuff, but when it comes time to putting their money where their mouth is, they're not doing it. 4,000 new special force operators is fine. Is it enough to turn around the war in Iraq? Are they going to arrive in time to put the trend lines on violence in Iraq and Afghanistan in the right direction? No. Is it too little too late? Probably.

Another good idea is modularity. They're going to expand brigades from 48 to 70. Fine. Aside from the fact they've been funding it up to now in supplementals, not in the baseline budget, the problem is that inside those expanded number of brigades they're actually going to reduce the combat forces in grand total. They're going from three and four maneuver battalions per brigade, to two to three maneuver battalions per brigade. That is going to ultimately, even with the expanded number of brigades, reduce the number of maneuver battalions in those brigades. So the Army's big reform is shrinking the force, and it's shrinking the most important part of the force.

You've all heard about, read about, the reductions in the Army Reserves and the Army National Guard. I read in the *Washington Post* that that decision was reversed. That's not correct. They came to an agreement that if the Reserves and Guards can recruit up to their previously authorized levels, they can go ahead and do so, but the money was not put back. And my question to you is, if their Guard and Reserves do get up to those authorized levels, and it won't be easy for them to do that, are the hardware programs that got their money going to give the money back? I don't think so.

In other words, what we're dealing with here is a Washington Monument drill. They take the money out of the budget knowing full well that Congress is going to put it back in. And, as a matter of fact, I call these "Rumsfeld's WMDs" – Washington Monument Drills. There are several of them in this budget. The Reserves are just one of them.

The 2.2% pay raise. Yes, they're giving it to DoD civilians as well; there is that parity in there. Is Congress going to increase it? You betcha. The Reserves' truncation wasn't dead on arrival, it was dead before departure. The 2.2% pay raise is dead on arrival. That's going to be increased.

There're others. The C-17 production, ending the run in 2008 – we will probably see the first-ever Barbara Boxer/Denny Hastert coalition, to bring that to an end. Tri-Care cost control – I think it's a great idea to get some control on the exploding costs of DoD health care. Their proposals to my way of thinking at least make a lot of sense. That one's not dead on arrival: it's in the Intensive Care Unit, and the prognosis is grave. Congress is probably going to beat up that, and MOAA [Military Officers' Association of America] has already gone crazy, and it's going to require a lot of politicians to do some very unpolitical things, to adopt that proposal.

Other ones? The Kennedy aircraft carrier retirement. Some of the conditions of that have changed. Florida's going to get a ship even if the Kennedy is retired, so maybe they will actually retire it. It shows that DoD can actually pull these things off if they want to.

But other things? The F-117 retirement – my former boss Pete Domenici is already going nuts. One of the few things that he and Jeff Bingaman can cooperate on is New Mexico pork. And I would be very surprised if Congress doesn't extend the F-117's presence in the force. Same thing for reducing the number of B-52s. Same thing for reducing the number of Minutemen III – Senator Burns is already going nuts over that one. Washington Monument drills – they're pretty obvious. They'll become less obvious if you see the administration really fighting for its proposals, and Rumsfeld making points about them: “We know you're worried about this, but we really need it” in his statements to committees on the Hill. You know they're serious about it when they consult with members of Congress as they make the decision. They consult privately, saying “I've got some bad news for you. We'd like your cooperation. We're going to take the 117s out of Holloman, Senator Domenici, but we're going to put these other assets back in, so couldn't you please be quiet when we do this.” Didn't happen. They're not serious about it.

Finally, when I was reading through the “Analytical Prospectives” volume in the OMB budget materials, I stumbled across what I thought was a very significant proposal to address earmarks. That volume talks about a new line-item veto proposal. They say this is going to be their way to deal with Congressional porking, and they're going to devise a constitutionally acceptable rewrite of the line-item veto proposal, and that's in the administration program. How many of you have heard about this? There was a *New York Times* story yesterday that said the administration had no proposal to deal with earmarking. You know, this proposal is more of a national secret than the NSA eavesdropping. **[Laughter]** So they're obviously not serious about that either.

So in other words, the QDR and the budget together is very much business as usual. And I regret to say, in a time when we could use some good changes in the right direction in our national defense budgets and our national strategy, those things are not happening. Thank you.

Bill Hartung: Well, I get all my best cheap tricks from Winslow. So, I have a headline here from the *Wall Street Journal*: Pentagon, Pressed on Spending Cuts, is Facing Difficult Choice between Troops and New Arms – November 20, 1989. It's not quite that severe yet, given the 7% increase in this year's overall budget, but I think that trade-off is coming down the road.

Gordon England, the Deputy Defense Secretary, had a meeting with the contractors back in December when he talked about these \$32 billion in cuts over five years that Winslow mentioned. When Bill Perry met with the contractors when he was Defense Secretary, it was called the Last Supper, because basically they felt there was too much capacity for what they were going to

spend on weapons and research and development, and so it was the equivalent of saying, “Look at the person to your right, and look at the person to your left, and one of you is going to go out of existence shortly, so I recommend that you merge.”

England’s was more like the First Supper. **[Laughter]** The gravy train is still going to be rolling, we’re not going to go after any of your big ticket items, and if we do we’ll certainly look to cut troops first before we cut the weapons. Even with the growing budget there are some troop cuts anticipated: 58,000 overall (some of this is in Winslow’s charts), including 23,000 in the Air Force; 17,000 in the Army National Guard, despite the pushback on that is likely to go through; and as was mentioned 8% cuts in the Air Force and the Navy; and the Army cut by about 30,000 over five years.

I would say if we were in normal times, and we weren’t fighting a ground war in Iraq, and still involved in Afghanistan, the notion of some modest cuts in forces, in exchange for more capable weapons systems, might make sense. But what we’re really trading off is a lot of Cold War relics that were designed to fight weapons that don’t exist any more, against troops that we may need unless we magically extricate ourselves from Iraq and Afghanistan in the short term.

