

**CENTER FOR
STRATEGIC AND INTERNATIONAL STUDIES (CSIS)**

PANEL ON MAJOR ISSUES FOR QDR 2010

WELCOME:

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BRETT LAMBERT: Thank you very much, everyone, for coming. This is going to be a great series. We have another one on Friday with Admiral Roughead. Hopefully, you'll all get the invitation. My job today is the easiest. My name is Brett Lambert, and I'm just going to introduce a friend of mine, if I could find him, Vago, who's been the editor of Defense News for, I think, 10 years now, or so. I promised in compensation for him agreeing to moderate this panel that I'd give a plug for his TV show, which occurs, I think, on WUSA at 11:00 after "Face the Nation." It's a great show. If you haven't seen it, try to tune in on Sunday.

So with that, if I could find Vago, he's going to make the introductions of our panel, but he seems to be absent. So maybe I'll start the introduction. (Laughter.) Oh, there's a line at the men's room. There he is. All right. He always wants to make a big entrance, so this was – so with that, I'll turn it over to Vago and allow him to introduce the panel and then kick off the Q and A.

VAGO MURADIAN: Thank you, Brett. Thank you everybody for those of you who stayed after Michèle's comments for something distinctly maybe less rosy, not that her presentation was all that rosy, but – QDR. Three of the biggest little letters in the defense lexicon and letters that hold promise and dread of an operatic exercise of Wagnerian proportion that we go to and depending on where you're sitting in this, it's either a comedy, a tragedy, or a monumental waste of time – except for all of us who write about it where every little thing is eagerly read.

To some, it's very, very valuable forum for the airing of new ideas and views and making hard decisions and getting valuable buy-in from all the national security participants and serves as a vital blueprint that shapes defense plans and programs in the coming years. For others, it's a pointless purgatorial exercise, a kabuki dance that yields a document of little real content but full of lines and plans to justify virtually every single program or initiative however pointless or ill conceived. I ran. So that's the reason why I'm out of breath because I'm all fat.

At a time when challenges are great and resources are increasingly under pressure, the QDR is being increasingly maligned, including biting criticism from none other than the likes of CSIS's own Arleigh Burke Chair for Strategy, Tony Cordesman, a couple of weeks ago at a conference organized by CSIS's own also Harlan Ullman, Tony said, if God really hates you, you may end up working up on the Quadrennial Defense Review, the most pointless, destructive planning effort imaginable. You will waste two years on a document decoupled from the real world, force plan from an honest set of decisions about manpower or procurement with no clear budget or FYDP and with no metrics to measure or determine its success.

He goes on to say that if God merely dislikes you, you will end up helping your service chief or chairman of the Joint Chiefs draft one of those vague, anodyne security documents that is all concept and no plans or execution. And if God is totally indifferent, you will end up working on our national strategy and simply be irrelevant.

In a pantheon of great defense quotes, that's got to rank right up there and someday when I grow up I'll be able to muster something like that. It's harsh, but it also poses some interesting questions. What's the value of the QDR, the 2010 one in particular, especially since the administration has made certain of these manpower decisions? Gates has decided to cut certain major programs.

That was a question that I asked and obviously we got that answer from Michèle earlier. What's the good? What's the bad of the QDR? How should it be run? How do we get the best value out of it? Is it with 50-page terms of reference or (gunning ?) the production of hundreds and hundreds of briefings at the consumption of hundreds of thousands of hours of military and civilian manpower or do you need a smaller and more focused set of initiatives and a look at interrelated issues?

And if it's really – is it really a strategy document or is it really a political document? Whether it's done – a political document, whether it's done collaboratively between the civilian and the military sides of the building or is it produced deliberately by civilians to minimize military input that runs counter to their preconceptions.

Here to discuss the good, the bad and the ugly of the QDR are three people more intimately familiar with the process and the document it produces. Some have had the honor, horror, or both of participating in one or more QDRs. Each is well known to you.

Who wants to take it first? I guess Creighton will be the first one up to give us his thoughts. Sir.

CREIGHTON GREENE: That's one thing I really find problematic about Tony. He never tells you what he thinks about something. You're always not sure where Tony stands on issues. I would observe about the QDR process, if you're comparing it to Wagner, I remember John Henry once quoting someone who was saying that Wagner is not as bad as it sounds. It may be ugly, it may be difficult, but at least the congressional customers are seeing it as a useful exercise.

Let me talk about some myths about the QDR to sort of frame the discussion. First of all, one myth is that I represent the committee. I'm here speaking only as a private citizen. I'm not representing any views of the committee or the Congress, just as a casual observer who happens to be stuck in the middle of it most of the time. I would observe – and there is a myth that Congress can legislate good behavior or good decisions. We try to legislate in a way that frames the discussion, frames the issues, but does not come to conclusions. That's what we are the executive branch for.

