

CATO INSTITUTE POLICY FORUM

THE DEFENSE DEBATE

RAISE THE ANCHOR OR LOWER THE SHIP?

Tuesday, October 17, 2000

Featuring:

James Schlesinger, Former Secretary of Defense and

Energy and Director of Central Intelligence;

Ted Galen Carpenter, Cato Institute; and

Kim Holmes, Heritage Foundation

The Cato Institute

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P R O C E E D I N G S

MR. NISKANEN: I'm Bill Niskanen, the Chairman of Cato.

We are privileged today to have a good discussion of the future of the Defense Department and U.S. military budgets and programs. The subtitle of the discussion is based upon an article that Jim Schlesinger wrote two years ago, called "Raise the Anchor or Lower the Ship" in *The National Interest*, fall of 1998.

A month or so ago, the Congressional Budget Office estimated that it would take something like an additional \$40 billion a year to maintain the current defense force structure, and that the current defense force structure is seriously under-funded. That does not say that it ought to be done, but that we either face a situation of raising the budget to maintain the force structure and the posture or of reducing the posture that the defense force structure supports. That is what is at stake in the discussion this afternoon.

For all of that, the campaign, I think, has not focused the issue well enough. Vice President Gore has proposed adding \$100 billion over 10 years for the defense budget, to add \$100 billion over 10 years to the defense budget to support a posture that he describes as forward engagement. Maybe with the

refueling at Yemen being an example of what constitutes forward engagement.

MALE VOICE: Unintentionally.

MR. NISKANEN: Governor Bush has proposed adding \$45 billion over 10 years, primarily in additional pay and somewhat higher R&D, to support a posture that would involve some reduction, some withdrawal, in our current forward engagements, particularly in Bosnia and Kosovo. So neither one of them have faced up to the magnitude of the budget implications of maintaining our current force structure, with Gore proposing an expansion of our posture, forward engagement, and a \$10 billion a year, roughly, average over the next 10 years; and Governor Bush is proposing a small reduction in our forward military posture, with an average of \$4.5 billion over the next 10 years in the defense budget.

Now, the main speaker at our forum this noon is Jim Schlesinger. Jim and I were colleagues when we were children as Assistant Directors of OMB 30-some years ago. Since that time, Jim has been Chairman of the Atomic Energy Commission, Director of the Central Intelligence Agency, Secretary of Defense in the Nixon administration, and then the first Secretary of Energy in the Carter Administration.

Jim is now a senior advisor to Lehman Brothers, Chairman of the Board of Trustees of the Mitre Corporation, and a counselor to the Center for Strategic and International Studies.

Jim.

JAMES SCHLESINGER,

FORMER SECRETARY OF DEFENSE AND ENERGY AND

DIRECTOR OF CENTRAL INTELLIGENCE

SECRETARY SCHLESINGER: Thank you, Bill. It's good to be here.

The first point that I would like to make is to underscore that a military establishment exists for some purpose. It is not free-floating. We are not designing guards, units for show purposes and to protect the chief executive, as is the case in some countries. It is intended and should be complementary to the foreign policy that we choose to pursue. That is why I used the term "Raise the Anchor or Lower the Ship," because we are, as Bill indicated, not spending sufficient funds to sustain the foreign policy that we have chosen.

Alternatively, if we continue to spend at the level that we are presently spending, we ought to begin to shrink what has been an ambitious foreign policy. That foreign policy is ambitious because we have either been thrust into or have seized

upon -- and it depends upon whom you talk to -- we have been thrust into this position of being the policeman of the world.

We add on, very frequently also, the moral authority for the world, in that we insist on coming to the aid of any oppressed minority group that happens to attract our attention. That is on a selective basis, by the way.

In any event, given that foreign policy, which is a very ambitious one, a foreign policy, in a sense, that exceeds that of any leading power in the history of the world, we are not spending enough to sustain that role with low risk. We continue to expand our commitments and we continue to shrink our forces. The presumption that underlies our military posture is that no one would dare take us on.

I am reminded of this young intelligence officer who, back in 1950, looking at the evidence, came to the conclusion that the Chinese had moved into North Korea and they were hiding in the mountains. And he went around Washington peddling this tale. And he got to the office of the Assistant Secretary of State for Far Eastern Affairs, Mr. Dean Rusk, and he said to him, "The Chinese have gotten in."

Rusk listened, as he would, very politely to the briefing. At the end of it he turned on this young intelligence officer and said, "Young man, they wouldn't dare."

Well, that is our defense posture at this time. It depends upon, in the outyears, others not being prepared to take us on. It is probably true in the short run, but it is a disquieting thought in the long run.

I need to add one other point. Our foreign policy involves something of a disconnect between the elites of this country, or the present attitudes of the elites of this country, and the general public. The elites of this country are prepared to launch themselves into humanitarian missions of all sorts, and the public is willing to tolerate that only so long as casualties remain low. That is a critical aspect as we formulate our defense budget.

Now, Bill has already hinted at why we are having these arguments over money. The first issue is a critical one, and it underlies the report of the GAO, was it, or CBO, with regard to the \$50 billion shortfall. That is, we are simply not spending enough to sustain the QDR force, the Quadrennial Defense Review force. Bill Perry, when he was Secretary of Defense, indicated that that QDR force was the minimum that the United States could field and still sustain its foreign policy.

I mention that because this is not a partisan issue. This is something that the administration itself has declared in the past is the minimum force that we require. We have been unhappily on a procurement holiday in this country ever since the

1980's. The forces that were built up during the Cold War have been such that they could sustain this steadily shrinking force structure of the U.S. Department of Defense. As a result, we have been spending relatively little on procurement.

Each year, according to a recent study by CSIS, each year the depreciation on the equipment of the Department of Defense amounts to something over \$100 billion a year. It is for this reason that that study refers to the forthcoming defense train wreck.

That reminds me of a story that Lyndon Johnson used to tell when he was President of the United States about this dimwitted kid in a small Texas town who decided that he wanted to seek employment on the railroad. So he wandered down to the railroad station. The station master interviewed him. He said to this young lad, he said, "Suppose there is a train coming down from San Antonio on a single track and another train coming up from Brownsville and you were here in the station. What would you do?"

This lad responds, "I'd go and get my brother."

The station master looks at him somewhat oddly and says, "You'd go and get your brother? Why is that?"

"Well," responds the lad, "my brother has never seen a train wreck."

(Laughter.)

