BUDGETING FOR AMERICA'S NATIONAL SECURITY

Prepared Statement

Committee on the Budget

U.S. House of Representatives

July 7, 2011

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Mr. Chairman, I am former Senator Jim Talent, from Missouri. I served in the United States Senate from 2002-2007 and I was privileged to be a member of the House from 1993-2001. During my years of service, I was a member of the Armed Services Committees in both bodies. I am currently a Distinguished Fellow at The Heritage Foundation focusing on defense and national security, though the views I will express today are my own.

I want you to know that I greatly value the work of this Committee and I honor and appreciate the work of every Member here. In the best of times you must make difficult choices; in these times your choices are particularly unpalatable.

You have asked me to testify regarding "Budgeting for America's National Security." I will focus my remarks on the condition of America's military today and its likely condition in the future given current trends.

Mr. Chairman, when I was on your side of the table, I always appreciated witnesses who stated their views plainly and with candor, because finding a solution requires first and foremost being willing to recognize the extent of the problem. In that spirit I will give you my conclusion about the state of America's military. Despite the dedicated efforts of our servicemen and women—who are among the finest who ever served any country—America's military strength is declining, both absolutely and relative to the dangers which confront us. The rate of decline is growing, and will soon reach a point—if the point has not been reached already—where our military leaders will not be able to honestly guarantee America's security within an acceptable margin of risk.

Allow me to briefly survey some history to explain how the current state of affairs came about.

After the Berlin Wall fell and the Cold War ended, many in Washington believed that the United States had entered an indefinite period of peace. Because of that, the government took too large of a "peace dividend" out of the defense budget. The size of the military was cut by

approximately 40-50 per cent across all the services. Then in the mid-1990s, the government took what was called a "procurement holiday." It reduced modernization budgets, and reduced the rate at which it bought ships, planes, helicopters, tanks, and other inventory, far more than the size of the force was cut. There was one year, for example, when the United States did not purchase a single tactical fighter jet for the Air Force.

Yet as it turned out, the end of the Soviet threat did not bring global peace. To paraphrase Secretary Bob Gates, history had not ended; it had only been frozen, and in the post-Cold War years it thawed out with a vengeance. All the regional, religious and ethnic rivalries that had been suppressed beneath the Soviet/American competition came to the surface, and the United States used its military to manage the resulting conflicts. In the last twenty years, and beginning well before the 9/11 terrorist attacks, the American military has deployed at a far greater rate than was ever the case during the Cold War. America has fought four major regional conflicts – in Bosnia, Kuwait, Iraq, and Afghanistan. It is beginning a fifth conflict now, in Libya; at this point, no one knows what the extent or duration of that mission will be. In addition, the military has engaged in a wide variety of other missions—from fighting the drug war, interventions in places like Somalia, stopping piracy, and delivering humanitarian aid—most of which would have been unthinkable during the Cold War.

It's the age old lesson our government never seems to learn. Ignoring the potential for conflict does not make the conflict go away. Failing to prepare for a mission does not make the mission less necessary or less likely. In fact, there are some conflicts that are more likely precisely to the extent that we do not prepare for them, because the purpose of military capability is not just to win wars but to deter them.

Mr. Chairman, this highlights a benefit of military preparedness that your Committee cannot score in dollars but which is nevertheless very real: the savings from missions that do not happen because military power deters conflict from occurring. An excellent example is America's presence in the Northwest Pacific. During the first half of the 20th century, there were three wars in that region involving Russia, China, Japan, and Korea. During the last half of the 20th century, there were no wars. That's at least in part because after the Korean conflict, America created and sustained equilibrium in the region that has prevented conflict and promoted peaceful development. That equilibrium has proven beneficial to the United States and to the world. That is also why the four American Presidents in the post-Cold War era have continued America's presence in Korea. If our footprint there were to be eliminated, decreased stability could end up costing far more than the burden of maintaining America's presence in the first place.