The other thing that I wanted to say is that the Iraq war is not as good as you might expect as a business proposition for the big contractors, the Lockheed Martins, the Northrop Grummans, the General Dynamics, the Raytheons, the Boeings, because we’re in the phase where it’s really sort of a counter-insurgency war. So you need infantry equipment, you need food, you need to keep the logistics going, but you don’t need F-22 fighters, if you ever did. You don’t need the big-ticket items of the kind that these companies build. So if the war continues at the levels of cost that it has, there may be a squeeze in that regard too, that the big-ticket systems will have to be pushed aside a bit to make room for the bread-and-butter items you need to fight the war. And I was going to give examples, like body-armor and upgraded Humvees, but it sounds like after all the criticism the Pentagon has sort of gotten that together. Everybody’s got body-armor, everybody’s got upgraded Humvees that are either made in the factory or done with real add-ons, not just stuff you find in the garbage. So the only criticism is why did it take them so long? I think that’s at least as much ideological as anything else, this notion that they were going to be greeted with candy and flowers instead of AK-47s and improvised explosive devices.

There are still some issues with equipment, like this issue with the side-plates. *The New York Times* article talked about perhaps 80% of the Marine casualties could have been prevented if they had had side-plates on their body-armor. And now they’re going in full gear, the Army’s going to crank out a bunch of these. And the question will be whether these are used in the field or not, because these folks are already carrying 110 pounds of stuff with them even without adding this.

The contractors that are doing much better – I sort of did a comparison of how fast contractors were growing, and contractors like Halliburton have ten times as many contracts as they did five years ago, or in 2001 really. Lockheed Martin, Northrop Grumman have grown by about a third. Most of the other companies involved in Iraq, companies like Parsons and DynCorp, have doubled or tripled over that period.

So I’m not going to cry any tears over the big contractors. I think the Big Three are still going to split \$58 to \$60 billion this year. But they are kind of leveling off, and the contractors involved in goods and services directly useful to the war are growing much more rapidly, which is another way of saying that there could be a reckoning for these big-ticket systems.

The other contractor issue I wanted to talk about was the private military companies. There've been a lot of issues. One is just malfeasance and misfeasance; are they really doing the job, or are they letting the troops down? Halliburton is sort of the big poster-child for this. They've been charged with charging for three times as many meals as they've served the troops; the troops don't eat their meals anyway; with over-charging for gasoline that they brought in from Kuwait; with renting luxury vehicles for their personnel; with making monogrammed KBR towels to put in their various washrooms. Everything from the sublime to the ridiculous. So that, of course, wastes money. A few billion dollars of Halliburton's money could not be accounted for, for quite a while. And I think it hurts morale for the troops, because they're not getting what they need in a timely fashion. Yet they see that there's a lot of waste going on.

There're also issues of chain of command and coordination, because the private contractors technically are not in the chain of the command. So the military commanders can kind of suggest things to them, they can kind of imply, "if you want to keep getting the contracts, you'd better toe the line," but there's no real direct authority that they have. There are questions about whether the contractors are subject to laws of war, the code of military discipline, and whether they're sort of off in their own separate universe.

Also there have been a lot of friendly-fire incidents, of US forces against contractor forces. According to the GAO report on this, there have been so many of these that some of the contractors have stopped reporting them. So this indicates at a minimum a lack of coordination, perhaps some tension between the two spheres.

The final point is there are no set standards for a person to go work for one of these companies. They don't have to prove they can fire a gun; they might have to prove they don't have a criminal record, but basically there are no set of standards of what's needed to work for one of these private security companies. So I think establishing standards is critical. Trying to keep them out of the battle space I think is very important.

And then obviously, more rigorous monitoring. The Special Inspector-General for Iraq Reconstruction, Stuart Bowen, has done some good work on tracking down some of the reconstruction companies and the problems they've had. But I think the private military companies have still been let off the hook a bit. And because the QDR defines these contractors as part of the total force, along with the regular military, the reserves, DoD civilians, and then the contractors as the fourth element, I think it's all the more important that there be a regulation scheme that's commensurate with the challenge of how to integrate these contractors with our military forces without these kinds of tensions and miscommunications and serious problems that we've seen so far. So that's what I have to say, I have no idea how I did on my time, but at least I'm done.

Cindy Williams: Thank you. So far we've been talking about what Secretary of Defense Rumsfeld's QDR and President Bush's budget submission to Congress for 2007 mean for the military and mean for the military budget. And my job today is to remind us that when you talk about national security, the nation has a wider toolkit to apply to national security problems. And so, I want to expand the discussion to talk about what we are planning to spend under the 2007 budget for this wider toolkit of national security.

What we're going to come to as I talk about that is, number one, if you look at it that way, you'll see that the national security budget is even higher than what we've been talking about so far. The second thing we'll see is that even though, yes, the military is one of many tools to apply to make national security happen in this country, it's by far the lion's share of the budget. And then

the third thing is, there's two ways you can look at how much more we spend on the military than on other ways to make national security: one way you can look at it is wow, what a gyp for the other guys, right? The military is overeating at the public trough. And that's one way you can look at it. But another way you can look at it, is that the other ways of securing the country are an amazing bargain. But either way you look at it, whichever of those two ways, it makes you wonder whether we shouldn't be shifting resources to some extent away from the military and over to the other tools of national security.

So I want to point out two things that you could have picked up. One was in the blue folder, or green, whatever color that is, there're some briefing charts, and that's what I'm going to talk today. It says, "Budgets for the Wider Toolkit of National Security," and it has my name on it. [<http://www.cdi.org/pdfs/Williams%20on%20SPWG%20National%20Press%20Club%20021006.ppt>]The second thing you might have picked up from the table, and if you didn't pick it up you might want to look for it, is a policy analysis brief that goes into a lot more detail on the kinds of things I'm talking about. I am the author, and the Stanley Foundation published it. If you picked that up, the Stanley Foundation's website addresses are also on it so you can get it electronically if you prefer.

So let me turn to what I mean by the "wider toolkit for national security." Well, first maybe you want to know what I mean by national security. And I mean measures the US has to protect the safety of the country and its people, the sovereignty of the United States, the territorial integrity, and keep a suitable degree of power for the United States as it address the world. So those are the things I mean by national security.

