

Turning the Page on America's Look Inward; Rejuvenating the Shining City on a Hill

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Thank you so much to ___ for that kind invitation and what an honor it is for an old Army guy to speak to you today.

You know my dad is a big, tough former Air Force Sergeant. Seeing as how he is the crusty, old Korean War Veteran that he is, he has a favorite saying.

“You know I have five boys. Four turned out really good and I have one in Congress.”

Well with graduation on the horizon, some of you entering the work force after college, most entering the military under a time of constrained budgets, I am sure many of you have the state of the U.S. economy on your mind.

[INSERT ROTC personal story]

I'd like to dig a little deeper into the economy and why its health is so important to our military and in turn, Americans' way of life.

America first created a Navy to protect our economy - trade specifically. More than two hundred years ago our early founders understood that in order to have a strong economy, America needed a strong military. And in order to pay for a strong military, she needed a strong economy. The two are inextricably intertwined.

The Soviets lost the Cold War in large part because their economy could not keep up. And believe me, this is a lesson of history that has not gone unnoticed in Beijing.

In fact, the United States of America's first covert action led to her first war. It was launched by Thomas Jefferson in 1803 to protect American ships traversing what was then referred to as the Barbary Coast – the waters in the Mediterranean Sea along Northern Africa. In March 1785, Thomas Jefferson and John Adams went to London to negotiate with Tripoli's envoy from Libya. During the meeting, the ambassador declared:

“It was written in the Koran, that all nations which had not acknowledged the Prophet were sinners, whom it was the right and duty of the faithful to plunder and enslave.”

Sound familiar at all with where we are in the world today? And this was 230 years ago.

This is why you see such concern about the actions of the Chinese in the South China Sea by those of us who follow these things. 40% of the world's trade travels through the South China Sea. Nations will go to war over trade and the protection of their economy.

That's why I am so concerned about where our economy is. It impacts our place in the world and our future.

Our national debt has surpassed the annual output of our economy. Meaning if every dollar earned in an entire year in the U.S. economy went to paying off the debt it wouldn't be enough to cover the cost. The unemployment of our young people is alarming – I have a daughter in college and a son in high school, so I guess you could say I have a vested interest in getting these kids out of the house.

But perhaps worst of all, an attitude of entitlement is permeating our culture, eroding the very drive and innovation that made America the greatest nation on the face of the earth. An idea is gaining traction that someone owes you something.

Vietnam scores better than the United States in math and reading.

And yet some of our nation's finest Universities graduate students in anthropology. This racks up debt which is nearly impossible to repay based on a salary in anthropology.

We are relaxing drug laws and a me-first culture has taken hold.

There are no winners and losers; everyone is a winner. Everyone gets a trophy. This leads to the belief that there are shortcuts to success. It leads to a view that discounts our place in the world and contributes to our lack of competitiveness.

This is all wrong and I believe this mentality is dangerous to our future. The real world is a tough place where you have to earn everything you get. I promise you that, on the whole, young people in China or South Korea aren't waking up smoking pot, eating Cheetos and playing video games. Instead they often spend hours a day on math and science, many augmenting their studies with tutoring, and some even going to school six days a week. China has more engineering students in school than America has engineers in the workforce. This is who you'll be competing against in a global economy when you leave The Citadel or the military.

As you know, the military is great at bringing its members down to earth and cultivating a sense of teamwork and brotherhood. That first day of basic training will sure do the trick in a hurry. I remember my first day [INSERT BASIC TRAINING STORY]

We should remember that so many innovations in the past hundred years to improve human life have come from the United States and our people. Mass production of the automobile – a subject near and dear to my heart being from Michigan. Early successful versions of the airplane. The microwave oven – I mean imagine life without hot pockets. Modern computers, the Internet, Facebook, Twitter, GPS and many life saving vaccines all came from Americans.

These innovations created millions of jobs, improved the quality of life and helped spark revolutions against despotic regimes, saving millions and helping millions more have a chance at freedom.

Our military, unlike nearly all other militaries in the history of the world, has also been a force for good. Our military does not seek to acquire new lands or steal. We have selflessly rescued people from annihilation, we have brought a helping hand to peoples ravaged by natural disaster. We have stood for democracy, human freedom and human dignity. And we helped defeat the evil systems of fascism and communism. We have been that shining city on a hill that the rest of the world looks to.

