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Before the

COMMITTEE ON

ARMED SERVICES

UNITED STATES SENATE

To Receive Testimony on Global Challenges and U.S. National Security Strategy

Tuesday, February 10, 2015

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1 HEARING TO RECEIVE TESTIMONY ON
2 GLOBAL CHALLENGES AND U.S. NATIONAL SECURITY STRATEGY

3
4 Tuesday, February 10, 2015

5
6 U.S. Senate
7 Committee on Armed Services
8 Washington, D.C.
9

10 The committee met, pursuant to notice, at 9:32 a.m. in
11 Room SH-216, Hart Senate Office Building, Hon. John McCain,
12 chairman of the committee, presiding.

13 Members Present: Senators McCain [presiding], Inhofe,
14 Sessions, Wicker, Ayotte, Cotton, Rounds, Ernst, Tillis,
15 Sullivan, Reed, Nelson, Manchin, Shaheen, Gillibrand,
16 Blumenthal, Donnelly, Hirono, Kaine, King, and Heinrich.

1 OPENING STATEMENT OF HON. JOHN MCCAIN, U.S. SENATOR
2 FROM ARIZONA

3 Chairman McCain: Good morning.

4 Since a quorum is now present, I would ask the
5 committee to consider the nomination of Dr. Ashton B. Carter
6 to be Secretary of Defense, and if a roll call is requested,
7 we would be glad to have a roll call. If not, is there a
8 motion to -- is there anyone who would like a roll call
9 vote?

10 Senator Manchin: Yes.

11 Chairman McCain: You want a roll call vote?

12 Senator Manchin: I want a roll call vote.

13 Chairman McCain: Yes, I don't know if we need it.

14 Senator Reed: We don't need it.

15 Senator Wicker: Mr. Chairman, I would like to be
16 recorded as voting aye.

17 Chairman McCain: The clerk will call the roll.

18 The Clerk: Mr. Inhofe?

19 Senator Inhofe: Aye.

20 The Clerk: Mr. Sessions?

21 Senator Sessions: Aye.

22 The Clerk: Mr. Wicker?

23 Senator Wicker: Aye.

24 The Clerk: Ms. Ayotte?

25 Senator Ayotte: Aye.

1 The Clerk: Mrs. Fischer?
2 Chairman McCain: Aye, by proxy.
3 The Clerk: Mr. Cotton?
4 Senator Cotton: Aye.
5 The Clerk: Mr. Rounds?
6 Senator Rounds: Aye.
7 The Clerk: Mrs. Ernst?
8 Senator Ernst: Aye.
9 The Clerk: Mr. Tillis?
10 Senator Tillis: Aye.
11 The Clerk: Mr. Sullivan?
12 Chairman McCain: No instructions.
13 The Clerk: Mr. Lee?
14 Chairman McCain: Aye, by proxy.
15 The Clerk: Mr. Graham?
16 Chairman McCain: Aye, by proxy.
17 The Clerk: Mr. Cruz?
18 Chairman McCain: Aye, by proxy.
19 The Clerk: Mr. Reed?
20 Senator Reed: Aye.
21 The Clerk: Mr. Nelson?
22 Senator Reed: Aye, by proxy.
23 The Clerk: Mrs. McCaskill?
24 Senator Reed: Aye, by proxy.
25 The Clerk: Mr. Manchin?

1 Senator Manchin: Aye.

2 The Clerk: Mrs. Shaheen?

3 Senator Shaheen: Aye.

4 The Clerk: Mrs. Gillibrand?

5 Senator Gillibrand: Aye.

6 The Clerk: Mr. Blumenthal?

7 Senator Blumenthal: Aye.

8 The Clerk: Mr. Donnelly?

9 Senator Donnelly: Aye.

10 The Clerk: Ms. Hirono?

11 Senator Reed: Aye, by proxy.

12 The Clerk: Mr. Kaine?

13 Senator Reed: Aye, by proxy.

14 The Clerk: Mr. King?

15 Senator King: Aye.

16 The Clerk: Mr. Heinrich?

17 Senator Heinrich: Aye.

18 The Clerk: Mr. Chairman?

19 Chairman McCain: Aye.

20 The Clerk: 25 ayes, 1 no instruction.

21 Chairman McCain: Then the motion will be reported

22 favorably of Dr. Carter's nomination to the Senate -- to the

23 floor of the Senate, and hopefully, we can get a vote

24 perhaps even as early as tomorrow.

25 Senator Reed: Do you want to keep it open for

1 Sullivan?

2 Chairman McCain: For who?

3 Senator Reed: Sullivan.

4 Chairman McCain: No.

5 We will leave it open for Senator Sullivan to make his
6 wishes known for a while.

7 The Armed Services Committee meets today to receive
8 testimony on our Nation's defense budget and priorities from
9 the bipartisan National Defense Panel. This group of former
10 military leaders, Members of Congress, and Pentagon
11 officials who served under Republican and Democratic
12 Presidents released their unanimous recommendations in a
13 report on our Nation's defense strategy last year.

14 We have with us today two distinguished members of the
15 National Defense Panel, Eric Edelman and Michele Flournoy.
16 Each served as Under Secretary of Defense for Policy and are
17 among the most respected defense experts on both sides of
18 the aisle. We are grateful for you to appear before us
19 today.

20 I would also like to thank the panel's co-chairmen, Dr.
21 William Perry and General John Abizaid, for their
22 leadership, as well as the panel's members and staff for
23 their diligent work.

24 The National Defense Panel's bipartisan and consensus
25 report is a compelling statement of the daunting strategic

1 realities America faces in the 21st century. The rules-
2 based international order that has furthered global
3 prosperity and security is not self-sustaining. And as
4 challenges to that order multiply around the world, there is
5 no substitute for robust American engagement to ensure its
6 preservation. And though America has many effective tools
7 of global influence, including diplomacy and economic
8 engagement, the panel reminds us that all of these are
9 critically intertwined with and dependent upon the perceived
10 strength, presence, and commitment of U.S. armed forces.

11 Yet through a combination of self-inflicted wounds and
12 dangerous geopolitical and technological trends, America's
13 military strength, "the strategic foundation undergirding
14 our global leadership" as the report terms it, is eroding.

15 \$487 billion in cuts to our national defense under the
16 Budget Control Act and billions more under sequestration
17 constitute a serious strategic misstep, the report warns.
18 These steep cuts have sharply reduced military readiness,
19 led to dangerous investment shortfalls in present and future
20 capabilities, and prompted our allies and adversaries alike
21 to question our commitment and resolve.

22 These cuts are not the product of any strategic
23 assessment of the threats we face at a time of global
24 upheaval. China's rapid military modernization is tilting
25 the balance of power in the Asia-Pacific. Russia's

1 aggression threatens Europe's regional security. Iran and
2 North Korea continue the pursuit and development of tactical
3 weapons, and violent Islamist extremists are destabilizing
4 large swaths of the Middle East and North Africa while
5 plotting attacks against the United States and our allies.

6 In addition to regional threats, structural trends like
7 the diffusion of certain advanced military technologies pose
8 new operations challenges to America's armed forces. In the
9 security environment of the future, the panel's report
10 predicts, "Conflicts are likely to unfold more rapidly.
11 Battlefields will be more lethal. Operational sanctuary for
12 U.S. forces will be scarce and often fleeting. Asymmetric
13 conflict will be the norm."