I've also heard the assertion that the QDR – that at least Congress' intent about the QDR is it's all about a budget drill. That could be hardly further from the truth. We've got an annual budget drill. We have plenty of those. We don't need another budget drill. What we hope is that by – the intent of the legislation was to enforce upon the department an opportunity, if you will, or the task – onerous task, as it may be – to raise itself up from the normal day-to-day

budget route drills of how many widgets or how many people or which initiative to take to look at the broader context in which we ought to be shaping our defense policy and our national policy. I thought it was important that Michèle pointed out the other aspects of national power which may or may not have anything to do with the Department of Defense.

Another myth is by inflicting the QDR, we want to make radical changes. That's not the intent at all. The intent is to have a routine process by which we review the bidding, review where we are and review where we ought to be going. Another complaint I've heard about the QDR is that it's too soon after the administration comes to office to do a QDR or more specifically that there's a perfect time to do the QDR. I would argue there's no perfect time for it. There are always pros and cons about the timing of one. You certainly would not want a QDR at the end of an administration setting the stage for the next administration. The next administration would immediately throw that out. So it probably needs to be more toward the beginning.

I heard an argument earlier that Congress only cares about jobs. That's another myth. If we only cared about jobs, we wouldn't be worrying about broader policy implications like the QDR raises or that are occasioned by discussions about the QDR. Certainly, members are worried about jobs, but they can multitask just like most of you can. They worry about jobs, but they also worry about the broader national security and national security policy and what's good for the country.

And the last myth, and I would say is just because Congress is asking you tough questions doesn't mean they're the enemy. The separate and coequal branch of government is there not to be a cheerleader, but to be a partner in what's going on in national defense as well as what else is going on with the government and the mere fact of asking tough questions at times is not necessarily a bad thing. If somebody's ideas or policies can't withstand the scrutiny of tough questions, then we maybe we need to think about what the answers we've come up with. And with that, I think it's better to leave it open for questions, but thank you very much. (Applause.)

MR. MURADIAN: Thanks, Creighton. Barry?

BARRY BLECHMAN: Thank you. Happy to be here. When I was running a consulting firm that provided services to the Defense Department, I loved the QDR. It was a big market for us. At various times, I think we supported all three services and OSD in their work for the QDR.

However, now I'm simply a taxpayer so I have a rather different view. And I do think that the QDR is an unfair burden on the Defense Department. We could probably solve or improve manpower availability to a great extent if we got rid of the QDR alone. But more importantly, it requires the Defense Department to answer questions that it alone should not be required to.

And Michèle said today and there was a briefing last week by unnamed defense officials who said that they would be consulting other agencies on this thing. But the questions asked – that should be asked by the QDR, really questions that need to be answered on an interagency basis by the administration overall. That's the beginning and I'll give some examples of them.

Most of the questions to begin with pertain to global strategy. What is our strategy – we say we want to engage China, ensure China doesn't become an adversary in the same sense that the Soviet Union was an adversary. But what is our strategy to do that and how does that relate to the relationships we want to have with Japan, with Taiwan, with other countries in Southeast Asia? Does it mean we will sit back as China develops naval facilities around Asia, not be concerned about that, or will we work through various means to try to stop that?

These are not questions for DOD alone. These are much broader strategic questions that have very important implications for defense strategy and then for defense forces, but they shouldn't be answered by DOD even in consultation with other agencies. They need to have a broader approach.

Similarly, Russia. What is our policy for Russia in the broadest terms? Are we going to continue to expand NATO as long as countries meet certain criteria as Michèle suggested? Well, in that case there are important implications for our forces but the Defense Department shouldn't be answering the question whether we're going to continue to expand NATO.

If we are going to do that, we have to prepare for contingencies involving Ukraine, for example, or other countries on the Russian periphery, as the Russians will likely to get quite crossed about this. We have to make decisions about how we'll deal with Russian tactical nuclear weapons, which they maintain would be on the forefront of any conflict with an expanded NATO on its periphery and so forth.

Now, perhaps the administration quietly at the highest levels have gotten together and without producing a giant document has answered these questions and the principals have a common view of these broad strategic questions which will now inform the QDR and the decisions made by the secretary and the QDR. All of the people working on the QDR will not be informed by that, and as a result, there will be a lot of thrashing around and I think needless work among them.

The Congress then compounded its mistake in imposing this burden on the Defense Department uniquely, last year by requiring separate reviews of the nuclear posture, the space posture and the ballistic missile defense system. These are part with our conventional forces of an integrated military capability. They have to be thought of in those ways. Think of a Korean contingency, for example, when Korea has a missile capability to reach the United States probably with a nuclear warhead. And then there's the crisis on the Korean Peninsula.

I've maintained that our strategy is likely to be different in that situation if we have effective missile defenses against the Korean forces or if we don't. It stands to reason. If Korea can threaten to hit the United States, we're likely to take a different stance in a crisis on the Peninsula than if we have the ability to deny them that capability. You could substitute Beijing for Pyongyang and think of other contingencies in which this might be even more important.

Now, again, Michèle mentioned and the defense spokesman mentioned last week that these will be separate reviews but they'll be crosscutting. But that's very different than doing an

integrated look at the overall military posture and then kind of spinning out a chapter on the nuclear forces to satisfy that requirement, and a chapter missile and a chapter on conventional forces.