SECRETARY SCHLESINGER: We are, I think, as Bill's introductory comments indicated, heading for a train wreck, in that the GAO says \$50 billion more is required. There is an argument that has been going on whether that \$100 billion is really a solid number, whether we could get away with \$70 billion or \$80 billion.

John Hamre, until recently the Deputy Secretary of Defense, in congressional testimony, indicated that if we take the proposed budgets of the administration -- and those budgets are never really kept, but if we kept the proposed budget -- we would still be about \$10 billion short at the end of the six-year program. So the question is, "will we be prepared to spend more money in the outyears on acquisition?"

At the present rate of acquisition, we are heading for a 200-ship Navy, a much-diminished Air Force. We are simply not buying the equipments to replace what we have. Which means aging; it means increased money on O&M simply to sustain aging equipment and the like.

Well, will we spend the money? I remind you that we are looking forward, 15 or 20 years out, to the beginning of the baby boomer retirement, with all that that implies for Social Security and Medicare expenditures. It is not self-evident, at least, that in such a climate we would be prepared to increase defense expenditures.

A word on the other part of acquisition, which is research and development. If the United States is to fulfill this very ambitious foreign policy role, prepared to intervene in various parts of the world for purposes that the American public at large does not necessarily regard as part of our national interest, we are going to have to preserve a substantial edge in technology.

And many of the secrets are out of the bag. Remember Desert Storm and that swing across the desert. The reason we were able to do that was the Global Positioning System. Saddam Hussein thought that we would get lost in the desert, that no one could navigate through the trackless desert without getting lost. That was true in the past, but with the Global Positioning System, we had pinpoint accuracy for our forces.

The point to be made, though, is that never again will the Global Positioning System be an unknown to future opponents. And, indeed, many of them will be able to go to Radio Shack and get their receivers.

Satellite reconnaissance used to be something that the Americans alone, and then the Americans and the Soviet Union, were able to pursue. Now, you can buy pretty good three-meter-accuracy satellite reconnaissance photographs commercially. So some of our advantages of the past are subject

to attrition. And we will have to work hard to preserve a substantial edge in technology.

Moreover, we live in an age of globalization, in which we cannot preserve secrets any longer unilaterally. In the past, the U.S. Department of Defense was the leader in technology. Now it is commercial enterprise and, as a result, it is available to other countries around the world; not necessarily from American firms, but by their competitors abroad.

But we must, given public expectations about holding down casualties, preserve that technology edge. We are dependent, as the GPS story tells us, on information technology. But we are subject to cyber warfare. Some years ago, you may recall, the National Security Agency ran a test study in which, hypothetically, they turned off all of the power on the East Coast of the United States simply by engaging in cyber warfare.

The United States, of course, is a highly vulnerable country, if not the most vulnerable country in the world, because we are so dependent on information technology and upon computers. One wonders how long the American public's taste for engaging abroad would survive if indeed power was turned off on the East Coast or the West Coast or nationwide. For this reason, we must maintain that technology edge that will provide protection against cyber warfare.

Let me turn from acquisition to current operations. At this time we are engaged in many countries. The military has the highest OPTEMPO in history. The Army has, whatever it is now, 60,000 soldiers overseas. The Navy has more of its ships underway than at any time in peacetime. This is causing resentments and departures from the service. And that bears on the readiness issue.

To be sure, the readiness issue has come up during this campaign, but one should take the conventional measures of readiness with a grain of salt. The Army has arbitrary categories, C-1, C-2, C-3, et cetera, for its divisions. When I worked for the RAND Corporation many years ago as Director of Strategic Studies and went out to our various missile bases, I would come upon a missile that was not operationally ready because of supply. But that could mean everything from the light bulb being out in the silo, which did not prevent the missile being launched, to the absence of a guidance can for that missile 800 miles away in an Air Force depot.

So some of these measures are arbitrary. Critical elements of the following:

Do you have enough gunners for your tanks? Do you have enough pilots? Does the Navy have enough pilots on board carriers? Are there spare parts, or has the air fleet been subject to cannibalization? Do we have enough ammunition?

In the case of Kosovo, following on Iraq, we depleted our supplies of precision-guided munitions, which are critical, once again, to holding down casualties for the United States.

Then there is the question of, have the forces been seriously trained, seriously trained? There are arbitrary measures of training. The Army operates on the principle of no more Kasserine Passes, when the U.S. Army was cut up in 1942 by the Germans; no more Task Force Smiths, when the U.S. Army was cut up in Korea shortly after our intervention.

High operations tempo means personnel turbulence, and that is causing morale problems. The issue of readiness has spilled over into the campaign, and the mantra of the Democratic Party, as stated by Joe Lieberman and by others, is that the military of the United States is the best equipped, best trained forces in the world. For the moment, that is partially true. We have the best-equipped forces at the moment. But we have aging equipment.

As for the training, it's a mixed bag. I have a cartoon here that some of you may wish to take a look at, which shows the nature of training today. It is very heavy on what I will call "social issues."

This readiness issue spills over into the questions of retention and of recruitment; retention directly, because people are leaving the services; and recruitment, because when they go

out there and they talk to young eligibles, they discourage going into the services.

Pilots, of course, have left the services because they have ample opportunity in the airlines. But there have been several studies with regard to the attitude of young officers. Admiral Nata [sp], some time ago, did a study of junior officers in the Navy, and discovered that only 10 percent of surface officers were interested enough in the service to aspire to higher commands -- an astonishing number. When I was Secretary of Defense I would believe that the number would be more like 50 percent or 60 percent that aspired to higher commands.

The Army has done a study as to why captains and majors are leaving the service. This is a headline in yesterday's Washington Post, "Captains' exodus has Army fearing for its future." The departure of young captains is more than double that the Army believes that it can sustain in the longer run.

Why are they leaving? Partly compensation, but they all say that pay alone will not solve the problem. The problem of these departures reflects something that I will delicately refer to as "social factors."

Their Commanders, in the case of the Navy officers, don't seem to be having very much fun. There is micro-management of the ships at sea, and there is political correctness.

I read from an article in the British Army Review by a British lieutenant colonel who had the opportunity to see our forces in Bosnia. He points out that there are several problems. The first problem that he refers to is the fear of taking casualties. The second problem, the second strand, is the way in which the American officers are tied in knots over the dictates of political correctness.

This ranges from the comical, for example the title "ADC," aid-de-camp, can no longer be used because of its HIV connotation, whereby a person's promotion or appointment is based not necessarily on ability but on racial origin or gender. This has not been helped by some well-publicized scandals such as the U.S. Navy's Tailhook convention, et cetera.