Here is another relevant example. In the 1990s, the active duty Army was cut from 18 to 10 divisions, on the assumption that America would not need to commit large numbers of troops on the ground for long periods of time. That assumption was driven at least in part by the desire to save money rather than by sound national security planning. As it turned out, two different Administrations decided—in each case with strong support from the Congress—that there was a need for large numbers of boots on the ground in Iraq and Afghanistan. Yet because the Army had become so small, its rotational base was inadequate, which is why the Reserves have been constantly mobilized and so many of our troops have had to do four or five tours of combat duty

in the Mid-East. There is at least a substantial chance that if the Army had been bigger, America could have surged troops in Iraq and Afghanistan at the same time, and shortened one or both of the missions. If so, the savings would have dwarfed any savings that were achieved by the original cuts—not to mention the lives that would have been saved, the reduced stress on our servicemen and women, and the increased confidence at home and abroad that would have resulted from a more effective operation.

Here is another point. I'm sure you are all aware that the cost of pay and benefits for the military is continuing to increase substantially. Now, our servicemen and women deserve every dollar they get. But there is no question that because the force was too small to support the increased operational tempo of the last twenty years, extra money had to be spent for pay, bonuses and benefits in order to protect recruitment and retention.

Mr. Chairman, my point is this. There is unquestionably a cost to sustaining military strength, and the Budget Committee must take that cost into account. But there is also a price to be paid for weakness; it can be very substantial and if the Committee is going to budget honestly you must take that into account as well.

The upshot is that in the last two decades, the combination of increased deployment, reduced force structure, and underfunded procurement and modernization has caused a decline in America's military capability. In the late 1970s, America's military "hollowed." Now it is stressing and rusting; inventories are aging and increasingly out of date technologically. The Navy has fewer ships than at any time since 1916. The Air Force inventory is smaller and older than at any time since the service came into being in 1947. The Army has missed several generations of modernization, and many of its soldiers are on their fourth or fifth tour of duty in Iraq or Afghanistan. The Reserves have been on constant mobilization and are under stress; many vital programs, such as missile defense, have been cut; the space architecture is old and needs to be replaced; and in the past two years, no fewer than 50 modernization programs have been ended.

In fact, there are very few major modernization programs that are still actively underway at the Pentagon. As a result, each of the services has pressing needs that are largely unmet:

- The Air Force must replace the fighter inventory, develop new cargo and tanker assets, build a new bomber, and increase long-range strike capability.

- The Navy must increase the number of submarines, sustain the number of aircraft carriers, develop a new cruiser, replace the aviation inventory on the carrier decks, buy more destroyers, and buy out the requirement of new littoral combat vessels.

- The Army must, at minimum, sustain the number of troops at current levels as well as modernize and replace its inventory of fighting vehicles, and procure a next-generation attack helicopter—all supported by a more robust and secure battlefield network.

- The Marines must restore their amphibious landing capability and acquire both Harrier and A-10 replacements, while allotting sufficient funds to fix and replace equipment worn out from a decade of war.

These programs are not luxuries, but needs. Without them, the United States will lose basic capabilities that everyone has come to take for granted. For example, if current shipbuilding rates continue, the number of American naval vessels will continue to decline and the United States will no longer have a global Navy. The Marines have already lost considerable amphibious capability and are losing more, which means the Marines will no longer be able to storm the beaches. They have already lost a considerable portion of their amphibious capability. Because of Russian and Chinese advances in fighter capability, and the end of the F-22 production line, America's traditional air superiority is eroding. According to Lieutenant General David Deptula, recently departed Deputy Chief of Staff for Intelligence in the U.S. Air Force, "For the first time, our claim to air supremacy is in jeopardy.… The dominance we've enjoyed in the aerial domain is no longer ours for the taking."

I said before that American strength is declining not only in absolute terms but relative to the risks we are confronting. Time does not permit me to survey all the risks confronting the United States, but I will offer two observations: about the conflict against terrorism and the implications of China's growing power.