What about long-range conventional strike, for example? That's something that needs to be affected by what's done on nuclear forces and what's done on conventional forces – should be part of an integrated whole from my point of view. And it won't be. There will be a separate – I mean, the nuclear posture review is going to be done by a separate office, different individuals than by the individuals doing the QDR.

And finally, I'd mention preparations for (irregular ?) warfare and Michèle's stress and the stress everyone makes on the need to build the capabilities of government outside of DOD to work in failed states, in conflict areas, in the sort of internal situation which we find our military forces these days. These are definitely question for the government overall, not for DOD. It's a question of balancing resources.

Are we going to provide more money to State to get the kinds of capabilities everyone says we think State should have? And Agriculture, and AID and the other agencies that get involved in these situations? And if so, where will they come from? Is there going to be new monies made available? Is it going to be taken from the defense budget?

These are decisions that have to be taken on an interagency basis by the highest authority in the government following a comprehensive review of what's required for national security. And I think it's an unfair and impossible burden for the Defense Department to answer that question alone within a QDR context.

Thank you.

(Applause.)

MR. MURADIAN: Thanks, Barry. Thanks very much.

Bob?

BOB SOULE: Thank you. Well, good morning. I just wanted to make a few short remarks here and then spend most of the time with the group here on the Q&A, although I have to say my hearing is a little off this morning because as Vago knows I was at the Caps game last night and it was like being at a rock and roll concert. My ears are still ringing. But it was a great time. And I have to compliment Barry on his former consulting firm on his business model because selling consulting services to both OSD and the services in the QDR is kind of like when we did in World War I when we sold weapons to both sides in the war. So it's – it's a business model you can't lose on. Definitely.

But let me make a few comments here and, like Creighton, I'm not representing either the Congress or my current institution especially with one of our trustees here, but I just wanted to give the programmatic perspective on this which I think is my background from my previous

time in the QDR – in QDRs in the department. And let me just offer three broad themes and then we can explore those or others in the discussions.

The first is I think there really ought to be some criteria for measuring a successful QDR going into it. I say this because having been involved in – I count them as two because I count the bottom up review as the first QDR even though it wasn't labeled as one so I was involved in that one and the '97 one. And then some after action reviews for those and later ones. I found myself when were doing some of those reviews asking – because people are asking lots of questions on process and did people feel happy about it, how it went.

And the thought that occurred to me was, well, did we really deal with the right set of issues? And so, in terms of my criteria for measuring success, to me the first order of business is to obviously have a good strategy that addresses the relevant national security challenges and I think you heard from Michèle this morning that they're well along on that, so I think you can pretty much count on that one being checked off by the time you're done. But you really need more than that.

In my view, you're successful in the end only if you end up with a strategy and a force structure, force posture, broad defense program and resources that are mutually consistent and at least roughly balanced. And I think some of the past ones have perhaps suffered in that regard. And you need to avoid both a strategy that's devoid of programmatic and resource considerations, but also just as importantly programmatic that are completely disconnected from any strategic framework. And I think some of the bureaucracies in the Pentagon perhaps suffered from both of those things in the past.

Or put another way, from my point of view, a good strategy is one that figures out how to deal with the critical challenges in a feasible way and preferably in some kind of an efficient way. I'll use World War II as an example. Even when we had half of the GDP roughly devoted to the war effort, we still needed to make strategic choices. And so, I've always found this dichotomy between strategy-driven versus budget-driven reviews to be a false one, because, to me, the whole idea behind strategy is to figure out how you're going to achieve your objectives with limited means, otherwise you wouldn't need a strategy.

So the second topic is – or theme here is that the first one sort of suggests – needs careful attention is indeed it's identifying what those critical challenges are and a balanced approach for dealing with them and what are those now. I think, again, you heard a good list from Michèle this morning so I think it sounds like they're off to a good start. But the other thing I would say is you really shouldn't ignore the elephant in the room. And I think the past QDRs perhaps have had a tendency to do that. And I you do that, of course, I think it's likely that a QDR won't be judged successful from a historical point of view after the dust settles a little bit.

And my example would be – and I don't like to throw stones because I was in the department and I had lots of stones thrown at me, but my impression from the last review was that the elephant in the room then was the strain on the ground forces of the current operations. And I don't think that issue was dealt with at all in the QDR. So that's what I mean by ignoring the elephant in the room.

To put it another way, the QDR – as Bill Lynn (sp), who I worked for in my previous Pentagon jobs, used to say, it's your opportunity to work on the too hard box – the things you put in the too hard, too hard, and in a normal year you kind of start having a pretty good pile of those. The QDR is the opportunity to come back to those when more moving parts are in play and you have more opportunity to do things. So what's the list for now? Something we can talk about. We all have a list. And of course, the problem is there really are an endless list of challenges and staffs, of course, will generate very large lists and rightly so because there are a lot of them.