Yet if anyone threatens America or our interests, our military will be called into decisive action. To use the phrase made famous by General James Mattis, our fighters have demonstrated time and again that there is “no better friend, no worse enemy” than our men and women in uniform.

Given the many demands on the federal government, the U.S. has always been challenged to match its strategic objectives with the requisite resources to achieve those objectives. Today, however, our strategy is starkly underfunded.

The defense budget is in bad shape today in large part because the Budget Control Act has mutated. Originally a forcing mechanism to enact curbs on entitlements and perhaps gain some additional revenue enhancements, it is now an ax wielded by a blind man to the defense budget.

In 2011 Congress and the White House agreed that \$2 trillion of savings over ten years was a necessary down-payment on the country’s massive debt. The first trillion was worked out with acceptable cuts to defense and domestic programs. The rest was to come from some combination of entitlement savings and revenue enhancements.

So in 2011, to force the Congress and the Administration to find some mix of entitlement savings and revenue enhancements, the two branches agreed to a poison pill, should they fail: they would automatically cut defense and non-defense equally – the “sequester” was born.

This sequester cut would be applied with the same blindly indifferent percentage to every budget line in the government – to the well-performing, critical programs the same as the underperforming, marginal ones.

Nearly everyone hated this and thought it unacceptable. The thinking in 2011 was that the Defense committees in Congress would never let this happen to defense programs and liberals would never let this happen to domestic programs.

Surely we'd find savings alternatives rather than swallow this poison pill. The Budget Control Act even formed a "Super-Committee" to work it out and fast-track legislative mechanisms to enact their agreement. But it failed. The sequester took place in Fiscal Year 2013. All Defense programs took about a 10 percent cut.

Having swallowed this poison pill, Congress last year worked out two years of budget cut relief from the sequester and in exchange, extended the time required to reach the cuts by two years. However, unless the government can do what it couldn't before, the Blind Man's Ax comes down again in 2016 and continues for ten years. This is no way to prioritize taxpayer dollars.

Basically, as Congress too often does, the tough decisions were put off for another day. Eventually, though, that day of reckoning is coming. And the defense of our nation will pay a price.

The last defense budget before the Budget Control Act was then Defense Secretary Robert Gates' Fiscal Year 2012 budget, which was formed on the basis of normal planning for the missions faced by the department, but under tight fiscal constraints. That was about a \$575 billion base budget in today's dollars, which was programmed to grow to almost \$600 billion by Fiscal Year 2014 then flatten out.

President Obama's defense budget for 2015 is \$496 billion – more than \$100 billion less than what Secretary Gates judged was necessary in 2012 – before Russia invaded Ukraine, before ISIL gained territory the size of the state of Indiana in Iraq and Syria, and before the U.S. decided to train and equip moderate rebel forces in Syria.

Nor does the President's latest budget fund the force levels needed for the Army, Marine Corps, and carriers that are judged necessary in the latest Department of Defense Quadrennial Review. The U.S. Navy is scheduled to reduce its number of ships since World War I and the Army will drop its end strength to its lowest number since World War II.

Worse still, the sequester does not give DoD the management flexibility in how it will take these cuts.

With China on the rise, Russia seeking to return to its past glory days and terrorist networks possessing an army and land the size of Indiana, the threat matrix against the United States is as complex and dangerous as I have ever seen. It is exactly the wrong time to slash defense spending and the capabilities that come with it.

As important as it is to fully fund our Defense strategy, the best funded militaries do not always win. A rag-tag Revolutionary American Army defeated a much richer British Army, and the

North Vietnamese held on against a much better resourced, yet severely restricted, U.S. military. Strategy of course is critical. But even after a good strategy is in place, the Pentagon can spend money on the right things and spend it efficiently, or not. How you spend defense money is what matters.

I actually think there is reason to believe we can get a lot more for our defense dollar.

Part of the reason I believe this can work is that I've seen it in my committee working with the Intelligence Community. Over the past four years we've helped them find ways to spend their money more wisely - in IT, personnel, analysis, and collection. The Intelligence Community is meeting its growing mission with about \$5 billion less in savings we identified.

Let me briefly touch on some areas where we can be more efficient in defense.

First personnel compensation. Since September 11, 2001, the compensation cost per active service member in today's constant dollars has gone from about \$70,000 per member to over \$120,000 per member.