First, for the purposes of this testimony, it's not necessary to speculate on the current status of the war against terrorism. What we do know is this. Whether the President's drawdown of our troop surge in Afghanistan works or not, and whatever else happens there, America is going to maintain a substantial presence in country for an indefinite period of time. Our troops may well remain in Iraq in some capacity or other, and the military is certainly going to continue conducting counter terrorism operations around the world on an ongoing basis. Moreover, it is at least possible and perhaps probable that America's military will have to get more involved in places like Yemen, if not in counterinsurgency than in enhanced counterterrorism activities.

The important thing for your Committee to consider is that whatever the exact nature of American operations against Al Qaeda and its affiliates, that mission will be substantial, and it is being executed by a force the size of which was determined in the 1990s before terrorism was considered a major threat. In other words, force structure was never adjusted upwards in response to the attacks of 9-11; the conflict against terrorism is a mission that was added to the burdens of a military that was structured without that mission in view.

Second, Chinese power is surging at a pace that no one anticipated when the current force was established. China need not become an enemy, and its increasing power should not be viewed as inherently hostile. The Chinese are simply recovering from a long period of unusual weakness and beginning to assert themselves as a major power. But the rise of Chinese power has implications for the United States that no Administration can ignore, especially considering the form it is taking. There is no doubt whatsoever that China is deliberately assembling naval, missile, and air assets for the purpose of acquiring the ability to deny the United States access to strategically vital parts of the Western Pacific. Whether and under what circumstances they might use that capability is an open question, as is the question of China's intentions regarding

the assertion of its power globally. But whatever combination of engagement, diplomacy, and deterrence President Obama or future Presidents might use in response to Chinese ambitions, the foundation of any successful policy will be confidence in America's commitment and leadership, and that will be determined in substantial part by the presence and capabilities of America's naval and air power in the Pacific – power which is currently in a state of decline.

Mr. Chairman, I haven't said anything to this point that was not said, in much fuller form and with complete documentation, by the commission that Congress created last year specifically for the purpose of reviewing the condition of America's military and recommending steps for the future. I refer to the Independent Panel which examined the Quadrennial Defense Review produced by the Pentagon in the spring of 2010. The Independent Panel was chaired by former Secretary of Defense William Perry and former National Security Adviser Stephen Hadley. It was thoroughly bipartisan, consisting of twenty members appointed by the Obama Administration and the Republican and Democratic leaders of the two Houses of Congress. The Panel considered the likely risks facing the United States and examined the adequacy of the military to respond to those challenges. To that end, the Panel interviewed scores of top officials and examined all the relevant material, including classified documents. I heartily recommend the report to the Committee and will summarize for you today some of the key conclusions that are relevant to this hearing. Direct quotes from the report are italicized and page numbers are provided for reference.

The Perry-Hadley Panel unanimously concluded:

> The United States has for most of the last century pursued four enduring national security interests. Those objectives include defense of the American homeland, assured access to sea, air, space, and cyberspace, preservation of a favorable balance of power across Eurasia that prevents authoritarian domination of that region, and providing for the global "common good" through such actions as humanitarian aid, development assistance, and disaster relief.(page vii)
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> Five key global trends face the nation as it seeks to sustain its role as leader of an international system that protects the interests outlined above. Those trends include the Radical Islamist extremism and the threat of terrorism, the rise of new global great powers in Asia, continued struggle for power in the Persian Gulf and the greater Middle East, an accelerating global competition for resources, and persistent problems from failed and failing states. (page vii)
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> These trends are likely to place an increased demand on American "hard power." (page vii)
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> "*There is increased operational tempo for a force that is much smaller than it was during the years of the Cold War. In addition, the age of major military systems has increased within all the services, and that age has been magnified by wear and tear through intensified use*." (page 53)