And so, I think the key role for the senior leadership is to zero in on a few and hopefully at least some of the right ones. Possible candidates – and again, I think you heard some of this from Michèle this morning. To my mind, the whole issue of balancing conventional war fighting capabilities, which the building tends to focus on, and on the other hand irregular warfare capabilities, but at the same time to avoid the problem I think we always worry about of fighting the last war because I think there is a danger in assuming that we won't have any high-end wars either just because now we happen to be engaged in a long irregular warfare kind of operation. So you have to have that balance.

Another that strikes me as a good candidate and I think this is also consistent with the department's current thinking is our growing dependence on what I'll call automated systems, or to avoid some of the buzzwords, I'm thinking of things like networks and GPS. And we're incredibly – space systems. We're incredibly dependent on those things now and I think thinking through some of the vulnerabilities of those systems would probably be a good issue. My own personal point of view, I think energy disruptions are going to be a huge issue and we're having a respite from that right now with the current economic situation, but I think that's going to come back in gangbusters in future years.

And then, finally, and this leads to my third theme, is what I'll call the programmatically overconstrained problem. And that's my third theme. And I'll give you a list here of sort of what I consider I think the department's – the constraints it's facing now and I would define this as a grossly overdefined problem – excuse me – overconstrained problem.

The first factor is the need for and political commitments to expanded ground forces, which of course are extremely expensive as well as the maintaining forces for naval and air forces. You combine that with the costs of personnel, which have been rising very strongly, and their associated benefits – things like medical benefits. You look at the likelihood of some form of reduced defense budgets if not the base budget. I think that will be an issue for the QDR, as Michèle said, but certainly in a combination of the base budgets and the supplementals is going to go down, and the services, particularly the ground forces, have been very dependent on the supplementals for many years now so that's going to be going down.

And then you look at the fact that I think during this buildup, which we're likely near the end of – there actually was only a limited procurement achieved during this period in terms of assets that we can live off of in future years. That's tended to be what we've done in past cycles is have big procurement sprees and then live off those later, but we sort of didn't have as much

of a procurement spree this time as we have in the past. In some areas, it's good, but in other areas – and so the result of that is a set of aging equipment in many areas. A lot are healthy, but some that are aging, I think, and that of course will put strains on sustaining the force in the future as those systems age. And then you combine all those with what I look at as a menu of development programs that are ambitious technologically, and therefore on the high end of cost and schedule availability.

So that's, to me, the fundamental programmatic problem that the department faces in broad outlines. And I think what you want to avoid is coming out of the QDR with that same – those problems really not fundamentally addressed and still being in that overconstrained problem and then you'll do what I think John Hamre and I did in the Clinton administration was to very elegantly and expertly move the shortfalls from one place to another, which is sort of how I described my job at one point. (Laughter.) So you don't want to start off that way is my point, and the QDR is the opportunity to avoid starting off that way.

Just one quick word on process and then I'll shut up. As I said, I went through two of these, or I count the bottom-up review as one. To my mind it's been steadily downhill since the first one. I think the first one was the best and the reason I feel that way is I really think John Deutch did a superb job of grabbing hold of that and I think that is key. And my example is you talk about terms of reference. If I remember correctly, he had a one-page term of reference. It was – he had this chart, and he showed it at every single meeting, of the issues that he was focused on. And of course, there were a lot of materials generated, but in terms of how he was guiding the agenda for that review in the bottom-up review is that one single chart. And I thought that was a very effective technique. And it was his chart, which also was important.

So just some thoughts to get the discussion started.

(Applause.)

MR. MURADIAN: Thanks very much, Bob. So we've got one vote for totally useless. We've got one vote where there's value, and then one consumer who actually likes the product that comes out of it. The question is – unless Congress changes the law, we're sort of stuck doing this.

So what are some ways from your guys' perspective to actually make the product better? I mean, if you add up the man hours, QDR officers started, what, two or three years? I mean, one QDR is barely over with before the office stands up and starts plotting again how the services are going to justify their existences and their plans that have been in train for a long time. Very few of them are particularly receptive to you telling them that they don't need to do something.

So having been involved with it, you know, let's start with you, Bob. You went through this horror, I believe you described it twice. And even Michèle sounded overjoyed to be part of a third one, so that tells you something. How do you make it better?

MR. SOULE: Just some thoughts. As I said, when Michèle did her thing in 2000, one of the points I made that got a standing ovation I think was ban PowerPoint, because I think there's far too much giving briefings and not enough discussion and thinking. So I think the leadership would be much better off – now, obviously, you need briefings, but I think the leadership would be very well served to have time for discussion and do more that rather than just taking briefings. So I think that will be one.

And the other one that I mentioned already was I think it's extremely important for the senior leaders, the secretary, the deputy secretary, the other senior people involved to really control the agenda and to get it focused on the issues they want, what they see as the key ones, and that – you know, reasonably small number of those two, I think for the review to be effective.

