Eighth Annual National Security Conference

Strategic Risk and Military Power: A Briefing to the Next President

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LIEUTENANT GENERAL DAVID BARNO: Once again, good morning and welcome to our final panel before lunch, which is titled "Strategic Risk and Military Power: A Briefing to the Next President." I'm Dave Barno and I'm joined by Dr. Nora Bensahel. We're both co-directors of CNAS's Responsible Defense Program. And we've got a unusual opportunity to think a bit about the future.

We've chosen a novel format for this particular session. Our assembled experts on stage will be asked to brief our next president just after his or her inauguration, in January 2017. So we've asked them to project a bit into the future, two and a half years down the road, and give the new commander-in-chief their best insights on the state of U.S. national security as of the beginning of 2017, the first month of the next presidential administration.

And we're asking them to touch on the defense budget, military power, and global risks. So let me beginning by setting the scene in January 2017 very briefly. In broad terms, intentionally so, the world has careened forward from today without any major game-changing eruptions. In a sense, a muddling through scenario. Put simply, we're looking at a world in 2017 in our scenario that you might describe as status quo plus.

We may have a chance to talk about a few other options as well. In 2017, the global economy continues a slow recovery with flat growth and stubborn unemployment, with the United States faring only slight better. Across the international map sheet, U.S. troops continue to be globally engaged, but in smaller numbers. Our military strategy is largely unchanged.

In January 2017 in Afghanistan, only a few hundred troops remain – effectively ending a 15-year war. Al Qaeda continues to present a menace, regrouping in remote regions around the world, but has not yet been successful in another major attack on the United States. China and Russia are increasingly assertive in their neighborhoods, continuing to pressure U.S. regional interests. Iran has fortunately slowed its march to acquire a nuclear weapon, but remains a volatile and unpredictable regional threat.

North Korea also continues to be unpredictable and a dangerous actor armed with a number of nuclear weapons. In Syria, the long running civil war, now in 2017, has settled in with simmering standoff between the rebels and Bashar al-Assad. Here at home, defense expenditures, and around the world, defense expenditures among our allies in Europe are at record lows, lifted only by increased spending by those that are bordering Russia.

In Asia, a number of our friends are now beginning to invest more in 2017 in defense, given their worries about China. At the Pentagon, the 2011 Budget Control Act has returned in full force. Since 2016, so-called sequestration levels of cuts have stayed in place with no relief and are projected to remain at that level until at least 2021. No substantive reforms to pay, benefits, overhead, or defense health care have materialized.

Military continues to shrink in size and be more and more stretched. On the domestic front, the 2014 and 2016 U.S. elections have delivered split government to Washington. But – spoiler alert – we are not going to predict the 2016 White House results here.

The Congress and the White House have struggled with sustained gridlock over the last several years, with neither side seemingly willing to seriously consider compromise solutions. The November 2016 election just over, in a sense, was a referendum on whether the people of the United States support that approach. Yet, the results in 2017 seem promising. There's fresh hope in the air in Washington. New faces inhabit the White House and the Hill with both a new administration and very large numbers of new members arriving in the Congress.

For the first time in nearly a decade, there seems to be an opportunity in January 2017 to start fresh with hope, too, of a reappraisal of U.S. national security.

So given that quick backgrounder, let me turn the floor over to Dr. Nora Bensahel, who'll introduce the experts assembled here to brief the new president and also to moderate the discussion to follow.

NORA BENSAHEL: Thank you. We'll start with the panelists moving left to right, in the order that you see them on the stage. To my right, your left, is Roger Zakheim, who is a visiting fellow at the American Enterprise Institute and is a counsel to the law firm Covington & Burlington. He was formerly a deputy staff director and general counsel of the harm – House Armed Services Committee.

ROGER ZAKHEIM: We did a lot of harm, too.

DR. NORA BENSAHEL: Sorry. (Laughter.) And the deputy assistant secretary of defense for coalitions from 2008 to 2009. He also served as the co-chair of the Romney for President Working Group.

Next, we have Michele Flournoy, who's been introduced to you several times this morning, so I'll just remind you that she is currently the chief executive officer of CNAS, which she co-founded with Kurt Campbell in 2007. And from 2009 to 2012, she served as undersecretary of defense for policy.

