

REPORTER: You talked about bad habits that have built up over the years with this nearly unlimited defense budget. Can you talk more specifically about what you think those bad habits are? Because the outside observer sees a defense budget that has doubled in the last decade, not including the price of the wars. You can't just sort of blame it on that.

GEN. DEMPSEY: Yeah.

REPORTER: So where – what's gone wrong, where you find yourself in such a tight spot right now? With a relatively small percentage of your budget kind of fenced off –

GEN. DEMPSEY: Sure.

REPORTER: – is it the defense contractors? Is it Congress? Is it the military leadership? What, more specifically, is the bad habits that you refer to?

GEN. DEMPSEY: A few thoughts that are certainly not an all-inclusive list, but I think in the – in our acquisition programs, you know, I think there's certain room to become more efficient.

I think over the years our health care costs have exceeded expectations in a – no pun intended – unhealthy way.

I think that infrastructure – and these are places where we could use the help of the United States Congress, actually. On infrastructure, we've – we haven't had to reduce the scope and scale of our – of our infrastructure accounts. I think we will have to do so under the – under the budget authorities that we see coming our way.

I think that in – even in operations I think that there's times when we've probably overinvested. We make – we might be able to accomplish the task in different areas of the world with fewer resources if we forced ourselves to think about how to do that.

I think that the – you mentioned contractors. I think our reliance upon contractors is excessive and in particular in certain aspects of the use of contractors.

So I think what you'll see come out of the SECDEF's Strategic Choices Management Review is that we will have to look at those places where we have most – where we have grown most and decide whether that growth is justified. And my suspicion is we'll find that in many cases, it's not all justified.