The point that he makes is that here is this substantial force that is tied up. And he doesn't make this point critically of the United States; he makes it unhappily as its principal ally, the principal ally of the British, and the fear that these kinds of trends may overtake British forces.

I come to a mixed conclusion about readiness. My own judgment is that we are imposing too much strain on the forces for the health of those forces; though, for the moment, we may not have to pay a high price for it. However, probably too much attention has been paid to readiness. It has been the priority

of this administration. It has not been acquisition. It hasn't been new capabilities.

Bill Perry, when he was Secretary, worried about readiness simply because of the hollow Army, which he had experienced in the later days of the Carter Administration. Moreover, if one worries about readiness and one has constant budgets, where does money from increased readiness come from? It comes either from acquisition or from force structure. So it is not clear that readiness, by itself, should be the overwhelming priority of the armed forces.

Let me say a few words about the future. Our commitments are expanding. Quite explicitly, for example, in the case of the Baltic States. We say that we will welcome any democracy in Europe into the NATO Alliance. But we need to think through how we will protect those that join the NATO Alliance.

The Baltic States are very close to Russia. They are very far from American power. We would, I fear, be driven back to threatening the initiation of the use of nuclear weapons, something from which we have escaped over the course of the years since the collapse of the Soviet Union.

The United States engages in joint maneuvers with Kazakhstan. If you look at the map you will raise some question in your own mind whether indeed the United States is actually in a position to protect Kazakhstan.

We talk these days about something called Vision 2010, the guidance of the Department of Defense, about full spectrum dominance. But the other parties that might challenge the United States will be seeking something called asymmetrical advantage: gas, biology, biological warfare, and the like.

All in all, with these expanding commitments, we will have to have new capabilities, and they are not included in the QDR. If we go ahead with the ballistic missile defense proposals, that will involve additional billions. If we are to protect ourselves against computer intrusion, cyber warfare, that will involve substantial additional expenditures.

Home defense generally, the protection of the United States homeland against attacks by biological and chemical weapons, will require additional training and additional expenditures. The notion that the United States spends more than other countries and therefore we can reduce our spending is true, but it is not necessarily relevant. The United States has taken on a foreign policy that is more ambitious than any country in history.

Given our geopolitical position, we are going to be forced to spend more than any set of other countries. Unless we continue to appear dominant, someone will sooner or later take a run at us. We will get a bloody nose. I have mentioned that somebody will exploit our vulnerabilities to cyber warfare. In

those circumstances, the public's taste for engagement, unless our national interests are clearly involved, will be at stake.

Irrespective of the opinion of America's elites, which, incidentally themselves are subject to change, we will see a change in the attitude toward engagement abroad. So we come back to that original issue: Shall we raise the anchor or lower the ship? We need to spend enough and spend it correctly if we are going to sustain what is a very ambitious foreign policy.

Otherwise, we should not enter into the commitments that we enter into willy-nilly. We are not in a position to fulfill such commitments without undue risk to our forces or the risk to public support. And we ought not to intimate that we are prepared to fulfill such commitments and create expectations if we are unable to do so.

I leave it to the other speakers to resolve the issue.

(Applause.)

MR. NISKANEN: The first stab at resolving these issues will be Kim Holmes, Vice President at the Heritage Foundation and Director of their Institute for International Studies. Kim has written widely on a variety of defense and foreign policy subjects and has a doctorate in history from Georgetown University.

Kim.

KIM HOLMES,
HERITAGE FOUNDATION

DR. HOLMES: Thank you very much, Bill. It is indeed a pleasure to be here at the Cato Institute and to be here with such distinguished people as Jim Schlesinger and an old friend, Ted Carpenter.

You will not get much disagreement from me about what you just heard from Jim Schlesinger. But it reminds me of something rather curious that happened over the weekend. I was at a conference, talking about the presidential campaigns. And Gordon Adams was there, representing the views of Al Gore, and I was there, representing the views of George W. Bush. And the conference was for European policy planners.

The next morning, as I was going to breakfast, one of the French policy planners came up to me and looked at me rather puzzled and said, "You are the Democrat; aren't you?"

(Laughter.)

DR. HOLMES: I went up to Gordon later and I said, "Do you realize they couldn't tell the difference between us, even though we had quite a spirited debate? But I can assure you that the agreement between Jim and me is indeed real and not as illusory as that French official believed about my views and those of Al Gore.

What I would like to do is to flesh out some of the points that I think we are in particular agreement on and to talk about what I think are some of the impact of humanitarian interventions on our strategy capabilities and our readiness. I think, as Jim made very clear, there can be certainly no doubt that there is a trend in American national security policy for a broader, nonmilitary use of force.

Of course, it began with Bill Clinton, in Somalia and Haiti, and it was extended in Bosnia and Kosovo. But from what I am hearing from the Gore campaign, it is highly likely that, if elected, Al Gore will even increase this trend. Al Gore has talked about broadening the definition of national security to include not merely economic issues -- that's something that Bill Clinton discussed -- but also the environment and even health, talking about using national security means to deal with the AIDS problem and, of course, other humanitarian issues.

Now, the thing that is particularly troublesome about this, in my opinion, is that this idea is popular around the world. There are a lot of people around the world who want to see the United States doing this. It is certainly popular in Europe. It is certainly popular at the United Nations and with many people who support the United Nations.

Now, I think this raises a number of serious questions about the purposes of American power and certainly about the

criteria for using military force. There has been some attempt to deal with this issue in the presidential campaign. There was a question asked in the first presidential debate about it. George W. Bush gave sort of cursory answer, establishing his criteria. And it was even behind the exchange in the second debate on whether or not you would intervene in these various places that Jim Lehrer asked both candidates about.

So, even though, Ted, perhaps it is not as much of a debate as we would like on this issue, I have actually been surprised that there has been as much discussion in the campaign about it as there has been. Because many people have seen and some of the experts have seen this issue coming for many years. And, frankly, it was present in the 1996 campaign, but we heard absolutely anything about it. At least now we are hearing something about it. And I think that is perhaps a good thing.

Let me talk first about what I see as the strategic impact of humanitarian interventions and to underscore a point that Jim was making. I think he is absolutely right that the tendency to use military force for humanitarian or strictly nonmilitary purposes is certainly leading to an over-commitment and over-stretching of U.S. forces. Between 1992 and 2000, the Clinton administration cut the national defense by more than a half-million personnel and by, of course, by \$50 billion. During that time, the Army lost four active divisions and two reserve

divisions, and the number of Navy ships fell by 20 percent during that period.