And then immediately to my right is General James Cartwright, who retired from the Marine Corps after nearly 40 years of service, including serving as the eighth vice chairman of the Joint Chiefs of Staff. He also previously served as the commander of U.S. Strategic Command and currently is the Harold Brown Chair in Defense Policy Studies at the Center for Strategic and International Studies.

So we'll start with you, Roger, what do you tell the new president?

MR. ZAKHEIM: So I'll just start with a general neutral – (inaudible) – and then we'll move from there. But, you know, there is a consensus that our military and national defense is in a state of crisis. Others, I believe, on the panel perhaps are going into the details of that crisis, but suffice it to say we have the budget challenges, the readiness issues, the shrinking force and shrinking force structure,

and then the unrestrained growth in the Pentagon's personnel and operation and maintenance accounts. As General Barno outlined, that global threat environment that underlies or undergirds all that as well.

Even if we assume that the status quo, it's fair to say that we're facing unprecedented challenges. The threats are diverse. They're distinct. And they span the globe. The combination of a decade of war, our domestic fiscal policies, has led, you know, all our senior military leaders to conclude we're in a period of significant risk. And I don't believe this is an exaggeration.

So the question for the next president is, you know, what will your administration do about it? What can your administration do about it? And I think the first thing you have to understand is that the Pentagon needs to get back to regular order. So that's a lot in the Congress, budget pressures, be it the Budget Control Act – we've heard a lot about that today – sequestration, government shutdowns, continuing resolutions, that parade of horribles has essentially put blinders on the Pentagon. No fall of their own, but it sent them into perpetual budget churn and has distracted from the military's core missions of planning, deterring, and defending the country.

And our senior leadership in the Pentagon has essentially become a force of green eyeshades, and it's time to rebuild and reorient the force. They have to have the military focus on the threats, not the sequester. That will require presidential leadership. Have to jettison the notion that it is a national security imperative that the military contribute to deficit reduction. You've done enough. Half of the deficit reductions done by the government today have come from the military.

So to rebuild the force, you need a resurrected strategy that was in place before the sequester and before the Budget Control Act. And I think a reasonable place to start is the last strategy we had that took account of the world as it was, instead of being bounded by a budget that nobody wanted. And I so I think the so-called Gates budget from 2011 is a reasonable place to begin. Which gets to the next point, how can you achieve this rebuilding?

To me, there are three critical steps, none of which are particularly novel. One is create a strategy review that is unbound by the Budget Control Act, reflective of the new security environment. And we can discuss the contours of that strategy perhaps in the Q&A, too. You have to end the sequester through your first budget request. Own the budget numbers, presidential leadership needs to be behind it, and dare the Congress to spend less.

Three, negotiate on benefits and reforms. Now, I'm going to talk a little bit now on the politics of all of this because it's key. Essentially, the political branches have failed to end the sequester and at the same time, failed to embrace long-term reform that the sequester perhaps would have been the silver lining for, such as reforms to benefit and pay, force structure challenges, those are the things that have been mentioned.

Now, I'll depart for a moment from the blame Congress approach, you know, the trope that everybody loves to add to. And I will be perhaps the constituency of one and give a different perspective on why the political branches have failed, and it's not simply just the parochial Congress.

I don't think there's been serious engagement with the Congress. Sending over the same proposals every year, blasting Congress for inaction and parochialism, you know, certainly is a safe and effective political way to go about doing business, but it doesn't lead to progress. That's what we've seen for the past three, five years. Moreover, it's a mistake to think of this as a partisan problem.

You just look at the Democratic Senate bills that have come through the Congress the past couple of years. They look more like the House Republican bills with respect to national security and national defense than any of the Republican administrations' request. You have to think about why. Why is that the case?

Sure, there's parochialism there embedded, but there's also this notion that Congress essentially rejected a budget-driven strategy. Now, they want to have it both ways. We could talk about that in the Q&A. You have the Budget Control Act. At the same time, they don't want to make the strategy changes to reflect those means. But it's also different actors within Congress that are doing that. And you have to understand that 80-plus people that do defense policy in the Congress are there to protect those benefits and provide for the men and women in uniform.

