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**Eisenhower Library**

*Remarks as Delivered by Secretary of Defense Robert M. Gates, Abilene, KS, Saturday, May 08, 2010*

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Thank you, Congressman Moran, for that kind introduction.

And thanks to the Eisenhower Library for the honor of being your speaker on this historic occasion – the 65<sup>th</sup> anniversary of the allied victory in Europe. I know there are a number of veterans from World War II with us. We are all grateful for what you achieved and sacrificed to make it possible for us to gather as free people in comfort and security today.

I'm pleased to be here for several reasons. First, it's always a treat to be someplace other than Washington, D.C. – the only place where, as I like to say, you can see a prominent person walking down lover's lane holding his own hand. Second, it's even better to return to my home state of Kansas – a place of little pretense and ample common sense. And, above all, I am honored and humbled to be at this wonderful institution on this occasion, and to be associated in even a small way with the legacy of Dwight D. Eisenhower.

I should note that this is actually my second visit to the Eisenhower Library and Museum. My first was with my sixth-grade class from Wichita 54 years ago.

With just under four-and-half decades in government, academia, and the corporate sector, I consider myself a person of few illusions and not all that many unalloyed heroes. General Eisenhower – whose portrait hangs behind my desk at the Pentagon, and whose life has been a source of wisdom and inspiration – is one of those heroes. Another is General George C. Marshall, his "Partner in Command" whose portrait fittingly hangs right next to Ike.

Eisenhower was a low-maintenance leader of simple tastes, modest demands, and small entourages – in stark contrast to what often happens at the upper levels of power in Washington and in other elite settings.

A newspaper article from December 1944 described a visit by Eisenhower to the front lines in the European Theater of Operations. The reporter noted that "there is no fanfare, no screaming motorcycle escorts, no fluttering banners" – only a convoy that consisted of three cars: one for Ike and his sole British aide, one for the press, and one spare. After arriving, Eisenhower set up his modest trailer right in the middle of what the reporter described as "one of the biggest and sloppiest mud puddles in creation," despite the presence of an elegant (and abandoned) chateau nearby.

I should note that even the bureaucratically-wise General Eisenhower was flummoxed by the Pentagon, now referred to as the "Puzzle Palace." Soon after the war and returning to Washington, Ike made the mistake of trying to find his office by himself, and got very lost. He later wrote: "One had to give the building his grudging admiration; it had apparently been designed to confuse any enemy who might infiltrate it."

Eisenhower was not alone in that fate. Newsman David Brinkley used to tell a story of the early days at the Pentagon. A woman told a Pentagon guard she was in labor and needed help in quickly getting to a hospital. The guard said, "Madam, you should not have come in here in that condition." She answered, "I wasn't in this condition when I came in."

The occasion that brings us together this afternoon is, of course, the 65th anniversary of the allied victory in Europe – an achievement that would not have been possible without Ike's strategic vision, diplomatic savvy, and remarkable skill at managing the personalities of his top generals. As one historian put it, Eisenhower had to deal with as "fractious and dysfunctional a group of egomaniacs as any war had ever seen." Arguably Ike's greatest achievement was keeping the allied high command focused on killing the Nazis as opposed to each other.

But today I'm not going to focus my remarks on what General Eisenhower did to win that war. Instead, I'd like to discuss the approach he took, and especially the choices he made, to secure what historian John Lewis Gaddis called "The Long Peace" that followed. Choices that played a major role in keeping America safe, prosperous, and free for nearly six decades. Choices that, as I will explain, can inform greatly the dilemmas we face today in providing for – and paying for – our national defense.

Six months ago, President Obama addressed the nation from West Point, where he laid out the case for a new strategy to achieve America's objectives in Afghanistan and Pakistan. The president invoked Eisenhower, speaking of the need to weigh options in [QUOTE] "the light of a broader consideration: the need to maintain balance in and among national programs."

This excerpt was panned in certain quarters for being insufficiently rousing in the Churchillian sense. But I believe Eisenhower would have approved, and not just because the words were lifted from his farewell address. Indeed, seeking and maintaining balance – and the choices doing so entailed – infused Eisenhower's approach to national security, and to statecraft writ large.

Faced with the pre-eminent security threat of his time, the Soviet Union, Ike was as strong a Cold Warrior as they come. He had no illusions about the nature of the Soviet adversary, which he once called "Global in scope. . . ruthless in purpose, and insidious in method." In his famous farewell address he warned: "Our arms must be mighty, ready for resistant action, so that no potential aggressor may be tempted to risk his own destruction."