Yet, at the same time, the numbers of our missions and our commitments increased. The pace of deployments has increased 16-fold since the end of the Cold War. In the last eight years, the Clinton administration has deployed U.S. forces 34 times, and there were only 10 such deployments during the previous 40 years of the Cold War.

What I find interesting about this, and we were discussing this in the antechamber beforehand, many of the people who were against the Vietnam War are now advocating the use of force for humanitarian forces. And some of these people who are advocating the expansion of our military commitments are also not advocating more spending on defense. This is not surprising, but it is certainly not surprising if you remember that this is precisely what Bill Clinton has been doing for seven years.

Yes, he increased the defense budget last year. He probably saw the presidential election campaign coming. And we know that Al Gore has called for some more spending, as well. But I think that it is interesting that Al Gore and some Democrats who support humanitarian interventions, even they realize that this deploy and cut strategy is not sustainable, that in fact you cannot do more with less.

Also, if you look at the \$100 billion figure that Al Gore is advocating that we spend more on defense, \$80 billion of it is for defense and around \$25 billion is for diplomatic activities and some foreign aid. And Peter Huessy tells me that \$25 billion of it may be related to base closings that are already counted. So we have to look very closely at those figures. And even on top of that, I am not so certain he would actually spend it if he were elected.

Certainly all of this raises serious questions about our warfighting capability. If you overstretch the forces, if you wear them down, if you reduce their combat training and, in some cases, even retrain them as happens in the Balkans, to do peacekeeping instead of warfighting, it only stands to reason that over time they are not going to be able to fight major regional contingencies in the Gulf, Korea or any other place of vital interest.

Now, if this trend continues, I think it would change the very purpose of American power in the world, from a global military power, intent on maintaining a balance of power in favor of freedom and democracy, to a police force intended to enforce certain standards of human rights. This has a number of significant implications.

First, if you listen very closely to what Al Gore and some of his advisors are talking about, broadening the definition

of national security, I think it is very clear that if he were elected the whole national security planning process would dilute military or national security as we have traditionally understood it in the entire process, break the boundaries, if you will, of national security interests to the point where it is hardly even possible, sometimes, to recognize what our national interest is.

I think this would distort the planning process. It would certainly make it very unclear what the spending targets would be for strictly military programs.

The second implication is that there are no practical limits on the number of problems that the United States would be duty-bound to solve in such a world. The number of human rights problems in the world is legion. This would certainly expand the use of military forces for nonmilitary purposes, to peacekeeping, peacemaking, and the like. And it could only drain budgets from combat forces and generally denude the warfighting missions of the armed forces.

The third implication, the one that I think is very disturbing, I think it would actually change the philosophical nature of American power as it is understood by the American people, from one of traditionally spreading freedom and democracy to peoples and ensuring international stability by protecting sovereignty, the sovereignty of the nation-state, to one of enforcing certain kinds of human rights, for example,

multi-ethnicity in the Balkans. They go far beyond the concepts of freedom and democracy, and they would eventually pit the United States against the very idea of national sovereignty as a guarantor of international stability.

This is, I think, a revolutionary new way of thinking about American power. And, frankly, if you talk to many of the people who advocate this view, they will admit as such.

As a matter of fact, at that very same conference, I was challenged time and time again for being sort of out of date with the post-Cold War era, because I am concerned about such things as national sovereignty; and this is old thinking, you need to move into new thinking, that national boundaries no longer matter, and this kind of "old think" is not going to do the trick.

Now, don't get me wrong. Even in what is sometimes called narrow national security interests, even during the Cold War, we always had considerations of humanitarian issues. It was never completely off the block. But what we never had is we never had humanitarian issues being the primary or the sole criteria for using force. That is what is new.

Some people, even on the American political right, advocate what I call "big stick humanitarianism." That is, an aggressive use of American power to support humanitarian purposes

around the world. In fact, they think that Bill Clinton is too reluctant to do this. They say this is Reaganesque.

I beg to differ with that. I think that that is a confusion of what Ronald Reagan was all about. His crusade for democracy, or against communism if you will, was all about defending democracy and international stability and trying to stop the threat of communism to democracy and to stability. He was not at all about defending people, no matter who they were, no matter where they were, no matter what they believed, no matter who was threatening them, as a vital interest of the United States.

Now, let me go to the second issue that Jim Schlesinger mentioned; that is, the impact of these interventions on our readiness. Some people are obviously not overly worried about the impact of humanitarian operations on military readiness. The Gore people certainly are not worried about it. They think it is overblown, and they make the point that in fact our forces are the most powerful on earth right now and that is good enough for them.

But I would like to quote the Chairman of the Joint Chiefs of Staff, General Shelton, in what he said in April of this year. And I quote him. He said, "Our experience in the Balkans underscores the reality that multiple persistent

commitments place a significant strain on our people and can erode warfighting readiness."

There is also a quote by Air Force General Michael Ryan, who said, "Our people are deploying over three times more often with a force 60 percent of its former size."

In May, 1999, the GAO issued a report, concluding that operations other than war were having an adverse effect on the combat capability of deployed units in Bosnia and in Southwest Asia.

There is more than enough evidence to show that we have a problem in this area. And the main problem is budget. These operations other than war are being paid for by funds that would be better spent on training and readiness. For example, about 80 percent of the cost for these kinds of operations are coming out of the operation and maintenance accounts. Now, it's true that supplemental bills eventually come along and replace some of the spending, but they come along later. Some of the damage cannot be undone, and there is always a deficit in capability that is very difficult to make up.

The high costs of these unplanned operations are having an adverse effect on our procurement and our modernization, as well. The Clinton administration has repeatedly missed its procurement spending targets. In 1995, they said they would have to spend \$60 billion a year on new procurement. Each year that

target was not met. Last year they said, as a result of falling behind, they would have to spend \$70 billion.

The CBO said, "No. It is \$90 billion a year." And Jim Schlesinger says it is \$100 billion a year. I think his figure is closer to the reality.

What was the reason given by a Pentagon official when he was asked about why these procurements targets were not being met? His answer was very clear: The unexpected costs of military operations in the Balkans. That was his answer.

I think the conclusion is unavoidable. We have failed to invest in our future warfighting capability because we are spending so much now on peacekeeping, peacemaking, and operations other than war.

Now, what should we do? I think the logical conclusion is that the United States should be more cautious about involving itself in these peacekeeping operations. In fact, the United States is not the best nation to lead such peace operations. The United States military is a combat force and should remain a combat force. Its purpose in the world should be to deter or defeat large-scale aggressions in areas of vital interest in the Middle East, Europe, and Asia-Pacific.