So let me close, since I'm probably over my time, that making these challenges, no question, will be hard. No one has figured out how to do the sequester or not. It will take the full backing of the president's bully pulpit, something I agree with Paul Ryan saying this morning, who internalizes the significant risk for our country posed by the BCA yoke that's burdening our military and restraining our power. But the key point for any new commander-in-chief is that the significant risk that your military leaders warn of will need to be addressed. The question is whether it will be at a time of your choosing. This is an opportunity to shape events before events shape your administration.

DR. BENSAHEL: Michèle.

MICHÈLE FLOURNOY: So bottom line up front: If we return to sequestration levels for funding for DOD, by early 2017, I think the next president will inherit a military that is sliding into crisis. The force will be considerably smaller. Only a small fraction of that force will actually be ready to respond to crises. The technological edge that has enabled U.S. military superiority for decades will be eroding or at risk in some critical areas and will likely be facing a significant retention crisis as the best and brightest begin to vote with their feet and leave military service.

So how could this happen between now and 2017? Under sequestration, U.S. defense spending will decline from about 3.7 percent of GDP today to a roughly 2.7 of GDP over the next decade, the lowest level since the interwar period, between World War I and World War II.

Under sequestration, the U.S. military will shrink in levels to below what it was on 9/11. The Army would go down to 420,000, with just 37 brigade combat teams, both active and reserve. The Navy would shrink to 320,000 with fewer than 260 ships. Contrast that with the FY '12 goal of 323. The Air Force would go down to just over 300,000 with a shrinking fleet of aircraft. And the Marines would go down to about 174,000. Under sequestration, perhaps most worrisome in the near term,

the readiness of the force, its ability to rapidly prosecute its mission successfully at acceptable levels of risk. That would continue to decline.

Just think about some of sequestration's more recent impacts and imagine them compounding over the next several years. For the Marine Corps, more than 60 percent of the non-deployed units experience degraded readiness because of sequestration, either shortfalls in equipment or personnel. For the Air Force, in April of '13 when sequestration took effect, it caused many fighter squadrons and bomber units to stand down. Essentially pilots were told to stop flying.

Before sequestration, readiness was about 55 percent of the Air Force combat units were mission-ready. Under sequestration, over time that would go to in the 30 percentage points.

Army – under sequestration in '13, the Army had to cancel six of its planned brigade rotations, its field exercises of the combat training centers. And only about two or three of the Army's BCTs were ready to deploy to contingencies other than Afghanistan.

In addition, helicopter pilots' number of flying hours were so reduced that 750 helicopter pilots were left untrained. And it will take the Army two to three years to recover their readiness.

The Navy – in 2013, the Navy had to reduce the number of ships deployed from 105 to 95 today. It had to reduce its carrier presence in the Gulf and reduce its operations and maintenance account so that only one deployed – I'm sorry – one non-deployed carrier strike group and one non-deployed amphibious-ready group are available as surge forces.

So what does all this mean in practice for a new president? It means that if defense spending does return to sequestration levels, the next president will come into office with severely constrained options for responding to crises overseas, for protecting our interests and allies abroad, for using forward-deployed forces to deter aggression, to reassure allies, to reinforce the international order, and very limited opportunities to engage with partners to build their capacity.

So whatever the next president's views of U.S. leadership in the world and the importance of global engagement, the U.S. armed forces after years of sequestration will be in a posture would nevertheless perceive as a sign of American retrenchment – fewer forces deployed overseas, fewer forces available for engagement, exercises and training with allies and partners, fewer forces at the ready to deter aggression, reassure allies, and respond to contingencies in critical regions.

And if there is a crisis that requires the next president to actually use the military in a significant manner, sequestration will mean that we will do so at much higher levels of risk. What does that mean? That means slower response times, less capable forces, longer timelines, and potentially more casualties.

This is not likely to be lost on our allies or our potential adversaries. And so the next president will have an immediate challenge of needing to take steps to shore up reassurance and deterrence. But under sequestration his or her options will be quite limited. Sequestration will not only undermine

the near-term readiness and response, it will also endanger investment in the future capabilities we need. The innovation, the modernization that will determine whether the U.S. military actually retains its superiority, can meet the demands of a future and more challenging security environment.

Our technological edge is not a given. It's something that requires careful tending, consistent investment. And yet our R&D investment, the seed corn of our future capability is already fallen by nearly 20 percent – I'm sorry, 10 percent under sequestration and would be slated to fall nearly 20 percent by 2018. And I'm sure that General Cartwright may speak to this as well.