Don't get me wrong. We need to provide a very good living for our professional soldiers. We ask you to do amazingly difficult and dangerous tasks. But I have to question whether we've got the right mix of salary and benefits in today's military compensation package. Surveys show that most employees have a strong preference for cash over benefits. Yet the military compensation package is only about 50 percent cash and 50 percent deferred and in-kind benefits, whereas the mix is 80 percent cash and 20 percent non-cash in the private sector. This raises the question of whether our soldiers, sailors, airmen and marines might actually be more satisfied with more cash, but less total government expenditure. For example do we really need a PX on base if a Wall-Mart is a mile down the street?

Health costs have risen even faster. Between 2000 and 2012, funding for military health care increased an amazing 130 percent. At this rate, in less than a generation, the military will become the best armed health care system in the world!

Certainly, the defense acquisition process stands to gain from streamlining, but I believe the bigger problems here result from the funding instability that is beyond the Pentagon's control. Instead, I would like to turn to operations and maintenance and readiness, which is an area too often overlooked for efficiencies.

Since 9-11, operations and maintenance per active Service Member has doubled – from \$60,000 to \$120,000. But what is stunning about this is that no one really understands why. There are only untested theories, and by the way, health care is a relatively small part of this total increase.

I appreciate that it is absolutely necessary for our forces to be the best-trained in the world and this will be expensive. That is a price we should all be willing to pay. At the same time, the DoD needs to really understand how its inputs such as flying hours, steaming hours, and depot maintenance really relate to combat preparedness. Then it needs to create new metrics that relate dollar inputs to readiness outputs, so that we can calibrate our O&M budgets and curb budget growth.

If we don't make these reforms, we are only hurting the very people we intend to help. And we hurt the readiness of the military and in turn, our own national security.

Another area that has significantly harmed our military is our lack of recruiting across a variety of segments of the population. The entire burden of our national defense is born by a very few. Despite the current threat matrix facing the U.S. today, more people [INSERT SOMETHING PEOPLE DO]___ than serve in the military.

And due to a lack of political leadership, we haven't asked the many to do much in recent wars. After 9/11, we asked the American people to go shopping. No one has had to go without tires or wheat or oil, like we did in World War II. I argue that reliance exclusively on those directly serving in the military adds a greater burden on the few and undermines popular support for the military's missions when the times get tough. History teaches us that popular support for military engagements is essential for success.

We also restrict our military unnecessarily. We impose rules of engagement that make success more difficult. When we do that like in Vietnam, success is difficult to find. When we let it fight, like during the Gulf War, the initial invasion of Iraq or the invasion of Afghanistan, success is far more likely.

Too often, the military is also used for sociological experiments, to prove a point about political correctness or for nation building. The U.S. military's sole purpose should always be to fight and win war. Period, end of story.

Seeing a soldier with a leg blown off on a television program might hurt average Americans' sensibilities. Instead of seeing that soldier and redoubling their push to make sure the policymakers get the right call, the public's instinct is to oppose future involvements that could do something like that to a neighbor. This leads politicians who can't help themselves to advocate for the siren song of isolationism.

But you see, our heroes know America is worth fighting for. And the ideals that we are willing to fight for are worth it to those like you who have volunteered to defend our great nation.

During the 60th Anniversary of the Battle of the Bulge, I was in the little town of Bastogne, Belgium. I met with elderly women there who described the horrific events of America's fight against Nazi Germany. Recalling the story with tears in their eyes as if it happened last week, these women spoke about how when they were little girls young American GI's arrived to liberate them from brutal, oppressive Nazi Germany. They spoke of big, strong tough 18 and 19 year olds from every corner of America who after fighting the Germans by day would console them and give them the socks off of their feet at night. Share with them their candy and food.

That's the kind of military you are. That is the history you must uphold.

In order for America to stay great and for our military to stay great, we first have to believe in ourselves again. America cannot erode under the finest fighting men and women the world has ever known but we need to use their strength to rebuild the notion of American exceptionalism. In our companies, in our classrooms and in our military we should confront potential future challenges with China or current challenges against Russia on all fronts.

As individuals we should always appeal to our better angels, push ourselves to be the best, remind ourselves that there are no shortcuts and that failure should not be an option for the people who make up the greatest nation on earth.

Thank you again so much for having me here today. What a privilege it is to stand before such a distinguished group of young Americans. On behalf of a grateful nation, thank you for your service and your sacrifice. God bless.