Yet, during his presidency, Eisenhower resisted pressure to intervene militarily in Vietnam and in the Middle East. This restraint wasn't just a true soldier's hatred of war, and all of its attendant costs and horrors. It came in no small part from an understanding that even a superpower such as the United States – then near the zenith of its strength and prosperity relative to the rest of the world – did not have unlimited political, economic and military resources. Expending them in one area – say a protracted war in the developing world – would sap the strength available to do anything else.

Furthermore, Eisenhower strongly believed that the United States – indeed, any nation – could only be as militarily strong as it was economically dynamic and fiscally sound. He lamented the cost of a large standing defense establishment maintained at a high level of readiness. As he put it so memorably at the end of his presidency: "This conjunction of an immense military establishment and a large arms industry is new in the American experience...We recognize the imperative need for this development. Yet we must not fail to comprehend its grave implications."

Eisenhower was wary of seeing his beloved republic turn into a muscle-bound, garrison state – militarily strong, but economically stagnant and strategically insolvent. He once warned that "we must not destroy from within what we are trying to defend from without." This fueled his passionate belief that the U.S. should spend as much as necessary on national defense – but not one penny more. And with his peerless credentials and standing, he was uniquely positioned to ask hard questions, make tough choices, and set firm limits.

Thanks to the archives of this library, we have first-hand documentary insight into how probing (and ruthless) this five-star general could be when it came to forcing the military establishment to justify its programs and priorities. Consider an account of just one White House meeting in March 1956. Eisenhower sat down with his top defense advisors to discuss the Pentagon budget. The meeting notes show Eisenhower becoming exasperated that [QUOTE] "no one ever comes up to him and says 'let's get rid of something.'" He then observed that it took the Army 50 years to get rid of horses. Ike questioned why the new Navy missiles cost so much more than the weapons they replaced and queried why the Army should have a 1500-mile ballistic missile program, since, in his words, "the Army does not have the equipment to see where they are hitting."

Eisenhower told his senior defense team that he wanted the Pentagon cut down to a [QUOTE] "Spartan basis," lamenting that "people he had known all his life were asking for more and more." He went on to say: "I say the patriot today is the fellow who can do the job with less money."

Time and again, whenever Eisenhower was asked to fund something his response usually took the form of a question: where is the money going to come from, and what will the military cut in its place? The other question was priorities. In a meeting with defense officials earlier in his presidency, Eisenhower said he was troubled by the tendency to “pile program on program” to meet every possible contingency.

Looking back from today’s vantage point, what I find so compelling and instructive was the simple fact that when it came to defense matters, under Eisenhower real choices were made, priorities set, and limits enforced. This became increasingly rare in the decades that followed, despite the best efforts of some of my predecessors and other attempts at reform over the years.

The attacks of September 11<sup>th</sup>, 2001, opened a gusher of defense spending that nearly doubled the base budget over the last decade, not counting supplemental appropriations for the wars in Iraq and Afghanistan. Which brings us to the situation we face and the choices we have today – as a defense department and as a country. Given America’s difficult economic circumstances and parlous fiscal condition, military spending on things large and small can and should expect closer, harsher scrutiny. The gusher has been turned off, and will stay off for a good period of time.

On one level it’s a simple matter of math. The fact that we are a nation at war and facing an uncertain world, I believe, calls for sustaining the current military force structure – Army brigades, Marine regiments, Air Force wings, Navy ships. This typically requires regular real growth in the defense budget ranging from two and three percent above inflation. In this year’s budget request, the Defense Department asked for, and I hope will receive, just under two percent – roughly that level of growth. But, realistically, it is highly unlikely that we will achieve the real growth rates necessary to sustain the current force structure.

Some argue that the answer is to simply press harder for a bigger overall budget. They point out that defense spending today as a function of gross domestic product – roughly four and a half percent – is relatively small in historical terms at a time of war – just over half of the average during Eisenhower’s administration. They would be right, and I don’t hesitate to make that point during my trips to Capitol Hill during budget season. But today we face a very different set of American economic and fiscal realities.

To be sure, changing the way we operate and achieving substantial savings will mean overcoming steep institutional and political challenges – many lying outside the five walls of the Pentagon. For example, in this year’s budget submission the Department has asked to end funding for an unnecessary alternative engine for the new Joint Strike Fighter and for more C-17 cargo planes. Study on top of study has shown that an extra fighter engine achieves marginal potential savings but heavy upfront costs – nearly \$3 billion worth. Multiple studies also show that the military has ample air-lift capacity to meet all current and feasible future needs. The leadership of the Air Force is clear: they do not need and cannot afford more C-17s. Correspondingly, the Air Force, Marine Corps, and Navy do not want the second F-35 engine. Yet, as we speak, a battle is underway to keep the Congress from putting both of these programs back in the budget – at an unnecessary potential cost to the taxpayers of billions of dollars over the next few years. I have strongly recommended a presidential veto if either program is included in next year’s defense budget legislation.