14 And the panel echoed Secretary Hagel, who has said that
15 in such an era, American dominance on the seas and the skies
16 and in space can no longer be taken for granted.

17 The panel's report recommends the Budget Control Act's
18 immediate repeal and a return to at least the funding
19 baseline proposed in Secretary Gates' Fiscal Year 2012
20 defense budget. That budget, the panel concluded,
21 represents the last time the department was permitted to
22 engage in the standard process of analyzing threats,
23 estimating needs, and proposing a resource baseline that
24 would permit it to carry out the national military strategy.

25 If we had followed the budget path laid out by

1 Secretary Gates, which he believed was the minimum to keep
2 the country safe, the Fiscal Year 2016 budget for the
3 Department of Defense, excluding war funding, would be \$611
4 billion. That is \$77 billion more than the President's
5 Fiscal Year 2016 budget request, and \$112 billion more than
6 the budget caps under the BCA.

7 It is also worth remembering that Secretary Gates
8 suggested this minimum level before Russia's invasion of
9 Ukraine posed a renewed threat to European security, before
10 the rise of ISIS and the further spread of violent extremism
11 across North Africa and the Middle East, before China's
12 coercive behavior in the East and South China Seas had
13 become dangerously commonplace.

14 It is unacceptable to continue to ask the men and women
15 of our military to put their lives at risk around the world
16 while we cut back on their training and equipment to settle
17 domestic political scores. Therefore, the overriding
18 priority of this committee and the Congress must be to
19 return to a strategy-driven budget. And I look forward to
20 the testimony of our witnesses today as to what budget would
21 look like.

22 Senator Reed?

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1 STATEMENT OF HON. JACK REED, U.S. SENATOR FROM RHODE
2 ISLAND

3 Senator Reed: Well, thank you very much, Mr. Chairman.

4 I also want to welcome our witnesses. Mr. Ambassador,
5 Madam Secretary, thank you for your service both in and out
6 of Government. Thank you very much.

7 Over the years, and especially since the initiation of
8 hostilities in 2001, the Quadrennial Defense Review, like
9 any strategy, has had to contend with the challenge of an
10 unpredictable and constantly shifting nature of the world
11 and threats that we face. As military leaders have pointed
12 out, we have seldom predicted with great accuracy where or
13 when the next crisis might occur.

14 However, the Department of Defense's requirement to
15 conduct security and defense analysis and planning means
16 that assumptions must be made, objective threat assessments
17 done, and guidance provided to our military leaders that
18 prioritize our national security interests. Each QDR,
19 regardless of administration, has had to make strategic or
20 resource tradeoffs.

21 The work of the current National Defense Panel, in its
22 review of the 2014 QDR, provides an independent
23 consideration of the department's assessment of the security
24 environment, its defense strategy and priorities, and
25 identification of the capabilities necessary to manage our

1 strategic risk.

2 In essence, the panel found that the 2014 Quadrennial
3 Defense Review and defense strategy makes a reasonable
4 strategic assessment. For example, the panel largely echoes
5 the QDR's strategic assessment and highlights the challenges
6 the Nation faces, with emphasis on China, Russia in Ukraine,
7 proliferation in North Korea and Iran, insurgency in Iraq,
8 civil war in Syria, and instability throughout the Middle
9 East and Africa.

10 The panel also acknowledges that the QDR calls for the
11 right capabilities and capacities to address the many
12 challenges we face today and into the future. However, the
13 panel notes, those capabilities and capacities clearly
14 exceed the budget resources available and, therefore,
15 undermines the strategy. A point very accurately made by
16 the chairman.

17 It is no surprise, therefore, that the panel's
18 overarching finding and recommendation is the Budget Control
19 Act endangers the Nation's security and calls for its
20 repeal. The panel also argues for increasing defense
21 funding to 2012 levels, reining in personnel costs, and more
22 budget predictability. In addition to the risks of
23 sequestration, I would be interested to hear the witnesses'
24 assessment of other risks to our national security, as well
25 as well as risks to our military and their families.

1 Finally, Mr. Chairman, I note that after nearly 20
2 years of QDRs and recurring questions about its value, last
3 year's National Defense Authorization Act modified the
4 requirements for this periodic defense review, now called
5 the Defense Strategy Review. These changes include the
6 development of a national defense strategy that addresses
7 our security interest across the near, mid, and far terms,
8 and focuses and streamlines the elements of a strategy
9 Congress considers essential to a comprehensive defense
10 review.

11 I would be interested to know the witnesses' views on
12 these changes and the prospects for a more timely, relevant,
13 and useful national defense strategy process.

14 Thank you, Mr. Chairman.

15 Chairman McCain: Welcome to the witnesses. Secretary
16 Flourney?

17 Ms. Flourney: Sir, if I may, I am going to let
18 Ambassador Edelman go first.

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1 STATEMENT OF HON. ERIC S. EDELMAN, PANELIST, NATIONAL
2 DEFENSE PANEL AND FORMER UNDER SECRETARY OF DEFENSE FOR
3 POLICY

4 Ambassador Edelman: Mr. Chairman, Senator Reed, thank
5 you for giving my colleague, Secretary Flournoy, and me an
6 opportunity to come before you to talk about the work of the
7 National Defense Panel to review the Quadrennial Defense
8 Review. The two of us have a prepared statement that we
9 have submitted and hope that it will be printed for the
10 record.

11 Chairman McCain: Without objection, they are both in
12 the record.

13 Ambassador Edelman: I will just make some general
14 introductory comments and then turn the floor over to
15 Michele.

16 When we began our work as a panel in August of 2013,
17 one of our co-chairmen, General John Abizaid, said that as
18 we started our deliberations that he believed the Nation was
19 running what he called accumulating strategic risk. And I
20 think all of the members of the panel assented to that
21 judgment at the time.

22 And as you pointed out in your opening statement, Mr.
23 Chairman, that was before President Putin had invaded and
24 annexed Crimea and destabilized Eastern Ukraine, before the
25 collapse of the Iraqi security forces and the seizure of

1 Mosul and Anbar Province by ISIL and its approach to
2 Baghdad. And so, as we went through our deliberations, I
3 think the panel became more and more convinced that the
4 accumulating strategic risk that General Abizaid was
5 describing at our outset was accumulating at a faster and
6 faster pace.

7 As you have heard as a committee from previous
8 witnesses at other hearings -- Secretary Shultz, my former
9 boss; Secretary Kissinger, Secretary Albright -- the United
10 States probably faces the most volatile and complex security
11 environment that we have faced as a nation in a very long
12 time, if ever. And it struck us as a panel that, given
13 those growing challenges, to stay on the path of the Budget
14 Control Act caps and sequestration made no sense.

15 I had the experience of having been on the previous
16 independent panel to review the 2010 QDR, and in that report
17 looking at the budget trajectory, the cuts that were already
18 being taken out of defense in 2010, the growing cost of
19 keeping servicemen and women in the field over time, and the
20 growing healthcare and other retirement costs that were
21 built into the budget, we predicted that the Nation was
22 facing a train wreck on defense. And that was before the
23 Budget Control Act passed and before the department had to
24 cope with sequestration.

25 One of the things that I think we were very focused on

1 and I want draw some attention to is the charge that
2 Secretary Hagel gave us as a panel at the outset of our
3 deliberations. He said that as we discussed future
4 capabilities, because many of these challenges that we as a
5 panel were talking about -- the rise of China and its very
6 rapid growth in military power, the long struggle I think
7 that we face with Islamic extremism, the rise potentially of
8 new nuclear powers like North Korea, perhaps Iran -- all of
9 these things are challenges that, as President Eisenhower
10 said, were for the long haul. And we have to think now
11 about how we are going to deal with these challenges 20
12 years out. That, in fact, is also one of the mandates of
13 the QDR process itself. It is supposed to be a 20-year-out
14 look at the Nation's defense needs.