> [The report] suggests an Army and Marine Corps of the same size as today, but suggests the Navy expand substantially…Air Force end strength…may be at about the right level (page 58)
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> *"We have long been living off the capital accumulated during the equipment investment of 30 years ago. The useful life of that equipment is running out, and, as a result, of the inventory is old and in need of recapitalization. Because military power is a function of quantity as well as quality, numbers do matter. As the force modernizes, we will need to replace inventory on at least a one-for-one basis, with an upward adjustment in the number of naval vessels and certain air and space assets."* (page 55)
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> *The Department must fix its acquisitions process to regain credibility…[producing] real savings, which should be captured and applied to the modernization effort. However, those savings will be insufficient for comprehensive modernization. "Meeting the crucial requirements of modernization will require a substantial and immediate additional investment that is sustained through the long term."* (page 61)

Finally, the Panel issued two warnings that are worth quoting in full as the conclusion to this portion of my remarks.

> *"The issues raised in this Report are sufficiently serious that we believe an explicit warning is appropriate. The aging of the inventories and equipment used by the services, the decline in the size of the Navy, escalating personnel entitlements, overhead and procurement costs, and the growing stress on the force means that a train wreck is coming in the areas of personnel, acquisition and force structure." (page v)*
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> *"There is a choice our planners do not have. As the last 20 years have shown, America does not have the choice of abandoning a leadership role in support of its national interests. Those interests are vital to the security of the United States. Failure to anticipate and manage the conflicts that threaten those interests – to thoughtfully exploit the options we have set forth in support of a purposeful global strategy – will not make those conflicts go away or make America's interests any less important. It will simply lead to an increasingly unstable and unfriendly global climate and, eventually, to conflicts America cannot ignore, which we must prosecute with limited choices under unfavorable circumstances – and with stakes that are higher than anyone would like." (pages 28-29)*

Next Steps

Mr. Chairman, I am going to recommend a series of steps that can be taken, on a bi-partisan basis and even in this extraordinary budget climate, to address the problem that I have raised in these remarks and that the Perry-Hadley Panel covered so thoroughly in its Report. Before I do that, I want to put the issue in context.

If the government were in anything approaching a typical budget year, this would not be that difficult a problem. The first step would be for the Department of Defense to work vigorously to

reduce the cost of major new procurement programs. The Pentagon simply cannot continue taking up to 20 years to design and build major new military platforms that end up costing billions more than was originally estimated. The pace of technological change and the needs of modern warfare make procurement reform vital, even apart from the budgetary issues created by the current ineffective system.

Procurement reform would produce substantial savings that could be put towards the recapitalization called for in the Perry-Hadley Report. I comment more on procurement reform below. Except for the unusually difficult budget situation, the next step would be to do what the Perry-Hadley Panel explicitly recommended: increase the procurement and modernization budgets by an additional amount sufficient to recapitalize military inventories over the next five to ten years. The sum necessary would be substantial but fully affordable in the short term, and as I have already said, failing to spend the necessary dollars only increases costs in the long term. In fact, the shortfall is as large as it is today because in the past—when there was no budget crisis—the government did not spend the smaller sums that would have prevented the problem from ever occurring. It always costs more to catch up than it does to keep from falling behind.

To emphasize precisely that point, The Heritage Foundation advocated for years that the government adopt as a guideline funding the military force structure at a level equal to four percent of America's GDP. Heritage believed that over time, and assuming normal economic growth, a figure equal to that percentage was approximately what was needed to recapitalize and sustain the force. Beyond that, however, Heritage wanted to emphasize that no matter what fiscal policy Congress adopts, and regardless of your views regarding other budgetary needs, America can afford to defend itself. The government may *choose* to spend less than one out of every 25 dollars defending the country, but it certainly *can* spend at least that much. As the Committee is aware, the government has often spent much more than 4% of GDP on the military in the past, at times when the economy was much smaller and less prosperous than it was until the recent economic crisis.