And I like to say we have three ways of making national security happen: offense, defense, or prevention. And in the President's budget, I'd like to look, in not too much detail, not argue too much over well, wait a minute, is this is offense or defense, but just to look at the military instrument as the main instrument we have for offense. So in the budget, I'm going to look at the national defense budget, which Steve Kosiak mentioned. That includes the spending for the Department of Defense; it includes the nuclear activities in the Department of Energy and a few other things; and it also includes most of the spending that we have for intelligence. That's all in the category that I'm going to be calling "offense."

"Defense" is the homeland security budget. And you don't want to confuse that just with the budget of the Homeland Security Department, because as you know the Homeland Security Department has pieces in it that don't do homeland security. For example, a lot of the Coast Guard's job is not about homeland security. But also, there are 32 agencies of government that participate in some way in homeland security, so that not all of the spending for homeland security is in the Homeland Security Department.

But what is included in the thought of homeland security? Well, it's law enforcement aimed at terrorists, it's border and aviation security, it's port security, it's protection of facilities, and it's preparedness, including preparedness of emergency responders at the state and local level in the event that there's a national emergency.

So that's offense and defense. And then the third category I like to think of is "prevention." And by prevention in this context, I don't mean the kind of preventive war that the Bush administration talks about. But I mean real prevention, using nonmilitary measures, prevention of conflict or prevention of terrorist acts. Now, when I throw that category in, I think a lot of people think, "she must be one of these softy liberals, who is interested in moving all the money from the Department of Defense over to the Department of State, or over to international aid programs." I

am not that person. In fact, I am generally a hard-headed realist. So I'm coming at this from the point of view of what makes more sense financially, and coming back to the notion that these kinds of programs are a real bargain.

What do I mean by the prevention programs? I'm looking in the budget at the international affairs programs. Those of you who love federal "budgetry" will know I'm talking about what's called 150, budget function 150, in the federal budget. It includes the conduct of foreign affairs by the State Department; it includes all of our spending for international organizations like the United Nations; it includes development assistance and humanitarian assistance; and it includes foreign information and exchange programs. So that category is what I mean by the prevention category.

Now, before you think that I'm the only person who says this, I want to call your attention to some things that the Secretary of Defense says in the QDR. There are two things that the QDR says about this. One is that we're engaged in a long war. And when they talk about the "long war," they talk about the fact that a long war doesn't just require the military, it requires all the tools of statecraft and security in the country. So it requires diplomacy. It requires economic savvy. It requires enlisting foreign partners in the fight against terrorism. So it requires all of these other things. And of course, if you're engaged in a long war, you have to accept the fact that it's not unlikely that there will be more terrorist attacks, and so you have to be prepared for them from the point of view of defense.

It's clear throughout the QDR that if we're going to fight a long war, these other things matter too. It's not just an offensive war, it's a defensive and preventive war as well. Now some specific words, some specific language that they use in the QDR, are about "shifts in emphasis," and this is in the very front of the document. Secretary of Defense Rumsfeld says, "We need to shift the emphasis." And they have several categories, maybe it's 15 or 20 categories of ways that we need to shift the emphasis, but I'm just pulling out the ones that matter to me. One is, "from responding after a crisis starts, we need to shift the emphasis to preventive actions, so problems don't become crises." This is exactly what I'm talking about in prevention. "From fragmented homeland assistance, we need to shift to integrated homeland security." Exactly what I'm talking about in the defense category. "From the US military performing tasks, we need to shift to a focus on building partner capabilities." In other words, this is not just the job of the US military; it's the job of partners overseas as well, and it's also the job of other agencies in the federal government. And finally, "from DoD solutions, we need to shift to inter-agency approaches." And the Defense Department makes a lot, in the QDR, of the fact that it can't do this job alone. It makes a lot of the fact that it needs good partners.

So part of what I'm talking about here, in fact the main thing I'm talking about here, is, if the Defense Department is expecting to have good partners, in either the defense realm or the prevention realm, then it's crucial that the nation looks to make sure that those partners have the capacity they need to be good partners to the Department of Defense. So that's the crux of my argument. Now I want to look at the numbers.

What are we spending for offense, for defense, for prevention? The numbers are on the chart that I hope you have in your blue package. Steve talked about the \$513 billion that includes the \$50 billion down payment on the wars in Iraq and Afghanistan for fiscal year 2007. That's what's called the national defense account; it's what I'm calling offense. For homeland security outside of the Department of Defense, there's another \$42 billion. And for international affairs, what I'm calling the prevention category, there's about \$34 billion. That brings the total spending for national security programs, not to the \$513 billion that Steve talked about, but all the way up to

\$589 billion before you pay the full costs of the war in Iraq and Afghanistan if they're still going on next year.

So we're up to about \$600 billion, right? Well over the half a trillion dollar mark for national security spending in this country. But, most of it is going to the Department of Defense. Those of you who have the package there, if you want to look at the pie chart I made, you can see that 6% of that money is going to the prevention categories. 7% is going to homeland security, but fully 87%, in other words about 14 times as much as we're spending on prevention, is going to the national defense programs, the Department of Defense and the Department of Energy.

What does that mean? To me I like to think of it as, those other categories are a real bargain. And if they're a real bargain, we really ought to look at whether we ought to be spending more on them and less on the military. Are there some shifts we can make? And if you'd like to ask in the Q&A, "What are some shifts that one can make?" I know all of us have our favorite ideas. So I'll stop there.

Steve Kosiak: Thank you Cindy. I'd like to thank the speakers for taking about 10 minutes each which to my mind pretty much keeps us in the seven to eight minute range. We're going to have a Q&A now, and I'd like to ask two things. Most of the people here are press, but I think there are some individuals who are not with the press; if they could hold off on questions until a little bit later, and we'll sort of signal when that time comes. If people when they ask questions could please identify themselves, and the outlet they're with, it would really be helpful to us here, because I think we'd all like to be able to connect. We've spoken to a lot of you, and to be able to connect a face with a name would be really helpful. I'll open it up for questions.

Q: I came in a little bit late but I'll assume that maybe nobody really touched on this. We talk about the choice, if there is a choice, between troops and equipment. But what about between these things and family members of troops? Dependents, spouses, that sort of thing? There's a whole range of things of quality of life programs that goes beyond Tri-care, into aid to public schools, and recreational facilities, and all sort of things. Those things have been plussed up quite a bit over the years, and I wonder if you see the era of improving those programs is pretty much coming to an end.

