

**Statement for the Record by the Honorable Gordon England  
Deputy Secretary of Defense  
Before the House Budget Committee  
6 March 2007**

Chairman Spratt, Representative Ryan, Members of the House Budget Committee,

Thank you for the opportunity to meet today to discuss the current defense budget requests. We all share a common objective – to protect and defend America, and to take care of our men and women in uniform and their families.

The Vice Chairman of the Joint Chiefs of Staff Admiral Giambastiani and the Under Secretary of Defense (Comptroller) Ms. Jonas are here with me, and the three of us look forward to your questions.

Today, America and our friends and allies face a broader array of security challenges than ever before. Terrorists have declared their intention to destroy our very way of life. Rogue states like Iran and North Korea – with nuclear ambitions and track records of proliferation and support to terrorists – pose threats to their neighbors and beyond. And major states like China and Russia, whose future paths are not clear, continue to pursue sophisticated military modernization programs.

The defense budget requests before you will provide our joint warfighters with what they need to accomplish their mission of protecting and defending America – our land, our people and our way of life. Specifically, the budget requests support four major areas:

- Modernizing and recapitalizing joint warfighting capabilities;
- Sustaining the all-volunteer force;
- Improving the readiness of the force; and
- America’s efforts, together with our partners, in Iraq, Afghanistan and elsewhere, in the war on terror.

There are three requests for the Department of Defense before the Congress: the President’s request for Fiscal Year 2008 includes the base defense budget request for \$481.4 billion; and \$141.7 billion to fight the Global War on Terror. The FY 2007 Supplemental Appropriation Request for the Global War on Terror is for \$93.4 billion. The total request is \$716.5 billion.

That is a lot of money by any measure – Secretary Gates has called it “staggering”.

To put the size of the request in historical context – in 1945, toward the end of WWII, the Department’s budget as a percentage of GDP was 34.5%. During the Korean conflict, it was 11.7%; in Vietnam - 8.9%; and in Desert Storm - 4.5%. Even during the Reagan build-up in the 1980’s, the defense budget was 6% of GDP. Current defense spending – at about 4% of GDP – is the smallest proportion ever spent on defense during wartime.

The Department understands its fiduciary responsibility to Congress and to the American people to spend their money wisely. Part of that responsibility is making sure that the defense

enterprise itself runs as effectively – and efficiently – as possible. So the Department is continually updating, adapting, and improving its processes – including decision-making, acquisitions, and auditing.

A few words about each of the requests before you:

The FY07 Supplemental covers the costs of contingency operations – primarily Iraq and Afghanistan – until the end of the Fiscal Year. One way to think about it is that these are “emergency” costs, brought about by the current war effort, which the Department would otherwise not have had at this time. This request is based on near-time information – with high fidelity. Frankly, the request is urgent – if these funds are delayed, the Department will have to start re-programming, with all the attendant disruptions.

The FY08 GWOT request provides funding starting with the new fiscal year in October. Actual requirements will depend on events on the ground in Iraq and Afghanistan - so the Department has used projections based on current monthly war costs to determine the numbers. In Iraq – as Secretary Gates has testified – there should be good indications about how well the military strategy is working by this summer, including how well the Iraqis are keeping their commitments to us.

The base budget is what we use to “man, organize, train and equip” America’s armed forces. It is about sustaining the force and also investing in future capabilities.

As we go forward, it is important not to lose sight of the long-term strategic picture while we prosecute the current war. It is important both to fund near-term tactical expenses and to invest in long-term deterrence – since it is a lot less expensive to deter than to fight and defeat. Finding the balance requires hard choices... and failing to find it means that the Nation could be at risk.

The Department’s greatest asset is our people. America is blessed that in every generation, brave men and women step forward to serve a cause higher than themselves. The Department responds by continuing to support a high quality of life for our servicemembers. Success in that regard is reflected in the Services’ ongoing ability to meet recruiting and retention goals:

- All four Services met or exceeded AC recruiting goals throughout FY 2006, and continued to do so through Jan 2007.
- In Jan 2007, four of six components exceeded their RC accession goals (except USAR, 99%, and USNR, 93%)
- In Jan 2007, AC retention remained solid. All but USN met their year-to-date missions, and USN expects to meet its goals for the full fiscal year.
- RC attrition remains well within acceptable limits in all reserve components.

Thank you for your support of our men and women in uniform, their civilian counterparts, and their families – for the funding and authorities they need to accomplish the mission.