No other nation in the world can afford such a huge and expensive responsibility. That is truly where we are indispensable.

Now, I don't have any objection to providing logistical or other military support for peacekeeping operations where we have the infrastructure and the interest to participate, but we should always be trying to find ways to minimize the U.S. involvement of our ground troops in civil conflicts in peacemaking and peacekeeping.

Now, in this connection, I think we should strongly encourage our allies to upgrade their peacemaking capabilities so that we are not always dragged into every civil conflict simply because our allies are too weak to intervene by themselves, which is the case in the Balkans. The European nations are quick to claim that U.S. leadership gives them credibility in the Balkan operations. And this is, of course, true. But it is only true because Europe has not dedicated enough of its own resources to a credible peacemaking force.

Meanwhile, large portions of the American armed forces are being diverted from their mission of deterring a large-scale aggression.

Now, during the Gulf War, the United States built a coalition of nations to defeat Iraq, and it provided the lion's share of the forces. Support from allies in the coalition gave us an international legitimacy to go ahead with that war. For peace operations, I would suggest that the roles should be reversed. Our allies should provide the lion's share of

resources, not merely for peacekeeping, but for peacemaking operations. So, while our allies would provide the lion's share of the resources, the United States can provide legitimacy and backup support by aiding in certain areas to ensure the mission's success.

I think we need to have a more balanced approach to military modernization. We can't just rely on today's technologies to ensure future military support and superiority. I don't think we can risk waiting for the next-generation or the generation-after-next technologies that may or may not be developed for military modernization. So I think there needs to be certainly a greater, more balanced approach to military modernization, where we have a significant emphasis in our spending on the next generation of weapons, like the F-22, the Joint Strike Fighter and the Virginia-class attack submarine, for example.

Finally, and this is again where I agree with Jim Schlesinger, I think the United States can indeed afford to spend 4 percent of its GDP on national defense. I think that this would indeed require about \$100 billion a year on procurement.

In the study that we just completed at the Heritage Foundation, we would like to see in the first budget for the next President a spike in defense spending of \$35 billion to get us back on track. And it would, frankly, have to be increased

significantly over the existing amounts in order to have a fully modern force five or six years from now.

So, in conclusion, I would say the highest priority for the President should be to fully fund readiness accounts. He must then modernize the force and provide adequate funds for the next generation of weapons and equipment. And, third, he must invest in research and development.

Thank you very much.

(Applause.)

MR. NISKANEN: Thank you, Kim.

Our second commentator is my colleague, Ted Galen Carpenter. Ted has written more books and articles than some of us have read. He has over a dozen books that he has written and edited. Two important recent books are "China's Future: Constructive" --

[End Side A. Begin Side B.]

MR. NISKANEN: -- just published; and "NATO's Empty Victory: A Postmortem on the Balkan War," also just published.

Ted also heads the Defense and Foreign Policy Studies at the Cato Institute, which has been a very productive group.

Ted.

TED GALEN CARPENTER,

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MR. CARPENTER: Bill, thank you very much.

It is a bit daunting to have to follow two very able presentations. I think Jim Schlesinger did a tremendous job in outlining the defense dilemmas that the United States faces as we enter the 21st Century. Kim Holmes, I think, did a very able job in examining the corrosive effects of the doctrine of humanitarian intervention.

But I want to go beyond those critiques, because although Jim Schlesinger is absolutely right that our defense structure and our security policy are directly connected to the ambitious foreign policy that we have, I think that that needs to be fleshed out a bit. Newt Gingrich, the former Speaker of the House, in one of his more lucid moments a few years ago, stated that, if we were only concerned about national defense, we could have a defense budget about half of what we have today. The other half, he emphasized, was to promote America's global leadership position.

I think that brings us to the nub of the problem. Kim Holmes is absolutely correct that the policy of humanitarian intervention has increased the operations tempo alarmingly. It has redirected important foreign policy and military resources in a most unhelpful way.

That being said, humanitarian intervention and nation-building missions are still just peripheral. If we want to talk about saving serious money, even by Washington standards, then we are going to have to address something else, and that is the major commitments that the United States inherited from the Cold War era. And those commitments, three in nature, to the Persian Gulf; to Europe, basically the NATO commitment; and East Asia. Those are the commitments that cause the United States to spend nearly \$300 billion a year on the military while every other major power in the world spends between \$20 billion and \$55 billion. It's that global reach, global responsibility.

I would argue that the United States, in all three areas, can afford to either eliminate its commitment or substantially reduce it, without in any way jeopardizing its overall security; and, indeed, with an alternative security policy, we would end up with a greater margin of security than we do now. Let me take them one at a time.

The Persian Gulf: I think that Senator Bob Dole put it bluntly, of why we have made a commitment to the Persian Gulf, at the time of the Gulf crisis in 1990-91. He said it was all about O-i-l. And he is right. I mean, let's face it, if the principal export of the Persian Gulf countries had been rutabagas, we would not have intervened in 1990 and 1991.

But the oil justification, as economists across the political spectrum have pointed out, people as diverse in their ideologies as Milton Freedman and James Tobin, that oil justification is greatly exaggerated. Unless a ruler of a country wanted to commit economic suicide, there would be little choice for that leader except to put his country's oil exports on the global market. And we do deal with one unified global market.

The other justifications given for the initial intervention and the continued U.S. presence over the past decade were largely ex post facto justifications, including Iraq's development of weapons of mass destruction. I would ask one important question: If Iraq is such a serious security threat, why has the Gulf War coalition shrunk to include basically just the United States and Great Britain? Why are other countries so obtuse that they don't recognize this threat, and why are they not prepared to do something about it?

I would also suggest that the ingredients are in place, even in the volatile Persian Gulf, for a reasonably stable balance of power. At the time of the Gulf War, Iraq's neighbors, collectively, had far more tanks, planes and troops than did Iraq. Therefore, a U.S.-orchestrated containment policy in the region should have been more than sufficient. And today, with the degradation of Iraq's military forces, that advantage is even

greater. So the United States can and should adopt a much lower military profile. And the incident with the U.S.S. Cole suggests what is likely to happen on a much larger scale if we don't take that course of action.

The commitment to Europe, in this day and age, is even less logical. The European Union, collectively, has a larger economy and a larger population than does the United States. It also has more than one million troops, active duty personnel, under arms. And yet, we are to believe that the Europeans can't handle a third-rate security problem such as turbulence in the Balkans.