Consider another example. Leaving aside the sacred obligation we have to America’s wounded warriors, health-care costs are eating the Defense Department alive, rising from \$19 billion a decade ago to roughly \$50 billion – roughly the entire foreign affairs and assistance budget of the State Department. The premiums for TRICARE, the military health insurance program, have not risen since the program was founded more than a decade ago. Many working age military retirees – who are earning full-time salaries on top of their full military pensions – are opting for TRICARE even though they could get health coverage through their employer, with the taxpayer picking up most of the tab. In recent years the Department has attempted modest increases in premiums and co-pays to help bring costs under control, but has been met with a furious response from the Congress and veterans groups. The proposals routinely die an ignominious death on Capitol Hill.

The resistance to dealing with TRICARE stems from an admirable sentiment: to take good care of our troops, their families, and veterans – especially those who have sacrificed and suffered on the battlefield. This same sentiment motivates the congress routinely to add an extra half percent to the pay raise that the Department requests each year. Furthermore, the all-volunteer force, which has been a brilliant success in terms of performance, is a group that is older, more likely to have spouses and children, and thus far costlier to recruit, house, and care for than the Eisenhower-era military that relied on the draft of young single men to fill out its ranks.

Those are the political and demographic realities we face. To a certain extent they limit what can be saved and where. But as a matter of principle and political reality, the Department of Defense cannot go to the America's elected representatives and ask for increases each year unless we have done everything possible to make every dollar count. Unless there is real reform in the way this department does its business and spends taxpayer dollars.

For the better part of two years I have focused on the Pentagon's major weapons programs – to make sure we are buying the right things in the right quantities. Last year, the Department made more than 30 tough choices in this area, cancelling or curtailing major weapons systems that were either performing poorly or excess to real world needs – about \$330 billion dollars worth as measured over the life of the terminated programs. We also began to overhaul the Pentagon's processes for acquisitions and contracting.

Earlier this week at the Navy League, I observed that fiscal realities will preclude the Navy from reaching its goal of 313 ships if each ship is over budget and costs billions of dollars. Without exercising real diligence, if nature takes its course, major weapons programs will devolve into pursuing the limits of what technology will bear without regard to cost or what a real world enemy can do – a process that over the past two decades has led to \$20 million howitzers, \$2 billion bombers, and 3 to 6 billion dollar destroyers. And when costs soar, the number of ships and planes the military can buy drops accordingly. For example, the Navy wanted 32 of the next generation destroyer – the DDG-1000; because of skyrocketing costs, we will build three. The Air Force wanted 132 B-2 bombers; at \$2 billion each, we built 20. This is unsustainable.

The changes we have made in the procurement arena represent an important start. But only a start. More is needed – much more. The Defense Department must take a hard look at every aspect of how it is organized, staffed, and operated – indeed, every aspect of how it does business. In each instance we must ask: First, is this respectful of the American taxpayer at a time of economic and fiscal duress? And second, is this activity or arrangement the best use of limited dollars, given the pressing needs to take care of our people, win the wars we are in, and invest in the capabilities necessary to deal with the most likely and lethal future threats?

As a starting point, no real progress toward savings will be possible without reforming our budgeting practices and assumptions. Too often budgets are divied up and doled out every year as a straight line projection of what was spent the year before. Very rarely is the activity funded in these areas ever fundamentally re-examined – either in terms of quantity, type, or whether it should be conducted at all. That needs to change.

Consider the Department's spending on operations and maintenance, a broad category that encompasses about \$200 billion worth of the day-to-day activities of the military – from flight training to mowing the grass. Over the last decade, spending in this area – not counting expenses directly related to the wars – has about doubled, with large increases in administrative and infrastructure support. At the same time, the department's spending on contract services – excluding the Iraq and Afghanistan theaters – has grown by some \$23 billion. The one area of real decline in overhead was in the area where we actually needed it: full-time contracting professionals, whose numbers plunged from 26,000 to about 9,000. We ended up with contractors supervising other contractors – with predictable results.

Another category ripe for scrutiny should be overhead – all the activity and bureaucracy that supports the military mission. According to an estimate by the Defense Business Board, overhead, broadly defined, makes up roughly 40 percent of the Department's budget.

During the 1990s, the military saw deep cuts in overall force structure – the Army by nearly 40 percent. But the reduction in flag officers – generals and admirals – was about half that. The Department's management layers – civilian and military – and numbers of senior executives outside the services grew during that same period.