15 And so, Secretary Hagel raised the issue with us, the
16 concern that is the program of record the program we are
17 going to need 20 years down the road? Are we going to be
18 starting now to produce the weapons that 20 years from now
19 we will be needing?

20 Many of us, I think, were mindful of the fact that over
21 the last decade we have been essentially eating the seed
22 corn that was laid down in the Carter-Reagan defense build-
23 up of the late 1970s and early '80s. And so, we need to be
24 thinking now of what capabilities we can provide for
25 servicemen and women who are going to be called upon in the

1 future.

2 And so, I wanted to mention the specific areas that as
3 a panel, in keeping with Secretary Hagel's charge, that we
4 concluded we ought to be looking at down the road for the
5 future. And I hope, Mr. Chairman and Senator Reed, that you
6 and the members of the committee will bearing some of those
7 things in mind as you consider the program and budget review
8 over the next few years.

9 And I will just tick them off. Armed intelligence
10 surveillance and reconnaissance. Space, because of our
11 critical dependence on it. Cyberspace. Maintenance of air
12 superiority. Joint and coalition command and control,
13 because of the partnerships we have and the fact we are
14 going to be fighting with other people. Long-range strike.
15 And electric and directed-energy weapons.

16 These are areas that we felt had not been given
17 sufficient attention by the department and need a further
18 look in the future.

19 Why don't I stop there, and I will be happy to turn it
20 over to Michele.

21 [The prepared statement of Ambassador Edelman and Ms.
22 Flournoy follows:]

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1 STATEMENT OF HON. MICHELE A. FLOURNOY, PANELIST,
2 NATIONAL DEFENSE PANEL AND FORMER UNDER SECRETARY OF DEFENSE
3 FOR POLICY.

4 Ms. Flournoy: Mr. Chairman, Senator Reed, I would just
5 like to say how pleased and honored I am to join Ambassador
6 Edelman here today to discuss the findings and
7 recommendations of the National Defense Panel with you.

8 This hearing really could not come at a more critical
9 time for all the reasons you have described. The
10 international security environment is more complex and
11 volatile than we have seen, and I would emphasize it is only
12 going to get more challenging in the future.

13 It is a time when continued U.S. leadership and
14 engagement globally to protect our national interests, to
15 sustain the rules-based international order on which
16 stability and prosperity depend, to lead the international
17 community to address the most pressing challenges that you
18 outline, U.S. leadership could not be at more of a premium
19 right now.

20 It is also a time that requires investment to ensure
21 that we retain a strong and agile military to shape the
22 international environment, to deter and defeat aggression
23 when we must, to reassure allies and partners, and to ensure
24 that this President and future Presidents have the options
25 that they need for an increasingly dangerous world. And

1 yet, we see a period where defense budget cuts and
2 sequestration are undermining the department's ability to
3 maintain a robust and ready force, to retain the best and
4 brightest people, and to invest in the capabilities that are
5 going to be necessary to keep our technological edge and our
6 military superiority in a more challenging future.

7 So, in this context, I just want to foot stomp and
8 emphasize four points.

9 First is, our number-one appeal to this committee and
10 to the Congress more broadly is to work to repeal the BCA
11 and end sequestration. This is absolutely imperative. We
12 cannot restore readiness and invest in our technological
13 edge unless we do so.

14 Sequestration not only sets budget levels too low, it
15 also denies the Secretary of Defense the ability to protect
16 resources for the highest priorities. It puts DoD in a
17 constant state of budget uncertainty that prevents more
18 strategic planning and investment for the future.

19 Deficit reduction and getting our fiscal house in order
20 are essential to U.S. national security. But sequestration
21 is the wrong way to go about it. So the NDP does recommend
22 restoring defense spending to Fiscal Year 2012 levels, as
23 the chairman mentioned, and funding the President's budget
24 request is at least a first step in that direction.

25 Second, we would urge the Congress to take immediate

1 steps to restore readiness. The service chiefs have
2 testified before this committee as to growing readiness
3 problems. Only half of the Marine Corps home station units
4 are at acceptable readiness levels. Less than half of the
5 combat-coded units in the Air Force are fully ready for
6 their missions. Navy deployments have been cancelled, and
7 only a third of the Navy's contingency force is ready to
8 deploy within the required 30 days.

9 And the list goes on. These readiness impacts are
10 real. And the NDP recommended that the Congress should make
11 an immediate and special appropriation above and beyond the
12 current budget levels and OCO to correct these readiness
13 shortfalls.

14 Third, as Ambassador Edelman emphasized, the NDP calls
15 for protecting investment in future capabilities that will
16 be critical to maintaining U.S. freedom of action and our
17 military superiority in the coming decades. Our
18 technological edge has long been an advantage, but it is not
19 a given. In a world in which technology is proliferating,
20 much of cutting-edge technology is commercial and off the
21 shelf. DoD has to have a smart and determined investment
22 strategy to maintain its edge.

23 I would personally applaud the department's efforts
24 like the offset strategy, the Defense Innovation Initiative,
25 but we have got to have the investment dollars to pursue

1 those initiatives, and Ambassador Edelman has laid out a
2 number of the key areas that the NDP recommended should be a
3 focus.

4 Lastly, I would add the NDP also argues that we need to
5 pursue an aggressive reform agenda inside DoD. We can and
6 should reduce the costs of doing business. We note
7 compensation reform and applauded the work of the
8 Compensation Committee.

9 Many of these issues need to be addressed. Some of
10 them need to be fundamentally reframed, and I will give you
11 an example. Healthcare, for example, rather than debating
12 whether we should reduce benefits and increase co-pays, we
13 need to be debating how do we get better health outcomes for
14 service members and their families and reduce costs by
15 applying better business practices.

16 The NDP emphasizes the need for further acquisition
17 reform, for another BRAC round to take down the 20 percent
18 excess infrastructure that the DoD is carrying, and to
19 right-sizing the civilian workforce -- contractor, career,
20 and so forth -- so that we can have the workforce we need
21 for the future.

22 Let me just conclude by saying I think this report lays
23 out an agenda, a very clear agenda, for action that had
24 strong bipartisan and civil-military support across the
25 panel. Nevertheless, there are some heavy lifts involved in

1 what we recommend. But the risks of not pursuing this
2 course are simply unacceptable. So I would look to this
3 committee and applaud your leadership in this area, working
4 with your colleagues to try to convince them that the time
5 to act on these recommendations is now.

6 Thank you.

7 Chairman McCain: I thank both the witnesses, and I
8 would point out to my colleagues that both witnesses have
9 worked for both Republican and Democrat administrations,
10 holding positions of responsibility in both. So there
11 certainly is a total nonpartisanship in your reports, and
12 that, in my view, makes you even more credible because of
13 your many years of outstanding and dedicated service.

14 My colleagues, I won't take very much time except to
15 point out that one of the problems that we are trying to
16 highlight on this committee is, as you just mentioned, Ms.
17 Flournoy, on acquisition reform. We simply can't afford
18 these cost overruns of billions of dollars and cancelled and
19 delayed programs.