Sequestration's negative effects would only be magnified if Congress continues to refuse to allow DOD to pursue reform measures aimed at driving down unnecessary costs while improving performance. For example, if the Congress refuses to allow for any additional rounds of base realignment and closure. For example, if it fails to give the secretary of defense the authorities and incentive pays he needs to reduce excess overhead, reshape the civilian workforce. Authorities that, oh, by the way, his predecessors when they were in times of drawdown were given. If the Congress refuses to allow (more ?) reforms in compensation and benefits. If it fails to support the kind of smart acquisition reforms the previous panel discussed. If reform gets the hand – (laughs) – the DOD will be forced into the position of having to bleed readiness and modernization accounts once again to support infrastructure overhead it doesn't need and inefficient business practices.

So let me just say, on a personal note, as the wife of a Navy retiree and as the mother of someone who's about to sign up to serve, I would encourage the next president to rethink what do we mean by keeping faith. It's not just about protecting compensation and benefits for those who have served. It's about, also, ensuring we have – we make the investments to keep those who we will send into harm's way in the future – give them the readiness, the training, the equipment to be successful at minimal risk.

So the next president will face a very difficult set of choices and tradeoffs if the Congress does not approve the president's request for an additional $115 billion over the next five years if we go back to sequestration.

And so in that context, I would urge the next president to focus on three priorities. Number one, engage the Congress to conclude a comprehensive budget deal, not only as an economic imperative, but as a national security imperative. Make the case that we cannot balance our budget on the back of discretionary spending or defense spending alone. And there are serious risks, accumulating risks, in trying to do so. Put everything on the table, entitlement reform and tax reform and spell out in excruciating explicit detail the growing national security risks of living with sequestration.

Number two, as you increase defense spending, set very clear priorities. First, request emergency funding to restore the readiness shortfalls for crisis response forces and to bolsters our forces that are rotated or stationed forward in critical regions. Two, restore critical research and development funding. Increase funding in those cutting-edge capability areas that will mean the difference between our success or failure in the future.

And finally, press the Congress to give the secretary of defense the authorities needed to reform and reshape the defense enterprise – BRAC, compensation and benefits reform, reduction in force authorities, meaningful levels of voluntary separation and incentive pays, de-layering headquarters, I could – the list goes on. But the administration needs to be given some tools to actually reshape the defense enterprise and position us for the future.

DR. BENSAHEL: General Cartwright.

GENERAL JAMES CARTWRIGHT: I think the first obvious thing is that the name of this panel is really last panel before lunch. (Laughter.) Know the audience.

I'm going to take a look, and those of you that know me, I'm going to kind of take a different look at this. Remember, five minutes is about the time it takes to walk from the Sit Room to the Oval. And that's realistically probably all the time you're going to get. But having done this a couple of times, most of the presidents that you have the opportunity to talk to are not thinking about internal. They're thinking about external. You're just walking into the job. What's the world I'm walking into? What are the tools that are in my bag? What do I think I want to accomplish? And now that I've met reality, what do I realistically believe I can accomplish is probably on his or her mind, just to keep us balanced.

I think there is a tool out there that I know I used very – a lot and I know presidents have used a lot, which is called the Next Global Trends published on a global basis. It is probably the preeminent document that looks out over the horizon and gives you a sense, whoever you may be, a sense of the realities of the world that you're likely to enter, and also helps you set a path to where you want to go. And the idea here is not to chase the hockey puck, but to be where the hockey puck goes.

You want to be in front of this. In the Global Trends, current Global Trends, which I think is probably one of the best and it's unclassified – it is a great document – as you sit down and read that and look at the things that might be out there in the future and think that there'll be another one for this president. So I've taken the opportunity to kind of generalize up. But in conflict, in dealing upfront here with the types of threats that are out there, as a military person, you generally think of most dangerous and most likely. The most dangerous, existential to our existence, a threat that is really significant that for the most part today, after the Cold War, is just kind of overlooked, which unfortunately for us will not be the case as we go to the future.