And then I think you don't – and I'm from an analytical background in my current job, but I don't think you need a lot of really detailed analysis. I think you can do a lot of these issues with fairly broad, high level analysis. And in the timelines involved, I think that's the only thing you can do anyway, and so we can get at most of the issues of broad force structure issues and broad programmatic without getting wound up in too much detailed modeling and that sort of thing, which tends to perhaps focus on the smaller rather than the broad issues that really ought to be the focus.

MR. MURADIAN: Barry?

MR. BLECHMAN: I think it could be an useful exercise, and I would do this way: one, I would have the senior leadership of the administration get together informally, not to create a national strategy document but to come to agreement on America's grand strategies with respect to the challenges – Michèle listed the trends and so forth – in a very short memo for – that was very closely (held ?).

Two, I think given that, the secretary and the chairman should sit down with very small staffs and determine within that strategy what are the key issues facing the department – the big issues for the department, no more than 10 for sure; six would be even better, something like John Deutch's chart, that they need guidance for in order to then establish the guidelines for the budget development process, force development process and so forth.

And then thirdly, given that agreement, create very small staffs, interservice staffs, include civilians and joint staff members who work on those specific issues and pound out the answers. And then, the result would be the guidance for the department for the upcoming (meta ?) process and so forth, if you make the detail decisions. For example, during the discussion with Michèle, there was a question about unmanned resources and how this would (figure ?). That should never be considered in QDR decision down on that level. That's decisions that need to be made during the budget development and acquisition processes.

MR. MURADIAN: Creighton?

MR. GREENE: To the extent that the QDR has become routine, it might be about time for us to change the law, to shake things up because once things become institutionalized, they get a weight of their own and a momentum of their own and then it's all about a marching army of staffs who are looking to justify the service chiefs' pet rocks this go around. So, I don't know, maybe we need to shake this process up in some respects.

MR. MURADIAN: Do you think that there would be any traction – I mean, CSIS – not to like, you know, butter up my hosts here, but I mean, some of them are sitting right here beyond Goldwater-Nichols that was a big a thing for John Clarke worked on it, Pierre worked on it, others in this room worked on it.

Are we kind of missing the point and focusing particularly on the QDR when there are so many other arms of the national security enterprise that have actually gained dramatically more influence over the past 10 years that are not included it in and also are not resourced accordingly. I mean, when you talk about deployability, State Department – there aren't that many FSOs. So you get into a position where you can't send them for higher education. It's this sort of domino effect, whereas the military is grossly over-manpowered. It's the only department I know who blows \$3 billion on a presidential helicopter or something and just goes, oh, well. Any other department would kill for \$3 billion, as best as I could tell. I'm pretty sure the Department of Education would go bananas for three more billion dollars. So you know, we go, well, you know, it just didn't work out. Okay. (Laughter.)

But I mean, don't we need something – to have a legislation that feeds this QDR perhaps – and I don't want to necessarily get the whole U.S. government, you know, is on holiday for the next two years because we're working on our version of the QDR. But to do something like that to better coordinate it, and if even if it goes to the Department of Agriculture, because what's the U.S. Army but deploying agro-teams to Afghanistan to help out fostering stability?

MR. GREENE: I guess my view is that help from the Congress on the current QDR would be counterproductive. It's a little too late to influence this QDR without causing major perturbations.

MR. MURADIAN: And I agree not on this one, but do you think that after this one there has to be some mechanism to get a more government-wide look at the entire national security enterprise beyond the Pentagon?

MR. GREENE: Absolutely. I think General Franks was quoted as saying at the end of the land campaign turning around and looking, where are the wingtips? I think most members, at least of our community, and some of the others I've heard talk about it are much more keenly aware of the other elements of national power and the lack of efforts that we made on that front than perhaps even the administration has been. Yes.

So I think – Michèle is talking about reaching out to other entities within the government is the appropriate mechanism for dealing with where the national defense strategy ought to go.

MR. MURADIAN: But it seems sometimes than when Pentagon people show up at another department, it's like you're speaking a different language. They don't even understand what you're saying, so half of it is understanding, getting that dialogue going. It's a little bit like the Spaniards landing on the Yucatan and then naming it like – I don't know what you're saying I believe is what it stands for in Maya, and the Spanish were like, oh, that's what it says?

MR. GREENE: Well, we certainly wouldn't want to make the language transparent so everybody could understand what we're talking about. (Laughter.)

MR. MURADIAN: Oh, God forbid that would ever happen.

MR. GREENE: Then you'd have to deal with the unwashed masses.

MR. MURADIAN: Who, of course, would not be in this room. Break the camera.

MR. GREENE: I think we've seen efforts, however measured, in terms of various combatant commanders reaching out to get representatives from the State Department, representatives from other government agencies to contribute to their planning efforts. I think the other government agencies – we need to learn their language – we in the department, Defense Department, need to learn their language as well as they learning our language. It's a two-way street. But that takes work on both ends of the – both on Capitol Hill and in the administration.

MR. MURADIAN: Do you guys have anything in on that?