20 It harms our credibility, and it is going to be one of
21 the highest priorities of this committee to try and address
22 that issue. And it has been tried many times in the past.
23 So I am not confident as to the degree of success, but we
24 have to work on it.

25 I only have one additional question. Why did you use

1 Secretary Gates' Fiscal Year 2012 budget levels as a
2 baseline for your recommendations?

3 Ambassador Edelman: Mr. Chairman, as I mentioned, in
4 the 2010 panel, we spoke to Secretary Gates about what he
5 thought the department needed to recapitalize after 10 years
6 of war. And he told us that he believed he needed about 1.5
7 to 2.5 percent real growth in the budget over the FYDP in
8 order to do that.

9 I think the 2010 panel believed that that was a minimum
10 and that it might actually be a higher number. But when we
11 met as a panel and tried to wrestle with this -- and we had
12 a smaller panel this time, only 10 members and limited staff
13 -- we concluded that recurring to Secretary Gates' top line
14 made sense because it was really the last time the
15 department had been trying to define its needs on the basis
16 of something approaching a strategy, as opposed to being
17 given arbitrary numbers by either OMB or because of the
18 Budget Control Act caps.

19 So there were differences of view, I think, among us on
20 the panel as to what -- you know, how high the top line
21 ought to go. But I think there was consensus that the Gates
22 level, that sort of 1.5, 2.5 percent real growth from the
23 Fiscal Year 2011 and Fiscal Year 2012 levels, was the
24 minimum, and all of us could agree on that.

25 Chairman McCain: And unless we do something such as

1 you are recommending, the Nation's security is at risk.

2 Ambassador Edelman: I would say so, and I think -- I
3 think all the members of the panel believed that.

4 Ms. Flourney: Yes, sir, I think we talked about the
5 force being at substantial risk in the near term if
6 sequestration was not lifted and higher budget levels not
7 restored.

8 Chairman McCain: Thank you.

9 Senator Reed?

10 Senator Reed: Thank you very much, Mr. Chairman.

11 And thank you, Ambassador and Madam Secretary, for your
12 thoughtful testimony today and also for the work of your
13 colleagues on this report.

14 You were obviously tasked with focusing on the needs
15 and responsibilities of the Department of Defense, but one
16 of the realities I think we all recognize is that military
17 forces don't operate alone, and they are a part of a
18 spectrum of national security efforts. If there is not a
19 sufficient State Department presence and capacity building
20 in local communities, then our military efforts could
21 dissipate quickly when we change or shift responsibility.

22 So can I assume, or I won't assume, but I will just
23 ask, when we talk about repealing the BCA, we also have to
24 be conscious of the State Department, Homeland Security
25 Department, every agency of the Government that essentially

1 protects the security of the United States and could even go
2 further than that.

3 Is that fair, Mr. Ambassador?

4 Ambassador Edelman: Senator Reed, I think that is
5 certainly fair. And although we in our panel really were
6 more focused on the department specifically, in the 2010
7 panel, we actually had a chapter about the need for a better
8 whole-of-government effort, really very much along the lines
9 you are discussing.

10 Because you are right, just solving DoD's problem is
11 crucial and, I would say, a necessary condition for almost
12 everything else. But it is not sufficient because we have
13 other instruments of national power that we don't want to
14 see withering on the vine without adequate funding.

15 Senator Reed: Madam Secretary, your comment?

16 Ms. Flournoy: I would agree. In just about every
17 operation we conduct, every problem we try to solve, there
18 has got to be an integrated, balanced interagency approach.
19 And when one instrument is well funded and the others are on
20 life support, that doesn't work so well. So I think our
21 intention was to talk about the instruments of national
22 security more broadly.

23 Senator Reed: Let me shift to another topic that you
24 talked about in your report, which is increasingly critical.
25 That is cyber operations. It just, from afar, looking at

1 some of the recent operations of the Russians in the Crimea,
2 et cetera, that cyber seems to be the first act of any sort
3 of military operation today. And the line between a cyber
4 incident and a military operation is getting less and less
5 distinct.

6 Your comments generally about the efforts we should
7 undertake with respect to cyber through the DoD and others?
8 And again, this touches the whole spectrum. Everything is
9 cyber these days.

10 Ambassador Edelman: You know, Senator Reed, I am at
11 something of a disadvantage because I have trouble booting
12 up my own computer, and I am like many people of my age,
13 very reliant on my younger sons to get me out of trouble.

14 Senator Reed: Or grandkids.

15 Ambassador Edelman: But the reality is we rely, our
16 military forces rely, extensively on cyber and not only
17 encrypted systems, but on the open Net. And that is a huge
18 problem for us whenever we are involved in an operation of
19 any kind, and I think we are all painfully aware of the
20 vulnerabilities that we face. We do cite cyber as one of
21 the capabilities that needs further attention and a lot more
22 work.

23 But you have put your finger on one problem that I
24 don't think we have completely resolved as a government. My
25 colleague may have more recent experience with this. But as

1 I said, DoD relies on the open Internet, and yet it doesn't
2 really have the responsibility for defending it. It has got
3 the responsibility for defending dot-mil. And so, we really
4 have to -- this is one area where the whole of government
5 has to be involved, particularly for DoD.

6 Senator Reed: Madam Secretary?

7 Ms. Flournoy: I would just add I think it is a very
8 important area of emphasis, and there are many dimensions to
9 the challenge. One is building the human capital and the
10 expertise that is needed within the Government, and access
11 to it outside of Government. Figuring out how we are going
12 to organize ourselves beyond DoD, across the whole of
13 government, given that different agencies have different
14 authorities and areas of expertise.

15 How we are going to work with the private sector, which
16 now holds so much of our critical infrastructure. And
17 frankly, the legislative framework that deals with questions
18 of liability and otherwise that would enable the kind of
19 public-private cooperation that is needed to be effective in
20 this area.

21 Senator Reed: Thank you very much. Thank you for your
22 great work.

23 Thank you, Mr. Chairman.

24 Chairman McCain: Senator Inhofe?

25 Senator Inhofe: Thank you, Mr. Chairman.

1 Ambassador, when you are my age, you will be depending
2 on your grandchildren's advice, not just your children's.

3 You know, in the 20 years that I have been on this
4 committee, we have talked about our -- and you and I have
5 talked about this, too, about the fact that we have the
6 oldest nuclear arsenal in the world, that most of our
7 warheads are 30, 40 years old, and our delivery systems, if
8 you look at the Triad, you are looking at the B-52, maybe 50
9 years old. And then, of course, the ICBMs and the nuclear
10 submarines.

11 Now we have talked about this for a long period of
12 time, and I am looking now at the new situation, the new
13 threat that is out there, the new threat that you have
14 talked about, both of you, as well as our panel that we had
15 last week that talked about this for quite some time --
16 Kissinger, Albright, and Shultz. Now in light of the new
17 threat, should more attention be given to this than we have
18 in the past?

19 And I notice when you used the word, you ticked off
20 five of the areas that have not been given proper attention.
21 This wasn't one of those areas. Well, do you think it
22 should be?

23 Ambassador Edelman: Senator, you know, as Under
24 Secretary, I was a member of the Nuclear Weapons Council and
25 followed the issues closely and was very, very concerned

1 throughout my tenure about the state of our aging nuclear
2 force. We haven't built a new nuclear weapon since 1988.
3 We haven't tested one since 1991.