And so in most dangerous, to me, the two key activities there are nuclear and biological. Nuclear is one we've been – you know, that's been around for a while. What are the alternatives to mutual assured destruction, what kind of strategy would you look for in a world that has more than one and more than two superpowers, so a multipolar world? And how do you think about this in terms of nation-state versus nation-state and terrorist versus nation-state? Both of those are potentially existential threats, particularly as we get to the bio world.

And the diffusion of power and the availability of the technology to have an existential threat and either the nuclear venue or the biological venue is realistic and is now called by our intelligence communities as the two main existential threats that we will face in the future. What are we doing about those and how would we do that? And I'll go into that a little bit here.

On the most likely siding conflict, again, this is not, you know, country versus country what country's going to do something, but one of the keys is going to be, Mr. President, you know, the transition of the United States to a multipolar world in which our margin for superiority is going to be reduced. Some will call that decline. Only in Washington is increasing capability decline. (Laughter.) Okay? But it will be perceived as decline. I mean, we're already doing that. Our budget is growing, not as fast as we want. Therefore, we're in decline in the United States.

There are other superpowers who are reducing the margin of our superiority over this period of time, they are likely to reduce the margin – not surpass, reduce the margin. That's likely to cause tension here at home and abroad. Allies wanting to know, do you still love me are you there for me, all of those questions, you know, are going to be sources of conflict potentially as we go forward.

The maldistribution of financial and natural wealth, okay, the haves and have-nots. The separation between the haves and have-nots growing. Whether it'd be in wealth, dollars and cents, whether it'd be in energy, water, climate, you know, minerals – you pick it. There is going to be competition on an ever overpopulated earth. And it's likely to lead to the potential for a conflict.

As you look at that, you know, you now start to get to the issue of the last panel, which is disruptive technology. Okay, we are entering into a world – which every person can say for all of time – that is more and more dynamic, okay? Change occurs faster and faster. The question that we have to try to understand is where is the black swan is this, where nobody's paying attention to, how are we ready for a black swan, or are we ready for the, you know, the kind of perceived existential advantage?

So in other words, my neighbor just invented something that basically is an existential threat to me, what do I do before they field it? Where does that put me in the world? But this perception of a strategic imbalance between allies, between adversaries is likely to be a source of conflict and it's probably one of the more dangerous sources.

Technology has wonderful opportunity and creates wonderful opportunity for us. And of course, being the United States – I'll speak as a Marine – you know, change and advances in technology is great as long as I control it. We're in a world where we will not control it. I mean, we will not be the only smart people on the planet and others will come up with technologies that put ours at risk. That's just the reality of the world as these margins start to reduce.

So, Mr. President, some desired national security attributes that I think you're going to have to pay attention to as you look into this new world. Two presidents got together, China and United States, and said, we ought to have a new superpower relationship. What is it? If it's not going to be containment and it's not going to be mutual assured destruction, which don't seem to me to be terribly plausible, what is it going to be? It's on your watch to develop it. But my recommendation is

that you start to define key elements, define initial steps that we could take together, confidence-building type of activities, and then long-term goals. Where are we going in this new relationship, okay?

I think I saw someplace, and Michele probably got the numbers better than I do, you know, the world innovation solved almost every problem in the QDR and defense strategy. (Laughter.) Okay? (Laughs.) Were that it were so simple.

For me, at this level, it's probably the definition of innovation is capabilities for which process and incremental change are no longer sufficient. Okay? That's really what we're talking about here. It's the 10X change out there that starts to solve the problems that you really can't solve with process, group hugs, things like that. These are disruptive and they're clearly breakout.

What is it you want to do innovation for? Where would you put your money on this? And only speaking from the defense perspective here, I'm not trying to say something else isn't equally or more important. But the number one risk that innovation needs to address in the eyes of the current secretary of defense is capacity. Michele laid out the numbers, reductions, et cetera. The question is if we want to remain a global power what are the capacities we're going to need. We can have the best ship in the world and one on each coast; we'll never be in the right place at the right time.

So we have to, on this journey of exquisite that we've been on for the last 50 years, we have to now start to address capacity, okay, in very innovative ways. And my comment, when I was on active duty, was don't come to me with less than a 10X advantage – not really interested because the rules and the process will eat away half of that advantage before you ever field it.