Again, to put the budgetary issue in context, two years ago, the government spent close to 800 billion dollars in an extraordinary attempt to stimulate the economy. None of that money was spent on recapitalizing the military. It's not my purpose to comment on the stimulus bill as a matter of fiscal policy, though my views on that subject are easily available to anyone who wants them. But had perhaps a third of that money been reserved for and spent judiciously on military modernization over the next decade (and assuming the necessary procurement reforms had also been implemented) Congress would by that decision alone have met the vital needs which the Perry-Hadley Panel thoroughly documented. And the money would have been spent on high skilled, high paying American jobs in American industry, which was supposedly the point of the stimulus bill.

That was a missed opportunity. Congress should not miss such an opportunity again. If I were on the Committee, and regardless of whether I was a Republican or Democrat, I would vote to recommend the necessary funding to begin implementing the recommendations of the Perry-Hadley Panel—even given the current budgetary climate. The problem which the Panel report documented must be addressed, and the sooner Congress addresses it, the less it will cost in the long run.

Moreover, funding military modernization is fully consistent with finding a solution to the budget crisis. I do not pretend to be as expert on budget issues as Members of this Committee. But it does not take an expert to see that the core of the problem is a structural mismatch between the revenue dedicated to the entitlement programs and the growing cost of those programs. One way or another, Congress is going to have to resolve that issue. If it does, then a thoughtful plan to recapitalize the military over the next decade will be fully affordable. If it doesn't, then denying our servicemen and women the tools they need to defend us will not prevent the bankruptcy of the government. In fact, it will make the budget situation worse, if—as is entirely possible—America's growing military weakness causes conflict that could have been prevented, increases instability that inhibits economic growth, or allows a disaster to be inflicted on the homeland or the American economy.

In short, Mr. Chairman, this government is where it is not because of budgetary necessity but because of choices that were voluntarily made over the last 20 years. Making the wrong choices over time has multiplied problems and narrowed the number of solutions that are available. Making the right choices, on the other hand, will gradually reduce the challenges we face and create more palatable options for the future. The right choice is to meet the government's most basic responsibility and fund the military at the level that gives the greatest chance for peace and security in the future.

The current budget climate may make that decision politically or practically impossible in the short term. Here are some other steps I recommend for the Committee:

1. Stop the bleeding in the short term

Stop cutting the President's budget for defense, and—until the general budget crisis is resolved—make every effort to meet Secretary Gates' goal of a small real annual increase in the defense budget. I understand that in this budgetary climate, every aspect of the federal budget is "on the table." There undoubtedly are efficiencies that can be found in defense spending. When savings are achieved, however, they should be invested in the procurement and modernization budgets. Every dollar that is used effectively now in those budgets is money that will not have to be found later.

Also, Congress should pass a timely defense appropriations bill every year. Last year, Congress failed to pass a FY 2011 defense bill and instead funded the Pentagon through Continuing Resolutions that lasted well into this calendar year. Apart from the resulting cuts in the President's budget, which was already too low, the operational restrictions in the Continuing Resolutions caused significant disruptions in the Pentagon's contracting process for ongoing programs. That caused unnecessary and significant challenges for the Department and defense contracting community from which they have not yet recovered.

Third, on a forward going basis, Congress should make every effort to set and keep stable funding projections for ongoing programs. Of necessity, Congress appropriates on a yearly basis, while the Pentagon's major modernization programs last for a number of years. Without firm funding projections for the out years which Congress commits to keeping, it is impossible

for the Department to plan and spend the money it is given efficiently. But with such a commitment, it would be possible to procure more platforms in an economical way, through multi-year programs and other plans to buy larger numbers of platforms according to set commitments over time.

2. Procurement reform is necessary both to save money and for the reasons I have outlined above.

But the Committee should be aware that every Secretary of Defense in the last 15 years has dedicated himself to procurement reform. Congress has passed several bills on the subject, and yet the system is at best no better and by most estimations has gotten worse.