4 There are lots of ways that we maintain the safety and
5 surety of the stockpile. But as time goes on, and
6 particularly not only as the inevitable corrosion and
7 degradation of components goes on, but also the loss of
8 human capital, because we are not able to get the best and
9 brightest minds in the field the way we used to be able to
10 do, I think it is a matter of really increasing concern.

11 We are unfortunately, I think, living through a period
12 where the risks of an increasingly proliferated world are
13 growing. We already have North Korea testing, having tested
14 nuclear weapons. Iran is moving very close to being a
15 nuclear threshold state. Hopefully, there will be an
16 agreement that will constrain that. But if there isn't or
17 if Iran maintains a near-breakout capacity, there is a real
18 prospect that we may get other states in the region who
19 decide to develop their own nuclear capabilities.

20 In the meantime, you have got growing nuclear
21 stockpiles in Pakistan and India. China's -- the Chinese
22 inventory is also growing in terms of weapons, although
23 albeit more slowly. And Russia is modernizing its nuclear
24 force.

25 And I do worry. I think I applaud the administration

1 for the very good work it has done and the B-61
2 modernization effort. But I do think there is much more
3 that needs to be done in this area.

4 Senator Inhofe: Well, Ambassador, that gets into what
5 I was going to talk about because I have been concerned
6 about Iran for ever since our unclassified intelligence came
7 out in 2007 talking about when they were going to have the
8 capabilities, being 2015, which is where we are right now.

9 And I am concerned about the maligned activities.
10 There have been several published reports talking about
11 Sudan -- this is all coming from Iran -- Sudan, Gaza, Yemen,
12 Bahrain, Iraq, Syria, and Lebanon. I don't think we can
13 assume that our concern should be strictly with Iran. And
14 this is my concern that I have had for a long time.

15 We are supposed to be, and historically have been, the
16 nuclear umbrella. Our umbrella has holes in it. We have
17 serious problems.

18 And when you look at countries like Saudi Arabia and
19 Turkey and others, if they see what our capabilities aren't,
20 then you know, or I would assume, they are going to be
21 involved and we are going to have another arms race coming
22 up. Does that concern the two of you?

23 Ambassador Edelman: I think our strategic nuclear
24 forces have been one of our huge strategic comparative
25 advantages as a nation since 1945.

1 Senator Inhofe: Yes.

2 Ambassador Edelman: And I think we cannot afford to
3 let that advantage go by the wayside. Extended deterrence
4 of our allies in Asia, in Europe, and now increasingly in
5 the Middle East has always been a very difficult
6 proposition. It was a difficult proposition when we had a
7 much larger stockpile and inventory of nuclear weapons to
8 make our willingness to use those weapons in defense of our
9 allies. That was a very difficult proposition to convince
10 people of.

11 It is still going to be a difficult proposition to
12 convince people about. But it will be much harder to do, as
13 you say, Senator Inhofe, if the appearance is that we are
14 not paying sufficient attention to the stockpile and to the
15 modernization of our forces.

16 Senator Inhofe: All right. Well, thank you.

17 My time is expired, but just as I did for the panel of
18 Kissinger, Albright, and Shultz, I would like to have you
19 for the record submit something talking about the fact that
20 for the 20 years that we were -- I was involved with this
21 committee, before we had the policy of being able to fight
22 two wars or two major theater conflicts, and that policy
23 seemingly changing now, and your analysis of the new policy
24 for the record.

25 Thank you, Mr. Chairman.

1 [The information referred to follows:]
2 [COMMITTEE INSERT]
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1 Chairman McCain: Senator Sullivan, do you wish to be
2 recorded as voting aye for Ash Carter to be Secretary of
3 Defense?

4 Senator Sullivan: Yes, Mr. Chairman.

5 Chairman McCain: Great. Senator Gillibrand?

6 Senator Gillibrand: Thank you, Mr. Chairman. Thank
7 you, Senator Reed.

8 Thank you for your testimony today. It is very
9 instructive and something that obviously this committee is
10 really focused on.

11 I want to continue the conversation about your
12 recommendations with regard to cyber. Obviously, the 2014
13 Quadrennial Defense Review reports that cyber threats come
14 from a diverse range of countries, organizations,
15 individuals and are posing significant risks to U.S.
16 national interests. Some threats seek to undercut the
17 Department of Defense's near and long-term military
18 effectiveness by gaining unauthorized access to the
19 Department of Defense and industry networks and
20 infrastructure on a routine basis.

21 Further, our potential adversaries are actively probing
22 critical infrastructure, whether they are chemical plants,
23 nuclear plants, stock exchanges, any type of important
24 infrastructure, and our partner countries, which could
25 inflict significant damage to the global economy as well as

1 exacerbate instability in the security environment.

2 What are your specific recommendations with regard to
3 increasing cyber capability, and specifically, how do we
4 compete with the private sector to get the brightest minds,
5 the best engineers, the best mathematicians to want to serve
6 as cyber warriors to enhance our cyber defense?

7 Have you thought about ways to not only recruit and
8 retain the best and brightest in these fields, but also to
9 perhaps develop resources throughout National Guard and
10 other sources?

11 Ms. Flournoy: As a panel, Senator, we did not go into
12 that level of detail. We noted the importance of this area,
13 the importance of investing in both defensive and offensive
14 capabilities. Urged the department to move forward with
15 modernization and improving cooperation with the private
16 sector. So I will give you my personal views on your
17 question. I think attracting talent is one of the biggest
18 challenges, and there are a couple of ways to go at it.

19 One is to use different incentives and pay schedules
20 for cyber experts than the normal GS kind of schedule.

21 A second is to develop contract relationships and surge
22 capacity with the private sector.

23 And a third is, as you mentioned, actually leveraging
24 some of the strength of our Guard and Reserves. That, you
25 know, there are a lot of these folks who have this expertise

1 out in the commercial sector who are patriots and who might
2 want to contribute to our national defense, but they are not
3 going to leave Silicon Valley to join full time. So finding
4 a way to leverage them on the weekends and, you know, for
5 their annual training and to be available to be mobilized in
6 a national emergency, I think we need to be thinking
7 creatively about those kinds of arrangements.

8 A couple of the services have some pilot programs that
9 you may be aware of, experimenting with exactly that
10 construct. But the human capital dimension is probably the
11 long pole in the tent here.

12 Ambassador Edelman: Senator Gillibrand, the only thing
13 that I would to add to that, I am aware of some efforts in
14 the private sector to do something which I think is in this
15 context a terrific idea, which is to help train some of our
16 wounded warriors to become cyber warriors. There are a lot
17 of our wounded warriors who would love to get back into the
18 field, but because of their injuries cannot. But this is a
19 way for them to continue the fight with a little bit of
20 training.

21 Senator Gillibrand: Well, would you recommend, for
22 example, our cyber defenders or our cyber fighters to not
23 have the same basic training? Meaning, you might be the
24 best person behind a computer, but you are not the best guy
25 behind a gun, and so train specifically for their

1 requirements. But that would be the first for the military.
2 They have not done that previously.

3 Ms. Flournoy: My understanding is that at least one of
4 the pilots that is using a Reserve unit, one of the things
5 they have done is exempt people from the PT requirements,
6 from cutting their hair, wearing uniforms. But really let
7 them come as they are, bring their expertise to the table
8 without having to meet the traditional requirements.

9 Senator Gillibrand: And then, in your opening remarks,
10 Ambassador, you mentioned five various technology areas
11 where you felt we need to develop more weapons expertise.
12 Does your report expand on that, or do you just list them?