MR. BLECHMAN: I thought the other departments on the whole here, I think the Defense Department is unique in having an ability and a long tradition of conceptualizing an objective, a strategy toward it and developing a detailed plan as to how that could be accomplished. And it's criminal, really, that other departments, particularly the departments like State who are involved in these sorts of contingencies are way behind in their ability to do that. It's part of the training and they don't – they're not trained to think in those ways, and it's something that could be, you know, could be part of Foreign Service Officers' basic training and similar training courses for young civil servants growing up in other departments.

MR. MURADIAN: But as an FSO, you're born perfect and have all of the skills. I'm not busting on anybody.

MR. BLECHMAN: I think that it is finally changing and there is a recognition within the department of the importance of this, but this just hasn't happened yet.

MR. SOULE: I just would only say that from what I heard Michèle say this morning, they were going to address that issue and it was on her short list. So I thought that was a good sign, and it certainly is from what we've seen part of Secretary Gate's priorities to work on the whole government interagency issue. So I thought it was a good sign so far, from what we know so far.

MR. MURADIAN: Let me ask one more question and then I'll throw it open to the floor. It's a manpower question. It always seems to me that the department spends about 85 percent of its time debating the future of programs that might yield a 5 percent savings.

But speaking of Bob's elephants in the room, one is just the gross, staggering size of the personnel cost, expanding TRICARE and applying it to everybody. That's hundreds of billions of dollars of out-year liability. And instead, the solution always appears to be, oh, well, let's just make it bigger. Let's just make the ground forces bigger and then you talk to folks in the Army who tell you, well, the 60,000 increase will get me 18,000 more deployable troops.

I mean, is there anything that we ought to be doing and things we could be doing within the QDR process to be able to yield – I mean, obviously the purpose of the – its *raison d'être* is not efficiency. It's effectiveness. But are we not paying as close attention to some organizational issues and cultural and strategic issues that are actually yielding us far less deployability and capability than we could get? I mean, defense business board recently found that something like 200,000 living in the Army have never deployed to combat, which is a fairly large, staggering number for many people in Washington when they read the report.

So, are we paying too little attention to one of the too hard problems and assuming, well, it's just easier for me to just make the military bigger than it is to really deal with some of these cultural issues?

MR. BLECHMAN: Well, I think you put your finger on one of the two biggest issues in the department and the two things that have nothing to do with the QDR, but which should be the highest priority in the department. One is the inefficient way in which the armed forces utilize manpower for the most part. There have been some improvements, particularly in the Navy and the Air Force, and the Army lags, but there's a lot more that could be done.

When the Bush administration took office, the Army had a briefing which said, we deploy – it was less than 30,000, 25,000 people out of area, meaning not counting the troops stationed in Europe or in Korea, but the people in Bosnia and Sinai and various other places. And this is straining our force. This is an army of 500,000 people and to put 30,000 out of area was considered a stress on the force. And that's symptomatic of gross inefficiency in the way we use manpower.

If that problem could be fixed or at least improved greatly, it would free up lots of resources and make the budgetary strain greater. The second problem, of course, is the procurement system that we need to find ways – I know that Secretary Gates is very much on top of this – to make the procurement system a lot more efficient so we can get cost under control and get more bang for the buck.

MR. MURADIAN: Bob?

MR. SOULE: Well, that's a good question – and that was definitely part of the overconstrained problem I was trying to outline, and of course, one of the ways to deal with overconstrained problems is to try to find innovative ways to address that. I don't have the

magical solution, but I think that would certainly be an issue that ought to be looked at if not during the QDR itself, given the limited timeframes, but perhaps as an outshoot of it – the ways that we could deal with the capability needs perhaps in more efficient ways.

MR. MURADIAN: It's like high demand, low density.

MR. SOULE: Right. One of the problems, of course, is that at least currently there's a political commitment to numbers, and I can't imagine that's going to change anytime soon, but at least if you look in the long term I think it's going to be very difficult both demographically and economically and in terms of the Defense Department's budget to sustain those numbers and have a modern, well equipped force. And so good ideas on how to provide the capabilities you need would be something you'd like to see come out of the QDR ideally. I don't have the magic solution myself.

MR. MURADIAN: And we'll throw it to the floor. Yes, sir?

Q: (Off mike) – to other agencies outside the Department of Defense, but what would have to be done at the other end of Pennsylvania Avenue at Congress' level to actually do that? In other words, the chairman of Defense Armed Services Committee, the Senate Armed Service Committee become a sub-chairman? We're not organized on both parts of the executive department or the legislative to do that. What would be the part for the Congress? I think probably we're making better progress on the executive side on the other – (off mike).

MR. MURADIAN: It's all Congress' fault, Creighton?

MR. GREENE: Well, Congress has a lot of tradition and it's unimpeded by progress. (Laughter.) It is difficult – it is very difficult to make change – structural changes and jurisdictional changes or come to grips with such seemingly intractable problems. We have attempted that in terms of homeland security by creating a committee that's basically supposedly responsible for all those aspects of it, but I think the contrast between the performance of the military in the recent unpleasantnesses and the contrast against that – against which the performance of other government agencies presents an opportunity to make some of those changes or make – to heighten awareness of those changes at our end of the street and result in perhaps some structural changes there, but I think it's – that's yet to be seen.

