

Panetta to lead Pentagon, Petraeus CIA

Carolyn Lochhead, Chronicle Washington Bureau

Thursday, April 28, 2011

(04-28) 04:00 PDT Washington - -- Heading into an era of tighter Pentagon budgets, President Obama has chosen former longtime Monterey Congressman Leon Panetta as secretary of defense in a move that puts a former White House budget chief in charge of the sprawling military bureaucracy, administration officials said Wednesday.

Panetta, 72, was reluctant to leave his job as director of the Central Intelligence Agency, a senior administration official said. A budget expert who had little experience in intelligence before taking the job as spy chief, Panetta is credited with restoring morale and order after a period of turmoil over the agency's role in the torture and detention of terrorism suspects.

Obama personally asked Panetta to take the job, and after thinking about it, Panetta agreed at a meeting with Obama on Monday. With Senate confirmation all but assured, Panetta is scheduled to start his new job July 1.

The president is expected to announce the appointment today as part of a shuffling of his national security team set in motion by the retirement of Defense Secretary Robert Gates, who also held the job under President George W. Bush.

In the shuffle, Gen. David Petraeus, the top commander in Afghanistan, will become director of the spy agency, Gen. John Allen will assume military command in Afghanistan, and Bush veteran Ryan Crocker will become ambassador to Afghanistan.

Fiscal hawk

Panetta, a fiscal hawk, former Army lieutenant in the Vietnam War and a committed moderate with deep roots in Northern California, brings a bird's-eye perspective on government finances that no previous defense chief has had.

In his nearly four decades in Washington, Panetta chaired the House Budget Committee and served as former President Bill Clinton's budget chief and White House chief of staff.

With Washington under intense deficit pressure, Panetta's budget experience was one reason for his appointment, the administration official said, adding that the belt-tightening that Gates began "will continue to intensify."

Larry Diamond, a senior fellow at the Hoover Institution in Palo Alto, called Panetta a "superb choice."

"He may not be so instinctively reflexive as to defend every last Pentagon spending program as some

previous defense secretaries have," Diamond said. "We are entering an era where everything has got to be on table in terms of U.S. government spending. You can't get there without putting the Pentagon budget on the table."

Panetta also will be [Obama's](#) top hand in managing a planned withdrawal from Afghanistan, where Obama's troop surge has produced mixed results and is scheduled to begin drawing down this summer.

Twice in his career, Panetta has been tapped by Democratic presidents to straighten out critical but dysfunctional bureaucracies, by Clinton at the White House and Obama at the spy agency. As Clinton's top negotiator in a 1996 showdown with Republicans over the budget, Panetta managed an earlier drawdown in Pentagon spending and helped position Clinton as a prudent fiscal steward.

Biggest bureaucracy

His new appointment as head of the nation's most sprawling bureaucracy - with a \$720 billion annual budget that exceeds all domestic agency budgets combined and is nearly as much as Medicare and Medicaid combined - drew lavish praise from Republicans and Democrats.

But Christopher Preble, director of foreign policy studies at the libertarian Cato Institute and an advocate of scaling back the U.S. military posture, said Panetta more than Gates "is really going to be the one on the hook to execute what I think will be real cuts" in the defense budget.

"My question is whether Panetta will be willing to revisit the Pentagon's roles and missions in a way Bob Gates was not, and if he's not, will Barack Obama do that."

Sen. Dianne Feinstein, a California Democrat and chair of the Senate Intelligence Committee who was initially skeptical of Panetta's CIA appointment given his lack of experience in intelligence at the time, on Wednesday called Panetta "the most skilled person in government."

Feinstein credited Panetta with restoring order at the agency, saying he has "shown himself to be able to handle anything that comes at him. ... I can't think of a more capable person to take on the challenge of being secretary of defense at a time of war, unrest and conflict in the Middle East, an over-stretched military and the need to rein in Pentagon spending."

Reaction on petraeus

Feinstein was nearly dismissive, however, of the Petraeus appointment, saying the widely hailed general "has been a consumer of intelligence," a role that does not necessarily make him the best choice to lead the agency that produces it.

Sen. Lindsey Graham, R-S.C., and a foreign policy hawk, called Panetta "an outstanding choice" who has a "good working relationship with Congress" and "will be prepared on day one."

A native of Monterey and the son of Italian immigrants, Panetta graduated from Santa Clara University and its law school. He began his career as a Republican, serving in the Nixon administration as director of the Office for Civil Rights, where he allegedly resisted pressure by Richard Nixon to soft-pedal civil rights enforcement.

Panetta became a Democrat in 1971, and represented his Monterey-area district from 1977 to 1993, spearheading the creation of the Monterey Bay National Marine Sanctuary.

He returned to Monterey to found the Panetta Institute for Public Policy with his wife, Sylvia, in 1997. But he kept his hand in budget and national security issues in Washington, arguing for deficit reduction and serving on policy boards, including the Iraq Study Group, a bipartisan committee that assessed the war in Iraq.

E-mail Carolyn Lochhead at clochhead@sfgate.com.

<http://sfgate.com/cgi-bin/article.cgi?f=/c/a/2011/04/28/MNP31J8KBS.DTL>

This article appeared on page **A - 1** of the San Francisco Chronicle

© 2011 Hearst Communications Inc. | [Privacy Policy](#) | [Feedback](#) | [RSS Feeds](#) | [FAQ](#) | [Site Index](#) | [Contact](#)