The second one is agility, okay? We live today in an industrial society. We build an airplane or a ship or a tank. Takes us 10 years to get it through all of the hoops, then we start building another five years to first unit equipped, that kind of – so 15 years ago, we envisioned the problem of the world that we're in today. It's never right. We have to adapt. So agility is the ability to stay competitive with your adversaries in the real world you actually live in, not one you hoped would come 15 years ago. And you cannot do that by making the base platforms. They take too long.

We have to find things like mission equipment, modularity, you know, there're all sorts of neat buzz words out there, but the IT – and I heard it in the last panel – the IT and the platform need to be segregated in a way that is more beneficial to where our leverage is going to be, which is in the algorithms at the end of the day.

The last is affordability, okay? I heard a contractor, to remain unnamed, say, you know, if you just give me a stable base, I could build all of this widget that you need and I could give it to you for 10 percent less than you're paying today. That does not solve the problem of affordability, okay? Think of things like what – I'm going to pick on a certain – I see – Navy. Think of things like – sorry, he had the uniform.

MS. FLOURNOY: That's what you get for sitting on the front row.

GEN. CARTWRIGHT: Yeah, front row. Of fielding the first directed energy weapon on a ship this summer and thinking about 87 cents a shot. You know, the upside potential to something like that, versus firing $1 million missile at a $10,000 boat. You know. (Laughter.) We've got to change that perception. We've got to change that mindset. Okay.

Improved national security tool box. We need far more tools to prevent conflict and to manage the escalation of that conflict in the most likely scenarios that are out there, okay? And we're thinking about it, but we're not sure exactly how to handle it. Things that have graduated effects. Think of Spock and his little, okay, set it to stun, Captain, no, okay, set it to kill. How do I manage graduated effects in cyber, in directed energy? What kinds of things can I do that allow me to incrementally manage escalation where I want to basically stop it and get it back where it belongs, tools that do that?

Increased integration of all elements in national power, that's a buzz word. You have to always have to say that. (Laughter.) Increased decision time for senior leaders, what kinds of capabilities will draw things out and provide more time for leadership to make good, coherent decisions? And what are the tools they need to do that?

And finally, you know, find a mentor, and constantly reassess because you should not pour in stone any of these ideas. The world will constantly change under your feet and you must be ready to accept those changes.

DR. BENSAHEL: So I heard a couple of common themes across your comments, both having to do with the concept of risk – that we're in an international environment, where the risks are high, a lot of uncertainty about the direction that threats are going, some of these existential ones that may be manifesting themselves in new ways, but also a lot of risk about strategic surprise and the potential that we're not going to be as ready as we are. Michèle, something you highlighted very strongly for the challenges that come up in terms of having the right resources, capabilities, and training in order to address those challenges.

We gave you one particular scenario to focus on for the future president. What I'd like to do in some of the time that we have left, and I do want to open it up to questions, so I'll ask you to keep this relatively short, is to ask you, from this scenario – you know, the scenario that we picked about 2017 is in some ways the easiest to plan for, right, because it's a linear extension of a lot of the trends that we face today. But as you mentioned, you know, we're not usually right in predicting that, you know linear extension. That's not usually what happens coming through. So I'd like to ask each of you what positive or negative developments do you see coming up on either the world stage or domestically in the U.S. that could fundamentally shift the situation for the U.S. How that might change our calculations of these risks and preparations for the future?

MS. FLOURNOY: I would start by saying, you know, there's any number of scenarios that could, despite the strong desire of the American people to sort of end the period of war that could draw us into another conflict situation. You know, if you imagined another 9/11 attack on the United States,

I think over the last decade or more, we have become very confident and very comfortable that we are safe in the homeland. And yet, the number of groups and individuals – the growing number of groups and individuals who continue to plot against and the number of plots that continue to be foiled on a regular basis, I think – you know, another attack on the American homeland would be, I think, a potential – a major change in the scenario you painted.

Another one would be something that happens in Asia. If one of the conflicts or the tensions between say China and Japan over the Senkakus or China and Vietnam or the Philippines in the South China Sea, if that were to erupt through miscalculation on either side into some open conflict with real loss of life, that I think could put us in a different situation.

And then lastly, I would note, you know, our good friend Vladimir Putin. You know, we seem to be at a pause in Ukraine, but what if he gets a crazy idea and decides to move into a NATO member state, you know, do something in the Baltics or something? I'm not saying that's likely, but that would certainly be a game-changer.