13 Ambassador Edelman: We don't go into great detail,
14 Senator Gillibrand, about them. We basically highlight them
15 as areas where we clearly think there needs to be more
16 attention, and there hasn't been sufficient attention.
17 Directed-energy weapons for one. But as you said, there is
18 a list of them. We give them about a paragraph treatment in
19 each one, not in any detail.

20 Senator Gillibrand: Well, I would love for the record
21 further development to the extent you have it.

22 Thank you.

23 Thank you, Mr. Chairman.

24 [The information referred to follows:]

25 [COMMITTEE INSERT]

1 Chairman McCain: Senator Sessions?

2 Senator Sessions: Thank you, Mr. Chairman.

3 And thank both of you for your leadership and your
4 wisdom that you are sharing with us.

5 We do have a problem with defense spending. It is
6 causing me great concern as a member of the Budget Committee
7 for a couple of years. I have been digging into those
8 numbers, and I have felt all along that the one area of our
9 budget that needs to be examined with most care for spending
10 more money is the Defense Department. And so, we have got
11 to justify that. The Defense Department has got to tell us
12 what they are going to spend the money on and how much it
13 is.

14 But we don't have a lot of money. Matter of fact, we
15 don't have enough money to run this government, and the
16 deficits will continue to rise even though we have had a
17 slowing on the annual deficits. They are going to start
18 rising again, according to CBO, and they project that by
19 2019, interest on the debt will exceed the entire defense
20 budget. So this is a grim thing.

21 Ambassador Edelman, do you think -- you have suggested
22 that the Defense Department needs more money, do you think
23 that increase above the BCA totals should be matched by the
24 same increases of non-defense discretionary spending?

25 Ambassador Edelman: The panel did not take a position

1 on that. So just as I represent the panel, I want to make
2 sure it is clear that what I am about to say is my personal
3 opinion and not representing, I suspect, either my colleague
4 or other members of the panel.

5 I think the issue in defense is absolutely crucial. I
6 think, overall, Federal spending needs to be under better
7 control. I think the biggest problem, though, is frankly
8 not the discretionary part of the budget. It is the non-
9 discretionary part.

10 The CBO long-range budget forecasts have made that
11 clear for some time. That is the real driver of the long-
12 term debt, three programs. Those have to be taken off.

13 Senator Sessions: Well, so is your answer yes or no?

14 Ambassador Edelman: My answer is that the defense
15 budget needs to go up, and you know, I don't think
16 necessarily non-discretionary -- or rather, discretionary,
17 non-defense spending needs to go up.

18 Senator Sessions: Well, look. The President is
19 insisting that it does. And his budget increases defense
20 about \$34 billion this year over the BCA level, and he
21 increased his non-defense discretionary by the same.

22 Senator McCain, I think, was correct to suggest that
23 the Gates plan would add, if it were enacted in 2012 and we
24 were following it, it would be a \$100 billion more this year
25 than the BCA levels. Well, \$100 billion more for defense

1 over a decade is more than a trillion dollars. And non-
2 defense, if it is matched, that is another trillion dollars.
3 The budget of the United States is \$4 trillion.

4 So these are huge numbers, and all of us, you don't
5 have the stress every day that we do about every other
6 agency and department that comes to us and wants more money.
7 I am just saying that is the difficult time we are in.

8 Ms. Flournoy: Senator, may I just add one thought on
9 this?

10 Senator Sessions: Yes.

11 Ms. Flournoy: I think that sequestration needs to be
12 lifted across the board so that Secretaries are able to
13 manage to the priorities for the Government. But I don't
14 think you can solve the Nation's budget problems on the back
15 of discretionary spending. The big moving muscles are tax
16 reform and entitlement reform. And so, that is where I
17 think we need to focus.

18 Senator Sessions: Well, under the Budget Control Act,
19 beginning 2017, for the rest of, what, 7 years of the Budget
20 Control Act, spending would increase at 2.5 percent a year.
21 So it is not -- these are the tough years. We are in the
22 tough years right now. And in fact, the Defense Department
23 took a heavy, damaging demand to reduce spending so rapidly.

24 I thoroughly understand how hard they have had to work
25 and the difficulties they are working with right now. But I

1 don't know that we have got to have these kind of increases
2 in non-defense discretionary. And it shows up, yes, the
3 fastest-growing part of the budget is entitlements, and we
4 all know that. But we can also make a difference with
5 discretionary spending.

6 Ambassador Edelman, you have questioned, I think, the
7 negotiations with Iran and the nuclear program they have.
8 Dr. Kissinger was pretty animated, really, when he expressed
9 concern over our negotiating posture that basically allows
10 Iran, as he understands it and public reports suggest, could
11 be within months of having a nuclear weapon.

12 And our goal has gone from no nuclear program in Iran
13 to allowing a nuclear program that would leave them within
14 months of a nuclear weapon, causing, he says -- Dr.
15 Kissinger -- other nations in the world and the region, like
16 other nations, to plan to have nuclear weapons. How do you
17 evaluate that?

18 Ambassador Edelman: Senator, I am a little concerned
19 about the trajectory of these negotiations.

20 When you look at the full sweep of them going back to
21 2003, 2004, when it began as the EU3 before it became the
22 sort of the P5+1, we started with what was essentially a
23 multilateral negotiation with the objective of preventing
24 Iran from developing a nuclear capability.

25 We now increasingly are in a bilateral negotiation

1 between the United States and Iran that is aimed, as
2 Secretary Kerry has said, to limit the breakout or sneak-out
3 time that Iran has to develop a nuclear weapon to 1 year.
4 And that seems to me to be an enormous retreat.

5 I don't know exactly what the state of the negotiation
6 is. The press reports indicating that Iran might be allowed
7 to keep thousands and thousands of centrifuges without
8 taking them down is very, very concerning to me because I
9 think because there is a time limit in the negotiation.
10 That was agreed to in the joint plan of action. It will be
11 time limited, whatever that date is, whether it is 20 years
12 or 3 years or 10 years.

13 At some point, that time limit runs out. All the
14 sanctions are gone. Iran is treated as a "normal nation"
15 under the NPT, despite its serial prevarication and
16 violations of the NPT, and then they have got an industrial-
17 scale enrichment capability, which I think leaves them as a
18 kind of threshold nuclear state. So I am very concerned
19 about the way the negotiations have proceeded.

20 Chairman McCain: Senator Manchin?

21 Senator Manchin: Thank you, Mr. Chairman.

22 I want to thank both of our witnesses for their
23 testimony before our committee today, and also your
24 outstanding services, and the success you have had and the
25 careers you have had with our Government.

1 In your opening statement, you both discussed the
2 problems that sequestration is causing the department. We
3 have talked about that, and I am concerned the department is
4 not doing enough to streamline and reduce costs. That has
5 been my concern.

6 In your panel's review of the 2014 QDR, you noted that
7 additional changes are required to right-size the civilian
8 Defense Department and Federal contracting workforces. The
9 panel cited that Pentagon civilians continue to grow, even
10 after, even after our active duty forces had been shrinking.
11 Additionally, the panel noted that by 2012 the number of
12 contractors working for the DoD had grown to approximately
13 670,000.

14 At a time when the services have dramatically reduced
15 the number of service members in the military, I have a hard
16 time with the growth of staff sizes, and I think you
17 mentioned, Ms. Flournoy, the staff sizes. For example, just
18 at the Army, headquarters staff grew by 60 percent to 3,639
19 in Fiscal Year 2013 from 2,272 just 10 years earlier. And
20 that doesn't even include the contractors.

