



## **BUDGET DECISIONS PRESS STATEMENT**

**Thursday, 26 January 2012**



**GENERAL MARTIN E. DEMPSEY**

Thank you, Mr Secretary.

Just a few weeks ago, we released a new defense strategy. It is a strategy that keeps America safe. It represents clear strategic choices in the context of a persistently dangerous and increasingly competitive security environment. These choices are reflected in the President's proposed defense budget for the next fiscal year.

As with the strategy, the Joint Chiefs and I worked closely with the President, Secretary Panetta, and the Service Secretaries. Throughout, we made sure that the unique strengths of each Service were recognized. At the same time, we put national security above parochial interests—exactly what the American people should expect from us.

In the end, we prepared a budget that strikes an appropriate and necessary balance between succeeding in today's conflicts and preparing for tomorrow's. This balance accounts for real risks and real fiscal constraints. It represents a responsible investment in our nation's security.

But make no mistake, the tradeoffs were tough. The choices were complex. The difficult decisions represented here produce \$259 billion in savings over the next five years. And, this is just the first installment on our way to a half trillion dollars in defense savings.

Even with these reductions, the budget still makes a \$614 billion investment in our nation's security. It maintains our military's decisive edge and helps sustain America's global leadership. And, it keeps faith with the true source of our military's strength—our people.

Much will be said and written about the individual decisions underlying this budget. Some may be tempted to view them through the prism of a zero sum game, parsing through each cut, each change, to look for a winner or loser. That is the least productive way to assess this budget.

Instead, the merits of our choices should be viewed in the context of an evolving security environment and a longer term plan for the Joint Force. This budget is the first step—a down payment—as we transition from an emphasis on today’s wars to preparing for future challenges. Allow me to make a few additional but brief points about what this budget means for the Joint Force of 2020.

First, capability is more important than size. Yes, the strategy and budget reduce force size—we get leaner. But, this budget does not lead to a military in decline. Rather, it builds a force that matches capabilities to needs. It leads to a Joint Force that is global and networked, that is versatile and innovative, and that is ably led and always ready. It is a force that is prepared to secure global access and respond to global contingencies. It is a military that can win any conflict, anywhere.

Second is the issue of compensation reform. I want to make it clear that cuts in spending will not fall on the shoulders of our troops. There are no proposed freezes or reductions in pay. There is no change to the high quality of health care our active duty members and medically retired Wounded Warriors receive. But, we cannot ignore some hard realities. Pay and benefits are now roughly one third of defense spending. So, pay will need to grow more slowly in the future. And as the Secretary mentioned, the budget proposes modest increases in health care fees, co-pays, and deductibles for retirees. We also need to take a look at retirement reform, but we will take the time to determine how to enact any reforms over the next year.

Last is risk. The primary risks lie not in what we can do, but in *how much* we can do and *how fast* we can do it. The risks are in time and capacity. These risks have been fully considered. I am convinced we can properly manage them by ensuring we keep the force in balance, investing in new capabilities, and preserving a strong reserve component. And as I have said before, we will face greater risks if we do not change from our previous approach.

Three weeks ago, I noted that we have a real strategy that reflects real choices. The President’s forthcoming budget proposal embodies those realities. I am confident it meets our Nation’s needs in our current fights and for our future.

Thank you.