MR. ZAKHEIM: I'll just build on that point. I mean, I think, we heard earlier talking about possibility, what's happening in Middle East, Syria, certainly with Mosul in Iraq, the notion that we somehow will not get into another land war because we said we're not going to get into a land war. Events outside might change that and we're not ready for the reasons that Michele outlined.

Second one, which is fairly new, is that – and I think we're inching closer to this – is adversaries or perhaps enemies are tempted now to test our three new alliances. This gets to Michèle's point, but I just want to amplify a bit this notion that, you know, we're coming right to the edge with Ukraine, but what about the Baltics? Same thing in the Asia scenario. We have treaties there. What is our treaty with Japan? What is our obligation? And you know, some of the points I made earlier kind of then come into the fore because we're not ready. We're so imminently focused managing our fiscal crisis.

You know, a lot of what I – this kind of departs a little bit from what General Cartwright said – but you know, the new president will only be able to control so much. The events around the world, they're spinning and they will continue to spin once he or she gets into office. But the domestic issues that we've seen play out the past three, four years, the president can shape, can impact.

What we have today looks very similar to the – in some respects to the – you know the treaties that we had limiting our ability to grow in the 1920s. You know, we're complying. We're unable to build our navy. We're unable to build our army. And as a result, we weren't ready to go, even as the world spun out of control.

GEN. CARTWRIGHT: I think three things under the most likely rubric, something relatively small, a conflict, whether it'd be at sea or otherwise, gets out of control because of a lack of tools and management of escalation and turns into something far more significant. I think there's a reasonable chance of that. We're going to have to manage that on a regular basis. Most dangerous is probably, at least in my mind, is nation-states get weapons of mass destruction usually to guarantee

sovereignty. Terrorists get them to kill people. It's the nexus between terrorism and whatever that weapon of mass destruction is that could fundamentally change the game for us.

And I think probably in the third one – there's one more, my mind just went blank – you know, the third area here is the idea that the United States decides to have a different role in the world and we decide that we're going to go inward and isolate. That could make a major shift in all of the things that we just discussed.

DR. BENSAHEL: With that, I'll open it up to questions. We only have a few minutes and boy, I saw a lot of hands shoot up right away. Let's start in the back on the aisle. Again, as a reminder, please state your name and affiliation and please ask a short question.

Q: Bryan McGrath, the FerryBridge Group. General, you seemed dismissive of the contractor who suggested that stability and predictability could help with affordability. What is your view on how those are related?

GEN. CARTWRIGHT: Well, I think that what you want to do is – and I think I heard this from Bill Lynn in the last panel – is that for platforms, you know, wishing that you could build them in a day is interesting. Wishing that they could be free is interesting. But the reality is they're complicated. They're sophisticated and you must allow a process that allows the engineering, et cetera, to occur. You can do things that are smarter.

And I'm not wishing away or dismissing the 10 percent in that discussion, but usually algorithms versus platforms, the time to field, et cetera, and putting them in the same rule set, so to speak, really dismisses the leverage that you can get potentially from something like an algorithm solution to a problem you have on the battlefield. Okay?

By the same token, the potential in the industrial side of what additive manufacturing is starting to be able to do may actually make platforms, at least, much more competitive than they are today in the timelines. And so I'm dismissive only from the standpoint that 15 years is just too long to project out and wait for something.

We had to build one platform for this current conflict. It was a cost-imposing strategy on us, but we had to do it, and that was the MRAP, had to be done. We just couldn't find another way to solve that problem. That's where our strength is. We're good at that. But that's a cost imposing strategy on us. You build $1 million vehicle and for five pounds of explosive, you got to add another 2,000 pounds of armor. That's not where we want to be on that discussion.

DR. BENSAHEL: Way in the back.

Q: Bob Kozak, Advanced Biofuels USA. In noting your comments, nothing was said about the potential or the possibility of reviewing our entire way of conducting war and occupation. It would – the question is, you know, much as it was after Vietnam, where we lost, we went back, and self-examined, and came up with a much better approach to doing things. I mean, can't we say that we

did things really wrong in Iraq and Afghanistan if you look at the outcomes versus what we wanted? And the question is don't you think it's time to ask the next president to really have the defense establishment go back and really look at how they conduct war?