21 Because of that, I was shocked, but perhaps not
22 surprised, when the GAO recently reported that the DoD had
23 yet to produce a realistic plan to meet Secretary Hagel's
24 2013 goal of reducing DoD headquarters budgets by 20 percent
25 through Fiscal Year 2019. Can't even come to an agreement

1 on that.

2 Additionally, the GAO found that the DoD headquarters
3 they interviewed cannot determine how many people they
4 actually needed. Couldn't even tell you what they needed
5 and what positions they would have and what they would do.

6 Senators before this committee have heard time and
7 again about the need to fully fund service members in the
8 field, and we are very concerned about that readiness of
9 force. But when you have a bloat on the other side that is
10 taking away from the readiness force, you are not utilizing
11 the National Guard, you are basically not utilizing your
12 Reservists to the point that any sensible person would say,
13 I have got people ready, willing, and able to the job, but
14 yet I am hiring all these high-priced contractors.

15 And there is no auditing going on. We don't really
16 know where we stand. We can't get weapons to the front in
17 time. We have got concerns, and either one of you want to
18 address any of that to whatever specifics, I would
19 appreciate it.

20 But it is a challenging thing to say, and I think all
21 the Senators have touched on this, "We need more money. We
22 need more money." We understand that. What are you doing
23 with the money we give you?

24 Why are you throwing money away from the standpoint, or
25 the appearance of it, spending it on needless stuff, when we

1 want to make sure our readiness force is ready to do? They
2 have the weapons, they can do the job for us.

3 Ms. Flournoy: Senator, I think this is a really
4 important area of focus.

5 It is understandable at one level why the civilian
6 workforce, the contract workforce grew over 15 years of war.
7 But now I think it is time to sort of go back to first
8 principles and try to right-size that force, examining
9 exactly how contractors are being used, looking for
10 efficiencies there, and really looking at the civilian
11 organization. There is no overall plan, but there are some
12 components that are taking some interesting approaches that
13 may lead the way for others.

14 There are some that are looking at the concept of
15 delayering, of reducing the number of layers and optimizing
16 spans of control to take fat out of organizations. There
17 are others who are looking at streamlining business
18 processes, and so forth. So I think this is an area of
19 focus.

20 One of the things I would highlight for you, although,
21 is that currently the Secretary of Defense does not have the
22 kind of authorities that his predecessors have used to
23 manage drawdowns in this area. Secretary Perry, for
24 example, at the end of the Cold War, he was given reduction
25 in force authority, to right-size the civilian workforce.

1 He was given meaningful levels of voluntary separation
2 incentive pays that can be used to incentivize early
3 retirement.

4 The current Secretary does not have those authorities,
5 and that is very much a constraint on --

6 Senator Manchin: So, legislative?

7 Ms. Flournoy: Yes, it is an opportunity for you to
8 give the Secretary some additional tools to right-size that
9 civilian workforce.

10 Senator Manchin: Let me ask you this. Does it not
11 bother you that the Department of Defense can't even
12 identify the types of jobs and the people they need for
13 those jobs? Who reviews that? Who reviews that?

14 Ms. Flournoy: Yes. And I think that is something that
15 you need to ask of them and that we all need to ask of them.

16 Senator Manchin: Ambassador?

17 Ambassador Edelman: Senator Manchin, if I could just
18 make a point to respond to I think the excellent question
19 you have asked, but also the earlier question that Senator
20 Sessions posed to us, which is we are coming here saying
21 that the Department of Defense needs a lot of money, but
22 everybody, you know, can cite horror stories about different
23 procurements that have gone bad, different problems in the
24 Department of Defense. And you all, as stewards of the
25 taxpayers' money, are right to be asking the department how

1 to justify all this.

2 One of the things we do talk about in the report, and
3 which my colleague has been very active, far more than I
4 have, is on the entire reform agenda. There has just been a
5 report by the Defense Business Board about trying to reap
6 even more savings out of the department. And this is a
7 priority area, and I hope the chairman and the rest of you
8 will have the Defense Business Board up and talk about that
9 report and try and push the department and Secretary Carter,
10 once he has gone to the floor and been confirmed, as well on
11 all of these things. I know he has them very much on his
12 mind from his previous service.

13 Senator Manchin: Thank you very much. My time is up.

14 Chairman McCain: Senator Ernst?

15 Senator Ernst: Thank you, Mr. Chair.

16 Thank you, Ms. Flournoy and Ambassador Edelman, for
17 being here today. I appreciate it very much.

18 Ambassador, I appreciated when you said that we have
19 been eating the seed corn. That comes home for me. But I
20 truly do believe we have been degrading the very source of
21 any future strength and readiness and prosperity that we
22 have.

23 I do agree, Ms. Flournoy, you stated that we do need to
24 end sequestration. I believe that. We do have to restore
25 readiness and also aggressive reform within the DoD. We

1 have to do that. I understand that.

2 But another component beyond looking internally, we
3 have to look externally also. Anytime that the United
4 States is engaging their military forces elsewhere, we do
5 rely on other partners. And I believe we do need to engage
6 other partners in whatever region we are operating in to the
7 fullest extent that we possibly can.

8 And over the last 12 years, military cooperation
9 between the United States and Turkey has faltered. I can
10 give specific examples at critical moments. Back in 2003,
11 my own unit, the 1168th Transportation Company, the 4th
12 Infantry Division, and many other units were denied access
13 to Turkey as a projection platform into Iraq. So that is
14 one example. We couldn't use their Turkish ports for
15 Operation Iraqi Freedom.

16 And then just a few months ago, we saw Turkey deny our
17 Kurdish allies from heading into Syria to break ISIL's siege
18 of Kobane. And I believe that led to many deaths for those
19 that were trying to defend Kobane very early on when we were
20 very uncertain whether Kobane was going to fall or not.

21 And then Turkey has also continuously denied our
22 country the use of an air base, which would be close to use
23 for search and rescue missions for those that might have
24 issues if they fall behind enemy lines. And just recently,
25 we saw a Wall Street Journal, too, that went into further

1 detail how Turkey had denied us using their areas for
2 Osprey, which could be used in those search and rescue
3 missions and providing cover for men and women on the
4 ground.

5 So time and time and time again, Turkey has denied use
6 of their facilities, denied use of their grounds. They are
7 a NATO ally. A NATO ally. And they are very unapologetic
8 when it comes to denying the resources we believe is
9 necessary in their region.

10 So what I would like to hear from you is that as we are
11 looking at constrained budgets here, lack of resources, and
12 of course the reduced readiness, we really do need to engage
13 our other partners, specifically Turkey. And in your
14 opinion, what impact has Turkey's actions or, in this case,
15 lack of action, how has that affected other coalition
16 partnership in that region, and what can we do to encourage
17 Turkey to take on more ownership of the issues in the Middle
18 East?

19 Ambassador Edelman: Senator Ernst, much as I would
20 like to turn that question over to my colleague, I think as
21 a former U.S. Ambassador to Turkey, I think I probably need
22 to take it on.

23 First of all, all the things that you cited are
24 painfully part of my past experience. And there is just no
25 question that Turkey under Prime Minister and now President

1 Erdogan has become a very problematic and difficult ally.

2 And there are a lot of reasons for that.

3 I think Turkey is headed domestically on a very, very
4 dangerous trajectory of increasing authoritarianism and a
5 lot of degradation of democratic practice in Turkey, which I
6 think contributes to some of this. And I think it is going
7 to require a lot of attention from senior U.S. leadership in
8 the next few years to try and manage that relationship
9 because I agree with you, we need partners when we operate
10 overseas.