But in – and certainly in many respects now the sort of the narrow budgetary view of how much is going to be appropriated to the Foreign Services account, the one – five – budget gate terms 150 account. I think people would – ought to be taking a little more – a little broader look at that and have been taking a little broader look at that at our end of the street than I've seen in past years.

MR. BLECHMAN: There was actually – I forget when, but during the last administration that DOD tried to give few hundred thousand dollars to State – transfer \$200,000 to state to help its stand up the CRS Office. And that was stopped by Congress and eventually by committee – eventually I think half of the money was permitted to be transferred, which illustrates your problem. But there is – Congress does change when the atmosphere changes and

the kind of conventional critical mass grows that this is the right thing to do, that we need to give more resources to these agencies. I think the State budget has been growing of late. The administration is requesting further increases and hopefully without changing the congressional structure, which is harder than anything I could think of, hopefully more resources will be made available.

MR. SOULE: Just one thought. Certainly the Congress needs to provide the resource support, but I think even if you had that, there's an even probably – maybe slightly harder problem, which is the institutional cultures. One of the reasons I think the problem is the Defense Department is extremely good at executing things. They have just an execution culture. It's top to bottom. Everybody knows how to get stuff done. It's set up to do that. And the other institutions aren't nearly – they're set up to do different functions. They haven't had an execution kind of culture and organizational framework, but yet there are – and so you end up with DOD people doing what are civilian functions because they are good at doing stuff. So I think you need to build organizations that can do stuff on the civilian side and that's harder – that's a hard problem, too. I think it could be done, but it just needs some high level attention to build those institutions.

MR. MURADIAN: Yes, sir?

Q: Yes, I'm Bruce – (inaudible) – from the State Department. I was the coordinator for counterterrorism and I'd like to just chime in on this issue about strategic planning or planning operations. My experience a couple of years ago in the Office of Political-Military Affairs just verifies what you said earlier about excess resources being on one side of the Potomac and not on the other.

MR. MURADIAN: My mother was in the State Department for a long time, so I know resource constraints at Foggy Bottom.

Q: Each one of the GS 12 or 13 people in our office – you handle typically two or three portfolios, each one of which had eight or 10 people delegated in the Pentagon. When you've got that kind of disparity of staffing, you actually have leisure to think about what you might do next week or next year, as opposed to running full speed just to stay where you are. And I think that one cannot fail – you can't underestimate how important that particular factor is. These GS 12s and 13s are working 12 and 13-hour days just to put out the fires that are there. They don't have time for the kind of necessary planning. And without some allocation of resources – and we're talking about not an extra 40 or 50 positions throughout State – I think that you're not going to get State or AID or the other departments to that level of even having the possibility of viewing the kind of long-range planning that DOD does so well. And – even if they wanted to.

MR. MURADIAN: Is that only a money issue or is that a cultural issue?

Q: I don't think – I don't know that you can find out without doing the experiment. Right now there's no possibility of success because they just simply don't have the resources. I think that like anybody else, they might like to have a plan about where they're going to go in a year or so, but that is – that's a luxury.

MR. MURADIAN: You guys are guiding our foreign policy that these guys are responding to. This is like a muscular tail attached to a small dog.

Q: We are making it up as we go along, okay?

MR. MURADIAN: I'm trying to work the whole Cordesman – (inaudible) – saying that.

Q: In response to what's the latest crisis, to a large extent, and it's unfortunate and those are my personal views, not those of –

(Cross talk.)

MR. MURADIAN: We should have a disclaimer tag that people just hang over their heads to – okay. So I think I saw your hand go up earlier and then I'll get you next, Mitzi.

Q: (Off mike) – historical budgets and spending across years, regardless of shifts and strategy and threat there seems to be this rather stunning equivalence in terms of the three departments in terms of their budget share over time. And maybe I need to be disabused that I'm looking at the wrong figures, but it just seems from the outside looking in you could argue it's somewhat – (inaudible) – in the sense that regardless of these major shifts, the three departments still come out with essentially an equivalent share. Do you see that changing dramatically? Do you see any kind of dramatic change in the establishment in the sense that if you had resources and requirements emanating from a joint entity and then the departments, the services having to compete to win out as opposed to – it seems to be regardless. They find a way to retain their share.

MR. MURADIAN: My personal view is that I think that if you actually go and you add it up that that's not true, although you also have to look at two services that – all three of the services are manpower intensive, but the machines man the people in the Army and the people man the machines in the Air Force and the Navy. And their individual items are a lot bigger and more expensive. So now you're getting aircraft carriers that are \$12 or \$13 billion each. That's only thing we do multiyear appropriations on actually in three tranches to try to pay for this thing and we don't do it at once, but anyway.