MS. FLOURNOY: I'll start on that one. I think you raise a really important point that in our rush to sort of get the two wars in our rearview mirror, we risk not actually taking a clear-eyed look at what worked, what didn't work, why, at the strategic level, at the operational level, and try to digest some learnings from that before we rush away from it.

I think it would be dangerous to just assume we will never have to deal with counterinsurgency again, never have to deal with safe havens for groups that are trying to attack us and so forth. But I do think we need to slowdown and really learn from this recent experience. I would hope that that's going to happen before the next – (laughs) – president gets into office. And that that's some of what we should be debating seriously in the next couple of years.

MR. ZAKHEIM: I just want to add real quick that I think what you're seeing today, a lot of people felt that we can't do Iraq again. We can't do Afghanistan again. The new defense strategy, most – in part because of that view, as well as the fiscal constraints, has said, well, we just won't do that, right? We will just reduce the Army to a certain size and then we will just – it's something that if we ever need that capacity, it's reversible. And I think that needs to be revisited as well because I don't think that reflects the history and experience and a particularly safe way to approach it.

DR. BENSAHEL: Unfortunately, we only have time for one last question. Here on the aisle.

Q: My name is David Marr and I'm a recent college graduate. This question is specifically for Michele and General Cartwright. I read a study by Harvey Sapolsky saying that 70 percent of our military budget is spent on personnel costs and a majority of that goes towards logistics and support. So my question is shouldn't it be more of an issue of reallocating the resources that we already have in the defense budget, rather than spending more or spending less?

MS. FLOURNOY: So personnel costs are growing out of control. Most of it is actually going to health care programs that have gone from roughly 6 percent of the budget to 10 percent, you know, $19 billion in 2001, now, what, $65 billion in 2015. So you know, out of control. Having looked at this a little bit, I firmly believe that you could actually, at least maintain if not actually improve the quality of care and reduce cost if we took a very hard look at how we're delivering health care. There's a lot of anomalies in the system, a lot of just places where it's just ripe for bringing the kind of best practice that's transformed patient care at the Cleveland Clinic or, you know pick your example out there.

This is an area where we – there's a lot of work that can be done and it doesn't have to mean less quality care. It means a smarter way of providing it. But unless we get our handle on that entitlement cost growth within DOD, we will squeeze the space for readiness, modernization, real capability to defend this country.

GEN. CARTWRIGHT: Let me just stay in that vein on the medical side. And I absolutely agree with what Michele just gave you. But we came into this war where the preeminent approach to medicine was called triage, which the military invented in the Civil War. At best, it's given you a 66 percent survivability rate. We got rid of that and we picked up something else called today hour to live. But basically, you're dealing with 97 to 98 percent survivability with a mortally life-threatening wound. That's interesting. That's innovation. That's technology.

The dollars and cents of that is we got rid of 57 field hospitals and all of the doctors and all of the nurses and all of the support staff that it took to have them fielded. Now, "Mash" is a great television show, but it's hugely expensive.

Precision weapons got rid of 60 percent of the Army's rolling stock. It's that kind of leverage that we're looking for. We're going to have to take care of people. Now, the question on the medical side is now, can we bring that technology into the civil sector, which actually is migrating very nicely on its own, and there're a lot of things going to – but medicine will all be expensive.

The military is the McDonald's of the government. You know, we want a high school graduate with two years max of vocational training, okay? If you're starting to fly airplanes – when I came in, during Vietnam, we had enlisted pilots, okay? Now, you have to have a master's at least in aero and information technology to fly an airplane. It's crazy. We've got to get the interfaces between pilot, et cetera, back to where they belong.

Today, if you look at the Predator, the Air Force is using and the Navy are using pilots to do that, F-16, F-18, whatever. Okay? The Army is using sergeants. We've got to start to do what you just said, reallocate in smart ways here and get the age of the force back down to the high school graduate. We turn 30 percent of this force over every year. We've got to focus on that. If we let that age, that's going to cost us a lot of money. Old people get sick. I mean, that's – (laughter).

DR. BENSAHEL: On that note – (laughter) – I now find myself in the dangerous situation of standing between you and lunch. We will break until 1:20, but before you rush for the doors, please join me in thanking our panelists.

(Applause)

(END)