A quote from former Secretary of the Navy John Lehman illustrates the problem:

> "*There were about 1,000 people in the Bureau of Ships during World War II... And they were the ones that mainly ran the shipbuilding program – not micromanaged the contractors, but developed and did the systems integration and oversaw the program. Through World War II, they built on average about a thousand ships per year. That's one ship per person.*
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> *Now in my day (in the 1980s), there were 4,000 people in the Bureau of Ships, and we averaged 28 ships per year.*
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> *Today we're averaging about 6 to 7 ships per year, and there are 25,000 people in the equivalent of the Bureau of Ships. That's a whole Pentagon load of people in the Bureau of Ships. Now they're scattered all over the country in different offices and functions, but the numbers are – you can get into lots of quibbles about it – but the numbers increased from 1,000 to 4,000 to 25,000 as the numbers of ships declined precipitously.*
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> *And so what's the answer? Reform? We have a new budget that will add 20,000 additional civil servants to oversee the already-bloated layers of bureaucracy that are there today."*

The Perry-Hadley Report contains a brief but important chapter on procurement reform which I strongly recommend to the Committee. The Panel noted that the most basic problem was "fragmentation of authority and accountability for performance." In other words, the processes of procurement have been made so complicated – often in an effort to avoid mistakes or ensure oversight -- that there is no single manager or small group of managers who have the authority to make decisions or feel accountable for the progress of programs. Someone must be clearly in charge of every procurement program, and must clearly have the authority that goes with that responsibility.

Second, the Panel noted that the Department must insist on no more than a 5 to 7 year delivery window for new programs. That means, among other things, accepting that a platform as initially delivered may have only incrementally improved capabilities which can be further improved through evolutionary upgrades over time after the platform has been deployed.

Successful programs in the past have often gone through several upgrades over decades. Such a process is better suited to the rapid pace of technological change, and is much easier to manage in an efficient way, than trying to achieve every possible desired improvement before initial delivery.

To put it another way, we have to focus on getting more hulls in the water, more planes in the sky, and more trucks and fighting vehicles on the ground. We have to increase numbers quickly even if it means increasing capabilities more incrementally.

There are a number of other cogent suggestions in the Report. But the upshot is that a well trained line management force, with clear authority and responsibility, that insists on short timelines with reasonable deliverables, is the key to procurement reform. What is not needed are huge numbers of new regulations or new managers with complicated chains of command. If that is the manner in which "reforms" are instituted, they will increase rather than reduce costs.

It should be noted that one of the reasons program costs have gone up is the decline in the defense industrial base. The private sector has not been unaware that since the end of the Cold War, the government has not placed a high value on procurement and modernization funding. That has caused investment to shift away from defense industries and remaining firms to consolidate. This is not 1961 anymore; there really is no more "military industrial complex" or if it exists, it's a lot smaller than it used to be. A decade ago, there were six major aircraft producers in the United States. Now there are two. Forty years ago there were eleven major naval shipyards. Now there are four. For the first time in almost a century, America has no manned military or civilian aircraft in design.

Fewer competitors generally means less competition, which puts upward pressure on prices. Moreover, it means that the remaining industrial base is less flexible and more fragile. Before Congress ends programs like the F-22 and shuts down major production lines, it should remember that those lines cannot be reconstituted without enormous cost and without taking a lot more time than it would have taken in the past. So where there is any doubt about whether further procurement of an existing platform may be required, every effort should be taken to keep the production line going. And in general Congress should consider how to protect the remaining defense industrial base, perhaps with small investments in crucial capabilities even where the money is not available to fund a major program. In this respect, I applaud the HASC for its efforts to keep open the Abrams tank line and the Bradley fighting vehicle line. Given the significant possibility that Army modernization programs will not be funded, keeping those lines open at least helps ensure that the industrial base stays intact, that new if not modern platforms will be available, and that evolutionary upgrades can be considered at some point.