Cindy Williams: I think there's real concern within the services. The one service chief who will come out and say these things is the Navy Chief. Generally the other service chiefs will say these things in private, but not in public. But there's concern that the nation is spending too much, that the Department of Defense is spending too much, on some of these "people things" that aren't benefiting people as much as they're costing. And therefore aren't benefiting the services as they try to do two things. One is to manage the force, make sure they have the right people in the right job at the right time. And the other is to make sure that they have good recruiting and retention.

I'm not going to say that those days are coming to an end. But I think people are looking to see whether those are the right programs. And in today's world you'll see a lot of places that are really problematic in the family programs. The first, most obvious one, is that most of them are delivered on military bases. Well, that's fine for the individual who has his or her family living on the military base. But you have to keep in mind that more than two-thirds of all members of the military who have families are living outside the military bases. These are members of the active duty forces. And on top of that, virtually no reserve or guard member is living on a military base. And so in recent years, as we've called up increasing numbers of people from the Guard and Reserve, we've seen what a disparity there is: that so many family services aren't provided for people in the Reserve and Guard.

Another problem is that so much of what's delivered as family support has been relying on the volunteer efforts of spouses of people in the military. And increasingly those spouses are working in the outside labor force themselves. And it's very difficult for them to provide this kind of support on a voluntary basis. I think people are going to be looking at these family services.

Q: You mentioned delaying tough choices. Steve made an interesting point in that a lot of this is going to have to happen after the [Bush] administration. Are they essentially pushing these choices on to the next administration? Congress is going to be reluctant to cut weapons systems, or anything like that. On the other hand they're not going to plus up the defense budget by \$75 billion a year.

Steve Kosiak: My view would be that they are in large part pushing it to the next administration. But some of these decisions may be made over the next several years, too. I think the way things typically work is it's the unusual circumstance when somebody says, "I'm going to cut Program X by 50%." The more usual thing is, the current goal is to build 50 of these in 2011. Next year the goal will be to build 40, and the year after 30. I mean, they'll do it on an ad-hoc basis year to year, which is not a very efficient way of doing it. But I think that's a more likely scenario. So I do think this administration, because of how much executing this plan will cost, because of the plans/funding mismatch, over time, over the next several years, they will be themselves forced to make at least some incremental changes in programs. But I think the really big decisions appear to have been kicked down the road.

Winslow Wheeler: My take on that is two points. First of all, it's nothing new about a QDR not making hard choices. And it's not just Rumsfeld's, it's the '97 one, it's the bottom-up review before that, and Bush I's Defense Management Review. The characteristic of these reviews is all the same.

Primarily they show you who is running the Pentagon. The services are running the Pentagon. The services are interested in preparing for and fighting conventional war. And that's what these budgets do. On the fringes they address 21st century warfare, but not in its core. And the services are very comfortable with that. Despite all the talk about transformation, the money is put in conventional war.

Q: Since the QDR has sort of wrapped up in various ways, I know I've heard it used a lot as an explanation for why we're going to do this or why we're going to do that in the budget. And then when we actually got the QDR it seems to be this hundred-page document with a lack of specifics. I asked [Principal Deputy Under Secretary of Defense] Ryan Henry, who is presented as the public face of this document, this week, "Why is that?" And his answer boiled down to, and I'm not paraphrasing very much, "What you think of as the QDR is this hundred-page report. What we think of as the QDR is this year of discussions that we've had. They were really great discussions among people at the top level of leadership, blah blah blah." And I said, "Well, how can we understand that? Did you keep records of these discussions? Is there a document that shows the conclusions that were reached?" And he said, "I don't understand what you're asking." **[Laughter from the panel]** So I throw that out there, and I ask for your thoughts about the policy implications of that.

Winslow Wheeler: I'd be fascinated to see the transcripts of the meetings in the tank about the F-22 and all that stuff. I think what he's saying, and Pace has said the same thing essentially, is that they're learning to get along with each other. And they're learning to deal with Donald

Rumsfeld and the way he poses himself as in charge. I think that's all they're telling you. I think Peter Pace strikes me as somebody who's very easy to work with. And I'm real glad that they can work well with each other. I just wish they would make some decisions.

Cindy Williams: I'd like to say something about that. I think this is poison. I think the whole idea that the process is important – that's not a bad thought – but that's code words coming from Mr. Henry for just what Winslow said – “We're were able to get along with each other.” Now what does that mean? It means, “We were able to agree with each other on which programs I keep and which programs you keep.” And rather than fighting out, “No, mine is more important!” “No, we've got ground forces in Iraq that need money!” Right? What they did was log-roll. When Ryan Henry says, “This is what we did,” what he's telling you is that they found a way to log-roll among the services so that all of them were able to keep their privileged programs, their very favorite programs.

Now, why is that a bad thing? It's a bad thing because most of them would be willing to sell their souls to hold on to the one thing that they hold most dear. In the Air Force case, it's the F-22. What was the Air Force willing to give up so that it could keep the F-22 even though budget felt a little tighter? It was willing to give up tens of thousands of people; it was willing to give up the F-117, the *only* stealth fighter bomber that we have today; it was willing to give up the U2, the venerable spy airplane that gave us something like 80% of the signals intelligence discoveries during the Iraq War. It was willing to give up all kinds of things to hold on to the F-22.

Well, sure that might be good, from the point of view of the Air Force general. Is it good from the point of view of the nation? The answer is no. It's not good from the point of view of the nation. Who was looking out for the point of view of the overall Defense Department, or the point of view of the nation? Nobody, if they let the services set their own offsets.

Follow up Q: But the argument that they would give – and I'm interested in what you have to say – is that, by doing it this lovely top-down way without getting into the details, they took this DoD-wide view. I mean, the rhetoric is, “we ignored the services, we ignored the bottom-up, we just got together as leaders and presented a vision. And that justifies all of our decisions, even the ones we don't spell out.”