The underlying problem is that the United States doesn't really want democratic Europe to take care of its own security, as we feel that would dilute our own dominance. The thinly disguised hostility of U.S. officials toward the European security and defense policy being developed by the European Union, and Washington's insistence on a NATO-centric policy, I think, really exposes the U.S. agenda. That is, we like having Europe dependent on us.

And yes, we would like the Europeans to do more in some respects, but that is to do more to implement policies designed by Washington, not to take responsibility for their own affairs and to design their own policies.

That brings us to East Asia. Again, we have this U.S. smothering policy in evidence. The United States does not want Japan to play a serious security role. If anyone doubts that, read the language of the 1997 revised defense guidelines for the U.S.-Japanese Alliance. This is, believe it or not, actually an upgrade in Japan's responsibilities. Under the revised guidelines, Japan would no longer confine its support for U.S. military action to cases in which Japan was directly attacked. Instead, in the event of an East Asian crisis that was of relevance to Japanese security, Japan would agree to provide -- well, what exactly? -- non-lethal logistical support for U.S. military operations.

A cynical colleague of mine suggested that what that meant in the event of an East Asian crisis is the U.S. would provide the ships, planes, and troops, and Japan would provide aviation fuel for the planes, docking facilities for the ships, and medical supplies and body bags for the troops. And that is pretty much the extent of the U.S.-Japanese Alliance.

Consider as well the U.S. reaction to the emerging detente on the Korean Peninsula. Now, I would be the first to concede that some caution is warranted. After all, we have been down a similar path twice before, in the 1970's and in the beginning of the 1990's, where relations between North and South Korea appeared to be warming. Again, that being said, the

reaction of U.S. officials was very revealing. The top priority, as emphasized by both the State Department and Defense Department, was to make sure this didn't have any effect whatsoever on the deployment of U.S. forces in Korea.

Indeed, U.S. officials have made it clear that we don't intend to leave Korea even if reunification under a democratic Korean government took place. Why would we remain in the area? Well, primarily to protect Korea from other dangers. That is a simple code word for China, and, if you believe it, Japan. We all know that democratic Japan is a lethal expansionist power.

The problem of this free-riding that has not only been tolerated by the United States but has been an integral part of our policy is not merely financial. It is not merely that this costs American taxpayers a lot of extra money. It does that. But there are other far more serious dangers. Our security policy of being the global armed social worker has dragged us already into places like Bosnia and Kosovo, and it will continue to drag us into those contingencies.

After all, we didn't go into Bosnia and Kosovo purely for humanitarian reasons. We did so why? To preserve the credibility and relevance of NATO. It is a classic case of confusing ends and means if there ever was one.

The 1996 crisis in the Taiwan Strait, I think, illustrates an even larger danger. That was the episode in which

the People's Republic of China, reacting, or I might say overreacting, to the visit by Taiwanese President Lee Teng-hui to Cornell University, began to muscle Taiwan, with military exercises in the Taiwan Strait and a number of missile launches.

The U.S. then dispatched two aircraft carrier battle groups to the waters near Taiwan. The reaction of America's so-called allies in East Asia was very, very interesting. One would expect that this display of strength in the face of an authoritarian regime that was getting a bit frisky would have been welcomed by the countries there. Instead, all of our allies went to great lengths to put as much distance as they possibly could between their policy and U.S. policy.

South Korea and the Philippines, for instance, both emphasized that their mutual security treaties with the U.S. did not cover contingencies in the Taiwan Strait. Japan didn't quite say that. The Japanese leadership said that it understood why the United States deployed its forces. That was very big of Tokyo.

The point is, had that crisis escalated, the United States was in serious danger of a one-on-one face-off with the Peoples Republic of China, while America's allies stood on the sidelines. That is a danger we are going to face again and again in the future unless we change our policy in that region.

A more restrained security strategy, what I have termed "strategic independence," would enable the United States to substantially downsize its force structure and its military spending. My colleague Ivan Eland is going to have a book coming out next year, from Greenwood Press, that is going to explain in detail how that can be done.

But suffice it to say that America's new security strategy ought to be to not just allow, but insist, that it is time the European nations take primary responsibility for the security and stability of Europe and that the Asian democracies, led by Japan, take primary responsibility for the security and stability of East Asia. We have been the baby sitter for both regions for 55 years. That ought to come to an end.

That policy would create security buffers for the United States. We would no longer be the point man in every crisis in those regions. Other nations would be on the front line. We would provide a reserve capability in the unlikely event that a crisis escalated to the point that it would pose a direct threat to our own security.

The bottom line from such a policy would be that the U.S. could have a military budget at least \$110 billion less than what we are paying now, and we would still have an overwhelming edge over any potential adversary. We owe it to the American people to adopt that kind of new security strategy.

Thank you.

(Applause.)

MR. NISKANEN: Yes?

SECRETARY SCHLESINGER: Well, I am more in agreement with Kim, I must say. Let me start with this observation. There is a new point of view about U.S. national interests, that somehow or other expressing our national interest is selfish and that we ought to back away from such selfishness.

Indeed, the reason for humanitarian interventions is taken to be that we are prepared to intervene anywhere in which our national interests are not involved. I think that goes to the heart of what Kim was talking about, that we must focus on what our national interests are and that these other issues of lesser relevance should be downplayed.

By contrast, I agree with many of the observations that Ted has made, many of those observations. I think that the Europeans have performed insufficiently and they should be seriously encouraged to do more.

I don't think that I would rely on our allies in Asia to stand up to China. That is not going to be effective. But the basic point is this: The United States is now the dominant power in the world. It is the leading power. It has a force structure which is relevant to its present position. I would not

shrink that force structure, or shrink it significantly, even if we extricate ourselves from some of our humanitarian missions.

Thank you.

MR. NISKANEN: We now have the opportunity for questions from the audience. Please raise your hand and identify yourself. Wait for the mike to come around, and restrict your intervention to a question addressed to Jim or to Kim or to Ted.

The first question?

MR. HERSHEY: I am Bob Hershey, a consulting engineer. To what extent can some expenditures be reduced by putting more emphasis on higher technology, which requires less manpower, which tends to be expensive in the short run?

SECRETARY SCHLESINGER: I think the brief answer to that is that we will have to shrink some of our foreign policy ambitions at the same time. The defense budget should move towards acquisition. But at the moment we have an OPTEMPO for the military establishment which is in excess of the long-run health of that establishment. And we cannot continue to deploy forces in such a way as to drive people out of the armed forces. And if we continue with the commitments that we presently have, we are going to have a force that is over-extended and one of low morale.

So, yes, indeed, we can move in the direction of depending more on technology, more on equipments, but we must shrink our foreign policy objectives at the same time.