3. Congress can strengthen the industrial base by promoting foreign military sales.

Easing restrictions on sales of select platforms to allies and partners will achieve more efficient production rates and offset costs born by the American taxpayer as well as help protect the industrial base. One problem is archaic International Trade in Arms Regulations which are time confusing and confusing. They should and can be reformed without sacrificing real national security concerns. In fact, by reauthorizing and reforming the old Export Administration Act,

Congress can strengthen protections against exports to state sponsors of terror while applying less stringent standards to more generic kinds of exports to friendly countries. Also, more can be done bilaterally to encourage defense trade cooperation. As a first step in this process, the Senate was correct to approve two treaties that exempted the United Kingdom and Australia—two reliable allies—from various restrictions.

Finally, with regard to personnel costs. Much has been written about how Congress has increased benefits to servicemembers, active duty and retired, in the last ten years, causing personnel costs to grow. That policy was, in general, necessary and right –though it was a mistake not to increase the topline to pay for the extra compensation – because it allowed the volunteer force to mature and play its part in carrying out American foreign policy.

After World War II, the logic of historical events pushed America to the forefront of world affairs. American leaders established a baseline goal of protecting the homeland and limiting the spread of totalitarian domination without precipitating a third World War. There have been many mistakes in judgments, operational failures, and periods of insensitivity and excess since that goal was established. But the baseline strategy has been a success, and because of that the United States and the world has experienced a tremendous growth in freedom, prosperity, and—relative to the first half of the 20th century—peace. Moreover, America achieved its goals while at the same time consistently reducing the percentage of its national wealth that was devoted to the nation's defense.

There are a number of tools our government has used to accomplish that strategy. I am an advocate for the tools of "smart power," as properly defined: diplomacy, international coalitions, engagement, the growth of economic and democratic institutions, and effective communication about America's values and intentions. But the underpinning of all those tools is America's military capability, and the underpinning of that is the dedication and competence of the men and women who have defended us over the last 60 years.

Those men and women have made the volunteer military an unqualified success. They have accomplished every mission we have given them. They deserve to be well compensated. Moreover, the sacrifices they and their families make, and the depth and diversity of their skills, has become so great that to keep them in the service we must compensate them at a level commensurate or greater than what they could earn in the private sector.

So in my view, and without commenting on every specific benefit decision, the increase in pay and benefits of the last ten years was justified and necessary. But there are three areas where I believe the compensation structure should be reformed.

First, too much of the compensation package is concentrated in the post retirement years. I do not begrudge our retired servicemembers their pay and benefits, but because the retirement benefits have become so generous, the government has made it financially prohibitive for many servicemembers to continue in the military once they are eligible to retire after 20 years of service. That pressure has become a burden on retention. We need these highly skilled servicemembers to stay longer in the military, and we need a compensation system that allows

them to continue their service without feeling like they are doing a financial disservice to themselves and their families.

Second, the cost of health care is becoming a problem, particularly for retired servicemembers. I voted for TriCare for life when I was in the Congress, and I believe it was right thing to do. But it ought to be possible to work with the retiree community to lower the cost of that care without sacrificing quality or putting an unfair burden on retirees.

Third, Congress must understand that the cost of military compensation comes directly out of the same pool of dollars that pays for everything else on which our servicemen and women depend. It is politically popular to increase benefits, and as I said the increases were justified by the contributions of our military. But increasing compensation is irresponsible and self defeating when it means sacrificing the training or tools that servicemembers need to accomplish their missions at low risk and with minimal loss of life. In future, benefits should not be introduced or increased unless Congress is also willing to increase the top line defense budget enough to pay for it.

Conclusion

Mr. Chairman, I want in conclusion to thank you and the Committee again for inviting me to testify. The condition of America's military is a cause for grave concern. I know that your options to deal with the issue are not as robust as they would have been even a few years ago. The key at this point is to confront the problem rather than trying to avoid it, carefully consider the options that are realistically available in the short term, and then choose the right alternatives within the universe of what is possible. The good news is that making the right decisions now will expand the range of palatable alternatives in the future; the inherent resiliency of the volunteer force and the people who constitute it may make it possible to recover our strength sooner than might reasonably be expected.