Cindy Williams: Well, the quotes that came out very early on, after the QDR was released last Friday, from the Deputy Secretary didn't say that. The quotes said that the services were permitted to bring their own offsets; that basically, the administration took the point of view that yes, some hard choices had to be made, but they were best made by the individual services, not by the Secretary of Defense. And the services were told, “This is your top line; this is the amount of money you can have. You come to us with an idea. You come to us with how you're going to manage this.” And they let the services set their own priorities.

That is not how to have an integrated defense budget that reflects the priorities of the country.

Winslow Wheeler: My friend Chuck Spinney has a good characterization of this. He's characterized several Secretaries of Defense as, in the cock-pit, pulling hard on the rudder, stomping on the pedal. The only problem is, those controls are not connected to the flying services. The building presses on with its agenda, and we're hearing lots of talk about transformation and “the long war,” and it's not happening.

Bill Hartung: There's rhetoric in the QDR about the threat of disruptive activities that will limit the United States' freedom of action. They're, of course, talking about mostly military things.

But I think it's the same issue – that this vague QDR makes it harder for people to disrupt their plans because there's no information to work with.

Q: Two things. One: A lot of the services' plans for the future, particularly the Navy, to get all the toys they want, are dependent on reducing costs. Winslow and Steve have both watched the process for a long time, and it seems to me that to repeat a theme, that we're going to get contractors to cut costs – what's the reality of this? The Navy's rhetoric now is, "we don't run the Star Wars version, we'll take good enough, and then improve over the cycle." What's the reality of that actually happening?

Winslow Wheeler: My take on this is the DAPA [Defense Acquisition Performance Assessment] panel. I read that thing, put together by a former director of missile defense, some retired corporate types, and they've come up with an identification of the problem and the solution. It's all somebody else's fault. And they've tried to nail Congress as disrupting funding for programs, and redesigning programs. I don't know what planet they've been on. That's not what's been happening. Funding for programs has been extraordinarily stable. And they've come up with a solution to make funding for programs even more stable. They have this acquisition stabilization account, which basically says, "We get the money, and you don't get to play with it, Congress."

Two comments. First of all, it's not going to solve a damn thing. And it's another one of these silly drills where somebody comes up with a set of set of recommendations which Congress will look and say, "Well, we're not interested thanks."

Steve Kosiak: I think you're right, there's a significant problem here. It's most obvious in the case of the Navy, because the House Armed Services Committee in particular, though it didn't end up in the final bill, had put some fairly stringent cost caps on some shipbuilding programs. But I think it's a true in all of the services, the assumption that they're going to be able to buy hardware for prices which history suggests are not reasonable to anticipate. Ultimately they're going to have to make some harder choices. But as I said earlier, the choices are not likely to be made in an ideal, rational manner up front. They're likely to be made in a much more inefficient way, on an ad hoc basis, year after year and incrementally.

Bill Hartung: In terms of Star Wars, even though they're sort of settling for what they've got, it's like Rumsfeld's comment, "you fight with the army you've got," you fight with the missile defense system you've got even if it doesn't work.

Unrecorded question on supplementals and war costs and the politics of military spending

Steve Kosiak: It certainly doesn't have anything about the additional money they'll likely ask for in '07. What they give you is the budget excluding war costs. And if they ever provide the details on the FYDP [Future Years Defense Program] by title it won't include any assumptions about war costs.

So that's a mechanism that other administrations didn't have. Now they might have made use of it if they had, but under the circumstances I think that's sort of troubling, and it's a big gimmick that the Defense Department has at its disposal now.

Winslow Wheeler: I think on reflection that they're not better at spending; they're maybe a little bit louder and more aggressive. What's remarkable to me is the feeble nature of the opposition.

When I started working on Capitol Hill there were real debates on defense. It wasn't just William Proxmire and a few other critics; there were serious debates when the DoD Authorization Bill would come up. About Vietnam, and about amendments. People would have amendments, not to just reconfigure the testing of the V-22, but to kill the B-1 bomber, and so on. We had real debates.

We don't have that any more. The Republicans have very successfully trained the Democrats: keep your hands off, or we're going to call you anti-defense. And to the Republicans, being pro-defense is basically doing what you're told from the Pentagon.

That's a horrible situation. Take your pick. Have a debate about something. Have a debate about Iraq. We didn't have a real debate about Iraq, last fall when they adopted that "Sense of the Senate" language, which did not have the force of law and changed nothing about Iraq.

Have a debate about the V-22. Do oversight, get into what they didn't test of the V-22. They're not doing that.

I was at a showing of that movie, "Why We Fight," the other night. I have a lot of respect for it. [Senator] Lindsay Graham was there, and he's somebody who's stepped out of the mold. We were talking about oversight after the movie, and he said, "We have had oversight. We had oversight just that day in the Judiciary Committee about the NSA program with Specter, and we had oversight about Abu Ghraib in the Armed Services Committee."

Well, they didn't have oversight about Abu Ghraib in the Armed Services Committee. They had a hearing. And they had testimony from some three- and four-star generals – I don't remember if they were taken under oath at that hearing – but I would suspect that some of those guys are in trouble, and that Committee's done nothing about it.

The test on amendments, whether the Armed Services Committee wants to accept an amendment, whether it's a pork amendment or a substantive amendment, is "What does the DoD say about this?" If it's a pork amendment, they get DoD's opinion, and if DoD's program manager says "That's OK with me," they accept it.

Same thing with the Feingold amendment on V-22 testing when I used to work on the Hill. And the issue was, "What do the Marines say about this amendment? Do they want it or not?" It was a joke. So they're not better at it; it's just that the opposition is really feeble.

Question: Just a follow-up on that. What we see is a lack of sophistication, when these programs are sold to every congressional district. Before these defense projects are even rolled out, there's usually a number of sit-downs with people that are representing various districts, about how much money will flow through subcontracts through their districts, the number of employees that it could mean for them, etc. etc. When we talk about the trade-off with guns and butter here, the other lack of sophistication is for any alternative programs and how they could similarly benefit the economic zones. And I don't see any of that when I sit in on those hearings.