MR. NISKANEN: Yes?

MR. HUESSY: My name is Peter Huessy. I am with the National Defense University. I have a question for Ted and a question for Jim Schlesinger.

Ted, I am curious why it is that Europe would increase its defense spending, as well as East Asia, to prepare for a threat that you deny exists, because you don't think the United States should care about East Asia. We should withdraw from Korea; you have advocated that for years. So it is kind of confusing, for Europeans, to say that the threat is so serious to them, but not to us, which is kind of a disconnect.

The second question is for Jim Schlesinger: Is it not true, sir, that the current budget, as proposed by the Clinton administration, not only cannot maintain the current QDR force, or the planned force, but that the force structure that will result from the current budget will be one-third less? And if you cut the budget \$100 billion below that from \$300 billion, let's say -- and Ted used the figure of \$110 billion down to 190 -- you would have a force one-third below that, which would mean we couldn't do even the things that Ted Galen Carpenter said we should do?

MR. CARPENTER: First of all, I would make a distinction between the threat environment in Europe and in East Asia. The one in Europe has been in decline for over a decade, with the degradation of or, first of all, with the disintegration of the Soviet Union, and then the degradation of the Russian military force. The main problems in terms of security for Europe, at least for the next decade, are likely to be more Yugoslavias. And I would certainly think the Europeans, with even a modest increase in military spending, could be able to handle problems of that magnitude. The underlying difficulty is that incentives matter. And the U.S. has made it easy for the Europeans to continue to free-ride.

If the security environment in Europe is as dire as some of the advocates of higher military spending in the United States contend it is, why is it that Germany continues to slash its already anemic military budget, to the point where it is now below \$30 billion a year, and is reconfiguring its forces to have an overwhelming emphasis on small peacekeeping or peacemaking missions?

The security environment in East Asia, I think, is somewhat different, in that we have a rising and rather prickly great power; namely, the Peoples Republic of China. I don't necessarily subscribe to the notion that China is going to embark on a great war of conquest, but I would like to see a serious

balance of power in East Asia, and not have a brittle bipolar situation, where the only military actors that matter a decade or two from now will be the United States and the PRC.

I think Japan can be and needs to be a critically important part of that balance of power. I might add, on China's other flank, India does, as well. But that is not going to happen while the United States beats up on India for daring to assert its great power status through its acquisition of nuclear weapons and otherwise, and continues to foster Japan's unhealthy dependency on the United States for its security.

Again, incentives matter. If Japan realized that it had to do more to protect its own national interest, I think it is going to be prepared to do that. As long as they can free-ride on the United States, it is going to be willing to do that, as well.

SECRETARY SCHLESINGER: The question was very well put and, in a sense, contains the answer. In order to sustain roughly our present force posture over time, we will gradually have to increase expenditures by 30-35 percent. That is to sustain the present force structure. If we fail to increase those expenditures and we do not want to have a force equipped with obsolete equipment, we are going to have to shrink the force structure by roughly one-third.

You have well put the consequences of the kinds of cuts that Ted suggests. He is willing to live with the foreign policy consequences of such cuts, by the way, but I should add that he embraces those foreign policy consequences.

And if we were to shrink expenditures further, remember that we do not necessarily do so with efficiency. Right now, we have a base structure equipped for the Cold War, even though we have cut forces by 40-45 percent. It is all very well to wave one's hand and say, "We've got to get rid of these bases." This is a democracy and the powers of preservation, of expenditures that may be wasteful, however we may decry those powers, are not going to be easily overcome.

MR. NISKANEN: Kim?

DR. HOLMES: I just want to add a point about what Ted was saying about Europe. I am somewhat sympathetic to the main argument that you're making, Ted. I just don't go as far as you do, which is something we have talked about over the years. But I do believe that, under the right circumstances, we could envision a reduction of U.S. ground forces in Europe. I certainly believe that we should have a gradual withdrawal of our forces from the Balkans, which is what George W. Bush has advocated.

Unlike some of my conservative friends, I am not as distrustful of the European security and defense policy, that is,

the European defense pillar, as they might be. That is not because I really believe they are going to be spending much more on defense -- Ted is right, the Germans are going to be spending less on defense; the French maybe a little more, but probably even less this year -- it is not so much that I expect them to really do much in terms of substance, but at least they recognize, as a result of the humiliation, as they see it, that they have not been able to do much of anything in the Balkans, that at least they have a problem. This is something I think is significant and new.

And we should not try to stop this. We should welcome it and try to support it. I would keep a firewall between the European Union and NATO in decisionmaking, and there are other things that you have to be cautious about. But I do agree that, in some ways, we Americans are a victim of our own success in Europe; that in fact the Europeans are indeed overly dependent upon us. And they make a virtue of that dependence by keeping their defense spending down.

We do need to find a way to try to break that cycle of dependency. I do not believe that we should certainly withdraw from NATO. We need to maintain a significant potential warfighting capability in Europe if for no other reason than to be an insurance policy against a rising, resurgent Russia. Russia is not going the way that we would like it to go. Who

knows what Mr. Putin is going to be doing? I am not nearly as optimistic as I used to be about the successful prospects of democratization in Russia. They have all kinds of problems with proliferation and the like.

So, I think, even more so than in five years, somebody can make a case for the need for continuation of American membership in NATO and the forward deployment of our forces there if for no other reason than to deal with the possible problem from Russia.

SECRETARY SCHLESINGER: Let me add a sentence to that. If we don't increase defense expenditures, we will make a partial withdrawal from Europe almost inevitable.

MR. NISKANEN: Yes?

MR. KOSLOFSKY: I am Dan Koslofsky, with Council for a Livable World.

I accept the criticism of the argument that the United States spends significantly more than other countries as not being relevant to the debate on how much we should spend. But accepting that argument, we should also look at some of the arguments that have been presented today, especially regarding the CBO report, which was even questioned by the Pentagon because it calls for a one-for-one replacement, \$50 billion a year to replace, one-for-one, as these pieces of equipment are

decommissioned, which is of questionable utility even by the CBO's own admission.

Also, what Mr. Holmes had brought up about the GDP expenditures, 4 percent of GDP, or using GDP as something to base military spending on, doesn't seem logical. It doesn't seem that that would be something that would be useful in determining our strategy. By that argument, if GDP would fall, would that mean that defense spending would fall? I don't think so.