MR. SOULE: When you say three departments I assume you mean the military departments within DOD, right? And I'm not sure what the numbers are lately. Of course, it takes a lot – it takes some big changes to change those numbers very much in percentage terms. So I'm not sure you should expect them to change that much. And I guess I'd go back to one of the comments that Creighton made which I thought was a good one, which is – it's not – is it really a case for dramatic radical changes in the kind of structure of our forces that would lead to those kinds of changes based on what's happened? I'm not sure there is, so– and then of course there are fairly powerful institutional reasons why changing those numbers, even a little bit actually – (chuckles) – is very painful for the people in the department because it's sort of an “all my children” kind of thing. There are all my children and you're trying to do right by all of them and so it's very difficult because it's going to be one of the expense or the other to make major

changes. And in the absence of a compelling reason to do that, which I don't personally see a compelling reason to make major changes – we need ground forces. We need air forces. We need naval forces to balance the whole issue we're discussing. And Michele talked about in terms of balance capabilities, uncertain future, lots of threats. So you can – I think you pretty quickly come to a structure or something like what we have and that generates the share. So I wouldn't expect major changes.

MR. MURADIAN: I would also add, for example, the Air Force carries a lot of like satellite reconnaissance stuff that supports the joint force. You have various sorts of things that are tucked in there, into people budgets, that do yield to that sort of relative level of parity.

Mitzi and we've going to take – and we're going to have two questions. So Mitzi you get one of them and then Colin you get the last one here. You're handed – (inaudible).

Q: Mitzi Wertheim with the Naval Postgraduate School. I've been looking at these issues for decades and one of the things that's very clear to me is Defense has this wonderful buffer number and I think the number's about 20 percent. And those are the people that are available to go to school, to prison, in transport, and I don't remember what the fourth one is. But they'll have that – what was it –

MR. GREENE (?): Hospital.

Q: – hospitals, right.

MR. GREENE (?): Patients, transients, and prisoners.

Q: Right, well let me just finish. We don't have that in the other services – I mean in the other government agencies. We don't set aside a number to allow people to go to other – to go to training, so they get almost no training. And so you got people complaining because don't have the jobs. They can't – it's a structural constraint and my perception is Congress has not been willing to fund that. Not only do you not have enough people to send to embassies, you don't have enough people to send to schools. And sending people to schools seems to have no value because if you're sent off to school the assumption is you're not wanted. I think there are real cultural and structural problems, as well as financial, addressing that. And unless you take all three of them, it's just nice talk.

MR. SOULE: Just one quick response. It's actually not just – it's not DOD versus other agencies. It's military versus civilians because it's the same for DOD civilians. And the problem is that military services have a stewardship culture. They know they have to grow their force and continually do that and they worry – and that's part of their whole culture. We've never had that for civilians, including – people have tried it. John Light (sp) worked on that when he was deputy secretary, but it's expensive because you have to have billets and money for all that.

MR. BLECHMAN: There's a wonderful report written at the end of the last administration by Tom Pickering, Newt Gingrich, and me – (laughter) – called State 2020, which

dealt with many of these problems – that was one – and recommended major increase of resources for state so that it would have the kind of flow to permit training, so it would have trained people to do planning and execution and so forth. So it's worth looking at. I hope that the new administration is looking at it as well.

MR. MURADIAN: And I'll be picking it up at the newsstand when I leave here.

Colin, you get the last question.

Q: This is exciting. There's a lot of wonder, I think, among those that watch QDRs over a long period of time, that the first one, which nobody knew how to do, turned out to be the best one. I think that one of the reasons it was – it was the National Defense Panel. There was somebody there kicking these guys in the paths as they went along, saying, no, no, no, that's stupid. Look over here. Oh, great idea. Reconsider that.

Do we need something like the NDP again, which is outside the building saying think harder?

MR. MURADIAN: Good question.

MR. SOULE: Well, so you're referring to the 1997 QDR, which was the first QDR labeled such and it had the NDP – right. And I'm not sure I agree that that was the best one, but that's a personal – opinions can differ. As I said, I think the BUR was a better one.

MR. MURADIAN: Grading QDRs, that's where we've gotten to. (Laughter.)

MR. SOULE: Just two comments –

MR. MURADIAN: And what metrics would you be grading that on, Bob?

MR. SOULE: I'll come back to that. (Laughter.) Two comments sort of on the one hand of the other hand. On the one hand, I think outside interaction – more of that would be a good thing. And Michele mentioned that and I thought that was also good. So not all the wisdom is in the Defense Department and people in the Defense Department tend to talk to each other all the time and think alike. And so talking to people with completely different perspectives, academics even would be, I think, a really good thing for the QDR process. So that's one (comment ?).

On the other hand, I – having been in the '97 QDR, I didn't think the NDP had much impact on it. It was more – most of their work was after the fact – was grading it after it was done. But I think during the review, having, as I said, some mechanism to talk to people outside and get just out-of-the-box thinking would be a really good thing.

MR. MURADIAN: And I think on that note – and I think on that note thank you very, very much for everybody. Brett, thank you very much. John, thank you very much, CSIS and to our panelists. Thanks all very much.

(Applause.)

(END)