Bill Hartung: Well, we looked at the distribution of prime contracts from the peak of the Reagan build-up to the mid-nineties, and fewer and fewer districts really had significant defense manufacturing activity. But talk about spin! You know, if somebody's making a windshield wiper in your district, sometimes that's enough to win you over.

In Denny Hastert's district, they make this [caffeine] gum that keeps the B-2 pilots from falling asleep when they're flying over to the Middle East and back. And when he became Speaker he sent a pack to every member of the House, possibly to keep them awake during his speeches... (**Winslow Wheeler:** Might explain the Medicare vote...)

It doesn't seem to take much. I think the amount that [contractors] are really delivering in terms of jobs and money, is less, but that mythology, and the fact that they're well-organized, can give the odd campaign contribution, and the general fear, the feeling that if you cut a weapon you're going to be labeled as a limp liberal, I think those are at least as important. But I think the notion of the unbeatable military-industrial complex is partly they're coasting on their reputation.

Winslow Wheeler: When I started working for [Senator Jacob] Javits in the seventies, it was very different. If you had a prime contract in your state, for us in New York it was Grumman with the F-14, and it was Fairchild with the A-10, it was Bell with Minuteman upgrades, it was General Electric in Syracuse with the radar for ABMs. Those were billions, or hundreds of millions – big money, major employment. You were expected to be dutiful, and to do what the contractor wanted. In Javits's office, we did the so-called right thing most but not all of the time.

When I came back from GAO to the Hill in the nineties, I was really shocked. It wasn't a question of prime contracts, it was a question of subs to subs. If you had a line of twenty people working on some component to a radio of a C-130, you were expected to toe the line on the C-130J. It had gotten to a whole new level, a whole new fixation.

It got me to request a study from GAO, and we had to look at New Mexico defense spending, and the programs that we were supporting based on the presumption that money was being spent in New Mexico on that program. And they found some great stuff. Production lines were, literally, about twenty people spending part of their time on that contract. We had examples where actually there was no money spent in the state on that contract. It was passing through Honeywell's headquarters to be spent in Texas.

But the contractors were saying "You've got to support us here Pete [Domenici], because it's for the folks back home." The fixation in Congress on these things is at a level that is really remarkable.

Question: I was hoping that you could fill in a little bit on the point Cindy was making about national strategy, kind of moving a little bit away from some of the DoD stuff. I spent two painfully exhausting days on the Hill during the budget hearings. Senator Warner and Secretary Rumsfeld seemed to hint at the need for a Goldwater-Nichols for the entire US government. I was wondering what you think about the idea that "there ought to be a law." But also, we've heard "jointness" within the DoD for years, and it rang hollow for so long. Now it's starting to take a little more form, but how do you even begin to create a joint operating environment across all these agencies?

Cindy Williams: I think this is a really good question, and I'm going to spend my next two years working on this subject. I think it is time that we have something that looks like Goldwater-Nichols for the interagency process, where the interagency process is concerned with national security. And I think we need a much stronger budget process, starting with the planning, starting with the strategy, and going all the way through the allocation of budgets across the agencies: the State Department, the Department of Defense, the Department of Homeland and Security, the other 31 agencies that deal with homeland security. We need a much stronger process to pull that together and make a coherent plan for the nation in addressing its national security needs.

Now, Miriam Pemberton happens to be in the room, and she's the co-author of a task force piece called "The Unified Security Budget," that asked, last year, "How could you make trade-offs across those areas? What trade-offs might make sense?" But she's also working on a piece now, to look at "How could you better align the US government, not necessarily through organizational changes, but through process changes, that would allow you to build a budget that would be more coherent across these areas?"

The first step I would take in doing that would be to get more capacity at the Congressional Budget Office to do studies that cut across these areas. The CBO has national defense concentrated in one division, but other divisions handle various aspects of homeland security and international affairs. CBO doesn't have to be reorganized to make this happen, but you need some people there who are going to do cross-cutting studies. And that would go potentially for the Congressional Research Service and the GAO as well.

The second thing that you probably need is some realignment in the Congressional committees. You also need a closer relationship between the National Security Council and the Office of Management and Budget, because today, the National Security Council is thinking all about policy, not many budget people there. The OMB is thinking all about budgets. But somehow you need a stronger link between the two of those thoughts, right? Between the policy and the budgets. So those are just some ideas of how to get started.

Question: There's a lot of rhetoric in the QDR about transforming the force and making personnel changes. The services will tell you they're meeting their recruiting and retention goals generally. But it's maybe more an issue of quality rather than quantity. Do you think the QDR adequately addresses this, and are enough resources being put into that issue?

Steve Kosiak: The issue being military personnel?

Question: Yeah, the quality of the force, the quality of recruits? The Army had a shortfall in recruiting, but the number of Level 4 or less-skilled people has gone up?

Cindy Williams: I'll talk to that. The Army did not meet its recruiting goals last year in terms of numbers, even for the active-duty Army. They fell about 8% short for the fiscal year 2005 which ended in September of 2005. To try to make up for that, and not experience that situation during 2006, the Army has taken a step that I am very surprised at, which is to drop their quality expectations for the people that they brought in October and November. I don't know the numbers for December. But what [the questioner] was talking about is, the Army measures the quality of recruit based on two things: whether the individual finished high school, a real high school, not just a GED, and secondly, how well that person scores on the military entrance test, which is a test of cognitive aptitude.

And in the past, in fact by regulation, the Army was prohibited from bringing people in who score well below average, well below the median on that test of cognitive aptitude. They've been limited by regulation to bringing in, at a maximum 4% of new recruits who score well below the median. What do I mean by well below? I mean people who score between the 16th and the 30th percentile. In other words, people who have better cognitive aptitude than only 30% of the population of young people in this country.

And that is what the Army calls the Category IVs. Those are the people who score between the 16th and the 30th percentile. The Army went from bringing in less than 2% Category IVs, to bringing in 4% Category IVs last fiscal year.

This fiscal year, starting in October, they ramped that way up. In October they brought in 12%. 12% of their fresh entrants were in that lowest level that they're willing to accept. In November it was 9%.

This is not a good thing for the Army. It's not a good thing for the individual who's joining, because that individual is very unlikely to be able to do the tasks that are asked of him or her in the Army, even in basic training. So that person is very likely to wash out.

