

# Meeting our fiscal and national security responsibility

*Secretary of Defense Leon Panetta*

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To all Department of Defense personnel:

As I begin my second month in office as Secretary of Defense, I wanted to take the opportunity to share my thinking with you on one of the key challenges we face as a Department: how to ensure that our military has everything it needs to protect our national security at a time of considerable fiscal challenge in our country.

I know that many of you have been watching with concern the deficit reduction negotiations in Washington. As President Obama has said, our growing national debt, if not addressed, will imperil our prosperity, hurt our credibility and influence around the world, and ultimately put our national security at risk. As part of the nation's efforts to get its finances in order, defense spending will be - and I believe it must be - part of the solution.

The reductions in defense spending that will take place as a result of the debt ceiling agreement reached by Congress and the President are in line with what this Department's civilian and military leaders were anticipating, and I believe we can implement these reductions while maintaining the excellence of our military. But to do that, spending choices must be based on sound strategy and policy. In the past, such as after the Vietnam War, our government applied cuts to defense across the board, resulting in a force that was undersized and underfunded relative to its missions and responsibilities. This process has historically led to outcomes that weaken rather than strengthen our national security - and which ultimately cost our nation more when it must quickly rearm to confront new threats.

I am determined not to repeat the mistakes of the past. In order to make the key decisions on how to best implement spending reductions, the President said in April when he unveiled his fiscal framework that "we're going to have to conduct a fundamental review of America's missions, capabilities, and our role in a changing world." As a Department, we are following that approach. We are asking ourselves: What are the essential missions our military must do to protect America and our way of life? What are the risks of the strategic choices we make? And what are the financial costs?

Achieving savings based on sound national security policy will serve our nation's interests, and will also prove more enforceable and sustainable over the long-term.

We expect that the responsible transitions in Iraq and Afghanistan will help reduce total U.S. defense spending over the coming years. But I will do everything I can to ensure that further reductions in defense spending are not pursued in a hasty, ill-conceived way that would undermine the military's ability to protect America and its vital interests around the globe. For example, the debt ceiling agreement contains a sequester mechanism that would take effect if Congress fails to enact further deficit reduction. If that happens, it could trigger a round of dangerous across-the-board defense cuts that would do real damage to our security, our troops and their families, and our ability to protect the nation. This potential deep cut in defense spending is not meant as policy. Rather, it is designed to be unpalatable to spur responsible, balanced deficit reduction and avoid misguided cuts to our security.

Indeed, this outcome would be completely unacceptable to me as Secretary of Defense, the President, and to our nation's leaders. That's because we live in a world where terrorist networks threaten us daily, rogue nations seek to develop dangerous weapons, and rising powers watch to see if America will lose its edge. The United States must be able to protect our core national security interests with an adaptable force capable and ready to meet these threats and deter adversaries that would put those interests at risk. I will do all I can to assist the Administration and congressional leaders to make the commonsense cuts needed to avoid this sequester mechanism.

Our military has always taken on and succeeded in every mission it has been assigned - from the efforts in Iraq and Afghanistan to humanitarian assistance and disaster relief at home and abroad. You - the men and women of the military - have never said "I can't do it." Nor have the civilians who support you. That is the military ethos - to salute and press on. The ethos of this nation's leaders and policy makers must be to ensure that the missions assigned to the military meet critical national security priorities. It is our responsibility to determine those priorities and to ensure that you will always have the training and equipment to succeed in those missions.

I am aware that as Washington discusses strategy and policy, you and your families are discussing the implications of decisions that may be made. I promised in my first message as Secretary that I will fight for you. That means I will fight for you and your families as we face these budget challenges.

The force has been stretched by a decade of combat. We owe you and your families the support you have earned - both on the battlefield and on the home front. To be sure, the current budget constraints will make it all the more challenging to modernize and recapitalize the force. Platforms from the build-up of the 1980s are reaching the end of their shelf life and must be replaced, and units and equipment that have been stressed by a decade of combat must be reset. Going forward, we must ensure

that the military gets the effective and affordable weapons it needs by redoubling our efforts to enforce procurement discipline.

We also must continue to tackle wasteful and duplicative spending, and overhead staffing. We must be accountable to the American people for what we spend, where we spend it, and with what result. While we have reasonable controls over much of our budgetary information, it is unacceptable to me that the Department of Defense cannot produce a financial statement that passes all financial audit standards. That will change. I have directed that this requirement be put in place as soon as possible. America deserves nothing less.

The United States faces a series of tough choices ahead on the budget as we seek to balance the need for fiscal solvency with the need to protect our security. We can - and must - address the budget and protect the country. As we do, we will be guided by the principle that we will do what's right for our nation now and for its future. By better aligning our resources with our priorities, this Department can lead the way in moving towards a more disciplined defense budget. Only in that way can we ensure that we fulfill the fundamental duty for those of us in public service - which is to do everything we can to give future generations of Americans a better and safer life.

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