Almost a decade ago, Secretary Rumsfeld lamented that there were 17 levels of staff between him and a line officer. The Defense Business Board recently estimated that in some cases the gap between me and an action officer may be as high as 30 layers.

The private sector has flattened and streamlined the middle and upper echelons of its organization charts, yet the Defense Department continues to maintain a top-heavy hierarchy that more reflects 20<sup>th</sup> Century headquarters superstructure than 21<sup>st</sup> Century realities. Two decades after the end of the Cold War led to steep cuts in U.S. forces in Europe, our military still has more than 40 generals, admirals, or civilian equivalents based on the continent. Yet we scold our allies over the bloat in NATO headquarters.

Consider that a request for a dog-handling team in Afghanistan – or for any other unit – has to go through no fewer than five four-star headquarters in order to be processed, validated, and eventually dealt with. This during an era when more and more responsibility – including decisions with strategic consequences – is being exercised by young captains and colonels on the battlefield.

A telling example of how difficult it is to make even modest adjustments. The Department commissioned a study a few years ago to assess the flag-officer requirements of the services. The study identified 37 positions – out of more than 1,300 active and reserve billets – that could be reasonably converted to a lower rank. None were downgraded.

Going forward, some questions to be considered should be:

- How many of our headquarters and secretariats are primarily in the business of reporting to or supervising other headquarters and secretariats, as opposed to overseeing activity related to real-world needs and missions?
- How many executive or flag-officer billets could be converted to a lower grade, with a cascading effect downward – where two-star deputies become one-star deputies, assistant secretaries become deputy assistant secretaries – to create a flatter, more effective, and less costly organization?
- How many commands or organizations are conducting repetitive or overlapping functions – whether in logistics, intelligence, policy, or anything else – and could be combined or eliminated altogether?

In considering these questions, we have to be mindful of the iron law of bureaucracies – that the definition of essential work expands proportionally with the seniority of the person in charge and the quantity of time and staff available – with 50-page power point briefings being one result.

Finally, this Department's approach to requirements must change. Before making claims of requirements not being met or alleged "gaps" – in ships, tactical fighters, personnel, or anything else – we need to evaluate the criteria upon which requirements are based and the wider real world context. For example, should we really be up in arms over a temporary projected shortfall of about 100 Navy and Marine strike fighters relative to the number of carrier wings, when America's military possesses more than 3,200 tactical combat aircraft of all kinds? Does the number of warships we have and are building really put America at risk when the U.S. battle fleet is larger than the next 13 navies combined, 11 of which belong to allies and partners? Is it a dire threat that by 2020 the United States will have only 20 times more advanced stealth fighters than China?

These are the kinds of questions Eisenhower asked as commander-in-chief. They are the kinds of questions I believe he would ask today. And they are the kinds of question that we must all – civilian, military, in government and out – be willing to ask and answer in order to have a balanced military portfolio geared to real world requirements and a defense budget that is fiscally and politically sustainable over time.

Therefore, as the Defense Department begins the process of preparing next's years Fiscal Year 2012 budget request, I am directing the military services, the joint staff, the major functional and regional commands, and the civilian side of the Pentagon to take a hard, unsparing look at how they operate – in substance and style alike. The goal is to cut our overhead costs and to transfer those savings to force structure and modernization within the programmed budget. In other words, to convert sufficient "tail" to "tooth" to provide the equivalent of the roughly two to three percent real growth – resources needed to sustain our combat power at a time of war and make investments to prepare for an uncertain future. Simply taking a few percent off the top of everything on a one-time basis will not do. These savings must stem from root-and-branch changes that can be sustained and added to over time.

What is required going forward is not more study. Nor do we need more legislation. It is not a great mystery what needs to change. What it takes is the political will and willingness, as Eisenhower possessed, to make hard choices – choices that will displease powerful people both inside the Pentagon and out.

I say this fully aware of the fact that I am not the first in this office to make this case and or call for this effort. Indeed, one of my predecessors said the following: "A person employed in a redundant task is one who could be countering terrorism or nuclear proliferation. Every dollar squandered on waste is one denied to the warfighter." That was Secretary Rumsfeld on September 10<sup>th</sup>, 2001. Some progress has been made since then, as well as since the days of \$800 hammers. But the proverbial wall has been brought to our back. What might have been considered a noble or worthy endeavor in the past is now a task that can no longer be denied or postponed.

It is a task, in the final analysis, to defend the security, prosperity, and freedom of the American people in this complex and dangerous new century. It is a calling to uphold the spirit of sacrifice of the men whose service and triumphs we honor. And it is a mission worthy of the son of Kansas who led our forces to victory 65 years ago, and whose legacy continues to sustain and protect us today.

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