It's not a good thing for the trainer, who's trying to train that person, because it's very frustrating to try to train somebody whose cognitive aptitude is that low. It's not a good thing for the supervisor – if that person gets through basic training, basically is passed through basic training and goes on to a regular army job – it's trouble for the supervisor. And it's going to be trouble as long as that person is in the Army, for the person's peers, because they're going to have to cover for that person. Or what typically happens is, they'll isolate that person, because want to be dependent a person so lacking in skills. So this is not a good thing for the Army.

Now, on behalf of the Army, I have to say, that the Army is confident that it's going to finish the fiscal year at 4% or less of those entrants. So the Army is still sure that it can meet both its quantity and quality goals so well in the coming months, that it will finish the year with an overhaul cohort for the year that looks quite good. But it's going to be a struggle for them to overcome the effects of bringing in 12% of these people one month and 9% another.

Question: This question is for Bill. You were talking about a regulatory scheme to integrate contractors into the battlefield better. Could you elaborate on that a little bit more, what kind of regulatory scheme would that be? And were you referring to private security contractors?

Bill Hartung: Primarily the private security contractors. Well, I think there have got to be some sort of better rules about their presence in active battle zones. And there has been some attempt to do this. There are these regional operation centers where the contractors and the military folks are supposed to be able check in and see what's happening in their area, where the contractors can call in if they're in distress and get military help and so forth. But it hasn't been enough to deal with these problems of security contractors showing up in the middle of battle zones, being misidentified and having these friendly fire incidents, and so forth.

One proposal that's percolating on the Hill would be to take private contractors out of any task that might put them in the battle zones, which I think would include security for US civilians. It probably would include security for the pipelines. You'd have to figure exactly where to draw the line. But that's one thing that's been suggested, which would mean, of course, if you didn't use [contractors], you'd need more troops to do those jobs.

And the other thing is to figure out what the standards should be for [contractors]. And the industry itself, the bigger companies kind of welcome this. They don't want the reputation of the whole industry to go down the tubes because of the Custer Battles case, or this recent case of this guy who was bribing the head of procurement of the Coalition Provisional Authority. So there might be some meeting of the minds between the military, the Congress, and the contractors about what some basic standards would be. You know, like you can handle a firearm, you're not a felon, you've operated in a battle zone before. There're probably additional ones, but just some

basic – you know, if you're going to be in procurement, you've got some idea about the items you're going to be procuring.

So I think those, to me, would be good places to start. And I think there are already efforts under way, I just think they haven't reached fruition yet in a way that's solved some of the problems.

Winslow Wheeler: As we proceed in Iraq, the pressure's going to be in the other direction. As we take combat units out, and there's a surprisingly small number of trigger-pullers in Iraq, as those troops come out the pressure's going to be to go in the other direction on private security contractors. We'll hire more US civilians to perform security functions in Iraq.

Steve Kosiak: OK, so one last question.

Question: In the QDR there are pretty high number of references to China as potential adversary country. And I'm interested in the dynamics of this reference with what you have all been referring to, of the importance, the relative emphasis on high-tech weaponry. Could you comment on that?

Steve Kosiak: I would just comment very briefly. I think the two most obvious systems that are relevant to that question are the new bomber, manned or unmanned, which they've accelerated from 2037 to 2018. And then, the Virginia-class submarine which they said they're hoping to get to two a year after 2011.

And because time is short, I'll just say that both of those programs, both of those possibilities are dubious. They may or may not happen. I mean, the Virginia-class submarine, they've been projecting two a year either the last year of the FYDP or the year after the FYDP for as long as I can remember. So that's not news. In the case of the bomber, I think it is news, because they did make this decision, and I think that's noteworthy. But again, they didn't open up any space, they didn't cut back anything like the Joint Strike Fighter, to suggest that this is more than a promise. It's basically layered on to the Air Force's acquisition plan.

Winslow Wheeler: Just real quick: yes, there's a lot of heavy breathing about China in the QDR. I read it two ways. One, they're working hard to justify vestigial Cold War systems. It would be hard to justify these systems unless you found a conventional threat, and they're declaring China to be it.

Second comment: this is the worst sort of policy-making. This stuff can rapidly become a self-fulfilling prophecy. It's the foreign policy consequence of a type Cindy was talking about. You're screwing up your prevention efforts to conjure up a justification for hardware in the defense budget. It's the worst possible kind of policy making.

Bill Hartung: The other thing is missile defense. China and Russia are the only countries that have ballistic missiles that can reach the United States. And since China's force is much smaller, since the U.S. has been cooperating with Japan on missile defense, I think it's much more likely to be seen by the Chinese as a threat to their deterrent.

And to the extent that [the Bush administration] can find a rationale to keep doing this, China at least will be around for awhile. If [the Bush administration] ever strikes a deal with North Korea, or if North and South Korea merge, that rationale goes out the window for why they need missile defense. So I think China is a more enduring rationale for a missile defense system of some sort, in the way people think in Washington anyway.

Steve Kosiak: So I guess we'll stop there. I want to thank you all for coming today. I think the four panelists will probably hang around for a few minutes if you have any questions that weren't answered, and as I mentioned there are several members of the Security Policy Working Group, mostly in the back row, if you want to talk to them.

ABOUT THE PANELISTS

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Steve Kosiak performs research and analysis of defense spending trends, modernization, readiness and force structure plans, and other related defense budget issues. He is the author of CSBA's annual budget analysis and contributes significantly to other publications on defense and security issues. His most recent publications include *Military Compensation: Requirements, Trends and Options*, *Matching Resources With Requirements: Options for Modernizing the US Air Force*, and *Homeland Security, Terrorism and Weapons of Mass Destruction: A Diagnostic Assessment*. He is frequently cited in major national news articles and has appeared on network television and radio news programs. Mr. Kosiak contributes editorial perspectives in such professional and public policy journals as *The Bulletin of Atomic Scientists*, *Aviation Week and Space Technology*, *Armed Forces Journal*, and *Defense News*.