Given that, is there an objective standard, regardless of what our strategy is, as to what defense spending should be, based on what we need to fill whatever strategy it is? Is there an objective standard, given all the Pentagon's auditing problems, given all their bookkeeping problems, and given the fact that we don't really know what they have in their stockpiles now and they seem to be losing a lot of materials? Is there an objective standard that we can use to determine what defense spending should be?

MR. HOLMES: Perhaps I did not make myself clear, and I apologize. I did not mean to intend that the 4 percent GDP is the target. That is when you work back there on the forces. What I was suggesting is that the internal reviews that we have done at the Heritage Foundation on sort of our own QDR, about what kind of forces we think will be necessary to fulfill the

missions and the commitments that we already have, it would cost that much to pay for that force.

Rather than have the charades of the past bottom-up reviews and the QDR's, which were indeed budget driven, which had a figure that they could not spend over and they basically created a force to meet that figure, I wanted to have it reversed and to have a QDR that actually produces the force structure we need, and saying that, in fact, the 4 percent of GDP we can afford; that we can't make an economic argument against it because of the surpluses and the like. So I did not mean to suggest that I start with the budget and go backwards. I just wanted to clarify that.

MR. CARPENTER: Yes, I would certainly emphasize the point that an arbitrary percentage of GDP is a very poor basis for determining military spending. It depends entirely on one's security strategy and also the threat environment.

During World War II, we spent in the area of 40 percent of GDP because we had to. We can afford to do that for short periods of time. But we shouldn't pick an arbitrary figure. And there is a lot of mythology about this. You have heard, I am sure, in the debates, that we are now spending the lowest percentage of the GDP on the military at any time since Pearl Harbor. Now, my response is: So what? In real inflation-adjusted terms our economy is eight times larger than

it was at the time of Pearl Harbor. Do we automatically assume that we have to increase our spending as our economy increases in size?

In addition, the threat environment is a little bit different today than it was in 1940-41, And, thirdly, the U.S. has an enormous military lead, which it did not have in 1940 and '41. So that kind of figure is just plain silly, utterly irrelevant.

I might add, a lot of the people who get upset that the U.S. military spending has dipped below 4 percent don't seem to get upset about Germany spending 1.5 percent of GDP on the military, or Japan a whopping .09 percent. So, again, why simply pick these figures out of the air?

SECRETARY SCHLESINGER: GDP and so what? The purpose of mentioning GDP is not to say that there is some arbitrary target involved in GDP that we have to spend. It just simply points to the greater latitude that we have, given the size of the economy, and that if we want to spend more on the armed forces, we have the economic capability or the fiscal capability to do so.

The ultimate question you raised: Is there an arbitrary standard? No. It is a question of what degree of risk do you want to live with. And some people are prepared to live

with a higher level of risk, given their foreign policy objectives, than others.

One-for-one replacement? It is a relevant point. But what the CBO was attempting to do was to sustain the existing QDR, which they quite appropriately did in that study. If we have better equipment, we don't have to replace on a one-for-one basis. If our potential opponents don't have equipment as good as our present hardware, we don't have to necessarily advance our capabilities to deal with foes that are not advancing.

MR. NISKANEN: Yes?

MR. GARRITY: My name is Jim Garrity, with Policy.com. This question is to any of you gentlemen.

Do you believe on the U.S.S. Cole was the result of the Navy downsizing its fleet of oil tanker and refueling ships?

MR. CARPENTER: I would argue that the attack on the U.S.S. Cole was probably a result of our desire to use our Naval vessels to play diplomacy; that is, to cozy up to the Yemeni leadership. And that is, again, part and parcel of our overall policy in the Persian Gulf. This reminds us that foreign policy gestures can sometimes have very nasty consequences.

SECRETARY SCHLESINGER: If we want to avoid putting our ships in harm's way, we can refuel at sea.

MR. NISKANEN: Stan?

MR. KOBER: I am Stanley Kober, with Cato.

This is a natural follow-up to the previous question. We all talk about the threats of the post-Cold War world. And the attack on the Cole is a demonstration of those threats. We have been talking about the force structure budgeting. Secretary Schlesinger has mentioned possibly looking at some of the commitments.

The attack on the Cole indicates that we are being sucked into a very dangerous situation. It is not only Israeli flags that are being burned. There are American flags that are being burned. How will this affect the defense debate?

MR. CARPENTER: Let me just take that briefly because I think it touches on another point. Secretary Schlesinger has implied, at least, that the security strategy that I favor would have to accommodate a greater degree of risk. Although it might appear that way on the surface, I would in fact dispute that. I think that we run into a greater danger of war, for instance, by our current policy in the Persian Gulf, and also a greater danger of true terrorist retaliation against targets here in the United States, than we would if we had a much more restrained, lower-profile policy.

Similarly, in East Asia, I think we run a much greater danger of an eventual war with the People's Republic of China, given our current policy, than we would with a more restrained

policy in which other countries in the region would be pushed forward to be the primary balancers.

So, risk can be a very subtle thing. I think the kind of hyper-interventionist policy we have had has greatly increased the level of risk to the United States; it has not reduced it, even though that clearly was the initial objective.

SECRETARY SCHLESINGER: Well, I agree with that, Ted. What I was responding to was the question about the defense budget. In many ways, we do increase our risk by a forward strategy.

MR. NISKANEN: One last question.

MALE VOICE: Maybe this question comes from my time in the Army. Ted Carpenter talks about five divisions and then seems to assume that five divisions is all that is needed. I think we had more than five divisions in the Persian Gulf. And we are really not able to predict what type of divisions we need. The likelihood that a particular eventuality would require exactly five divisions seems to me to be very risky. Perhaps you could respond to that.

MR. CARPENTER: I would ask where you got the five-division figure, first of all?

MALE VOICE: [Off microphone.]

MR. CARPENTER: I would take a somewhat broader view. And I know I am going to anger my Army friends, in that I think

that the Army as a military force for a nation strategically positioned like the United States is, is by far the least relevant branch. That, again, if we are going to develop a new security strategy, it ought to be one heavily weighted toward air and naval power. That is our comparative advantage, by far.

And this ought to be regarded as, first and foremost, a retaliatory punishment force, and if anybody really molests our vital interests, we are prepared to have a devastating response; and as a support force, that is to say, to provide the naval and air support for front-line powers in a region should a serious security event occur, a breach of the peace. But I am not concerned that we can't do more Persian Gulf Wars. I wouldn't have done the first Persian Gulf War.

MR. NISKANEN: Well, let's wrap it up with that. You are all invited upstairs for lunch in the Winter Garden.

Please thank the participants on the panel.

(Applause.)

(Whereupon, the Policy Forum was concluded.)