Prior to joining CSBA in 1991, Mr. Kosiak was senior analyst at the Center for Defense Information, with responsibility for researching and writing on a wide variety of defense issues. He has worked on Capitol Hill and in the Office of the Defense Advisor at the U.S. Mission to the North Atlantic Treaty Organization. Mr. Kosiak received a JD from Georgetown University Law Center, a Masters in Public Affairs from the Woodrow Wilson School at Princeton University, and a Bachelor of Arts from the University of Minnesota. CSBA is an independent policy research institute established to promote innovative thinking about defense planning and investment strategies for the 21st century.

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Winslow T. Wheeler worked on national security issues for 31 years for members of the U.S. Senate and for the US General Accounting Office (GAO). In the Senate, Wheeler worked for Jacob K. Javits (R. NY), Nancy L. Kassebaum (R, KS), David Pryor (D, AR), and Pete V. Domenici (R, NM). He was the first, and according to Senate records the last, Senate staffer to work simultaneously on the personal staffs of a Republican and a Democrat (Senators Pryor and Kassebaum).

In 2002, Wheeler authored an essay, under the pseudonym "Spartacus," about Congress' reaction to the September 11, 2001 terrorists attacks ("Mr. Smith Is Dead: No One Stands in the Way as Congress Lards Post-September 11 Defense Bills with Pork"). When Senators complained about

Wheeler's criticisms, he was invited to resign from his position with the Republican staff of the Senate Budget Committee. He is now the Director of the Straus Military Reform Project at the Center for Defense Information in Washington, DC.

Wheeler is the author of *The Wastrels of Defense: How Congress Sabotages US Security* from the US Naval Institute Press (2004). The book has been the subject of commentary and interviews on "60 Minutes," C-SPAN's "Book Notes," and various newspapers and radio stations.

He has also authored a 2002 essay on Congress's authorization of war against Iraq "The Week of Shame: Congress Wilts as the President Demands an Unclogged Road to War," and he wrote various commentaries on Congress and national security, which have appeared in the *Washington Post*, *Proceedings of the Naval Institute*, *Government Executive*, *Defense Week*, *Barron's*, *Army Times*, *CounterPunch* and elsewhere.

As a Senate staffer, Wheeler worked extensively on hundreds of bills and amendments that are now US law. These included the War Powers Act, multiple proposals to reform Pentagon procurement, and to require more realistic weapons tests and more accurate reports about them to the secretary of defense and Congress.

While at the GAO, Wheeler directed comprehensive studies on the US strategic-nuclear triad and the air campaign of Operation Desert Storm. Both studies found compelling evidence that prevailing conventional wisdom about the performance of both US and foreign weapons systems, such as Soviet strategic nuclear delivery systems and US "high tech" tactical weapons, was highly inflated and unsupported by the evidence available in the Department of Defense.

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Bill Hartung is an internationally recognized expert on the arms trade and military spending, and the author of *How Much Are You Making on the War, Daddy? A Quick and Dirty Guide to War Profiteering in the Bush Administration* (Nation Books/Avalon Group, 2004). His previous books include *And Weapons for All* (HarperCollins, 1995), a critique of U.S. arms sales policies from the Nixon through Clinton administrations.

He has written, co-authored, or contributed chapters to numerous books and studies, including most recently, William Keller and Gordon Mitchell, *Hitting First: Preventive Force in U.S. Military Strategy*, (University of Pittsburgh Press, forthcoming, 2006), and John Feffer, editor, *Power Trip: U.S. Unilateralism and Grand Strategy After September 11th*, (Seven Stories Press, 2003). He has also authored special reports such as *Tangled Web II: A Profile of the Missile Defense and Space Lobbies* (November, 2005) and *U.S. Weapons at War: Promoting Democracy of Fueling Conflict?* (June 2005).

His articles on the arms trade and the economics of military spending have appeared in numerous publications including the *New York Times*, *Washington Post*, *Los Angeles Times*, *Newsday*, *USA Today* and the *Christian Science Monitor*. He has been a featured expert on national security issues on 60 Minutes, NBC Nightly News, the Today Show, National Public Radio, PBS' NewsHour, and scores of local, regional and international media outlets.

The ATRC was established in 1993 to provide independent research and analysis to journalists, policy makers, and citizen's organizations on issues relating to global weapons proliferation.

Cindy Williams

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Cindy Williams is a Principal Research Scientist of the Security Studies Program of the Massachusetts Institute of Technology. Her work at MIT includes an examination of the processes by which the U.S. government plans for and allocates resources among the activities and programs related to national security and international affairs, a study of options for reform of military personnel policies, and an examination of the transition to all-volunteer forces in the militaries of several European countries. Formerly she was an Assistant Director of the Congressional Budget Office, where she led the National Security Division in studies of budgetary and policy choices related to defense and international security. Dr. Williams has served as a director and in other capacities at the MITRE Corporation in Bedford, Massachusetts; as a member of the Senior Executive Service in the Office of the Secretary of Defense at the Pentagon; and as a mathematician at RAND in Santa Monica, California. Her areas of specialization include the U.S. national security budget, military personnel policy, command and control of military forces, and conventional air and ground forces.

Dr. Williams holds a Ph.D. in mathematics from the University of California, Irvine. She has published in the areas of command and control and the defense budget, and she is the editor of two books: *Holding the Line: U.S. Defense Alternatives for the Early 21st Century* (MIT Press 2001) and *Filling the Ranks: Transforming the U.S. Military Personnel System* (MIT Press, 2004). She is an elected fellow of the National Academy of Public Administration and a member of the Naval Studies Board, the Council on Foreign Relations, and the International Institute of Strategic Studies. She serves on the advisory board of Women in International Security and on the editorial board of *International Security*.

ABOUT THE SECURITY POLICY WORKING GROUP

The Security Policy Working Group (SPWG), a project of the Proteus Fund, is a collaborative policy research consortium. We seek to fundamentally reshape security policy in the United States and to broaden and deepen the public discourse on what constitutes true security in the aftermath of the September 11, 2001 terror attacks. We emphasize multilateral, cooperative approaches that lessen the need for, and use of, military force. Online at <http://www.proteusfund.org/spwg/>.