11 Now I will say in fairness to the Turks, a lot of their
12 anger and unhappiness and some of the reason that they have
13 denied us access is because their view of what is going on
14 in Syria, with which they share a very long border, is that
15 President Assad must go and that the U.S. is not doing
16 enough to try and promote the departure of President Assad.

17 And it is their belief, and I think there is some merit in
18 it, that you cannot just take on the problem in Syria by
19 only taking on ISIL. Because as long as Assad is there, he
20 is generating more recruitment and more support for ISIL
21 with his assault on the Syrian people, use of barrel bombs,
22 chlorine, et cetera.

23 And I think that is a very large part of the Turkish
24 frustration that has led them to deny us use of Incirlik, to
25 not cooperate with us on CSAR, and things like that. I am

1 not saying that is an excuse, by the way. Because I think,
2 you know, allies have disagreements, they don't then say we
3 are not going to help you rescue your downed pilots. So I
4 think that is not an excuse for Turkey's behavior in this
5 instance, but just an explanation.

6 The broader point, though, on allies and partnerships
7 that I think we have to wrestle with is we are at a junction
8 because of where we are in our own budget and because the
9 international order is fraying so badly, where we need our
10 allies, our treaty allies in Asia and in Europe, but also
11 our partners who are parts of special relationships, who may
12 not be formally allies but clearly are partnered with us in
13 various efforts in the Middle East, like Israel, like the
14 Kingdom of Saudi Arabia, United Arab Emirates, et cetera.

15 In most cases, however, our allies are spending less
16 and less and less on defense themselves, and so they have
17 less and less capability for us to draw on. And that is a
18 sort of paradox.

19 I think one -- I mean, it is a little bit beyond the
20 work of our panel, but I do think one of the things we need
21 to think about more is actually being much more forthright
22 with our allies about where we want them to spend their
23 money on defense and developing capabilities that will
24 complement, supplement ours, replace areas where we may have
25 less capabilities, so that there is a better division of

1 labor between us and our allies. I think that is true in
2 both Europe and in East Asia, as you see defense-spending
3 declining in most of those countries. We need to do that so
4 that we don't have them wasting money and not being able to
5 be there when we need them.

6 Chairman McCain: Senator Donnelly?

7 Senator Donnelly: Thank you, Mr. Chairman.

8 Thank you both for being here.

9 When you look at Syria and you look at ISIS, what would
10 be your recommendation as to the next step for the coalition
11 to take to move ISIS out of Syria?

12 We are making progress in Iraq. Do you wait in Syria
13 until Iraq is done, or do you begin to take action right now
14 to move them out, and does that action also include Assad?

15 Ambassador Edelman: I can answer that. This is again
16 something that the panel, Senator Donnelly, did not look at.

17 Senator Donnelly: I understand. But this is also
18 about global strategy and national security.

19 Ambassador Edelman: Right. And so, I am just -- yes.
20 No, I just want to make it clear that this is my personal
21 opinion.

22 Senator Donnelly: And that is all I am asking.

23 Ambassador Edelman: It doesn't reflect the other
24 members of the panel.

25 Senator Donnelly: We have your presence here. I want

1 to take advantage of it.

2 Ambassador Edelman: My own view is we should have been
3 doing much more, much earlier. Again, the President has
4 said long ago Assad must go. I agree with that. I don't
5 think that there is any way this problem can be resolved as
6 long as Assad is there.

7 Senator Donnelly: What do you think we do now, moving
8 forward?

9 Ambassador Edelman: I think we need -- the problem in
10 Syria is we are relying almost totally on air power. We
11 have not very good intelligence because we have no presence
12 on the ground. We have to find some kind of surrogate, as
13 the Peshmerga have been to some degree in Iraq and,
14 unfortunately, sometimes Shia militias in Iraq. We have to
15 find a surrogate on the ground in Syria with whom we can
16 work. And that, I think, goes to the issue of arming of the
17 moderate Syrian opposition and getting them into a position
18 where they can actually do something.

19 We would have been much better off had we been doing
20 this going back to 2011, rather than having to face this
21 problem now. Bad news never gets better, in my experience.

22 Senator Donnelly: Ms. Flourney?

23 Ms. Flourney: I would agree that we -- I wish we would
24 have begun arming of the moderate opposition when they were
25 far stronger and in greater numbers a while back. But we

1 are where we are, and I think building up a credible
2 surrogate force is key.

3 I think the air campaign could be used in a more robust
4 manner to put more pressure on ISIL and in some areas on the
5 regime. I mean, the key is, eventually, you have to put
6 pressure on the Assad regime if you expect them to come to
7 the table.

8 If we were to do that and bring it to a culmination
9 point right now, unfortunately, the main benefactor in Syria
10 would be ISIL because they are the strongest force on the
11 ground. So we have got to focus on building up alternatives
12 to ISIL and more moderate surrogates before we get to that
13 point.

14 Senator Donnelly: Let me ask you another question that
15 is more about national security strategy, global strategy.
16 And that is Vladimir Putin. What do you think his endgame
17 is? If you can go one after the other, and you know, where
18 his plan ends here?

19 Ambassador Edelman: I don't think that President Putin
20 is solely interested in the Donbass in Ukraine. I think he
21 has a broader agenda. I think his agenda is first to
22 destabilize Ukraine to the point that he can impose regime
23 change in Kiev and dominate Ukraine and prevent it from
24 associating itself with the European Union and moving in the
25 direction of the West.

1 I think he fundamentally rejects the post-Cold War
2 security order in Europe, and I think it has taken a while
3 for a lot of our friends in Europe to recognize this. And I
4 think some of them are still in a bit of denial about it.
5 They still seem to hope that there is some way to negotiate,
6 you know, a limit with him on Ukraine.

7 But I think this is just the beginning. I think after
8 Ukraine, he is going to -- he is going to be pursuing this
9 in Moldova, and I think we are likely to see efforts to
10 create problems and drive wedges between the United States
11 and its allies, and particularly its Baltic allies.

12 Senator Donnelly: Would you agree that if NATO doesn't
13 live up to its obligations in Latvia, that would be the end
14 of NATO?

15 Ambassador Edelman: Absolutely.

16 Senator Donnelly: Ms. Flournoy?

17 Ms. Flournoy: Yes, I don't disagree with anything that
18 Ambassador Edelman said. But my sense is that Putin may not
19 have a clear strategic endgame. He is a very tactical
20 thinker, and he is sitting on top of a former great power
21 that is unquestionably in decline demographically,
22 economically, plagued by corruption, poor governance. But
23 that doesn't make it any less dangerous, because I think he
24 will lash out along the way, trying to reestablish his
25 sphere of influence.

1 Senator Donnelly: Do you think he takes a chance
2 wherever he sees a weakness?

3 Ms. Flourney: I do. And I think that is why it is so
4 important that we follow through on the reassurance
5 initiatives for NATO, on our posture, bolstering our
6 posture, underwriting Article 5. And my own belief is that
7 we should be doing more to help the Ukrainians defend
8 themselves.

9 Senator Donnelly: Thank you.

10 Thank you, Mr. Chairman.

11 Chairman McCain: Senator Sullivan?

12 Senator Sullivan: Thank you, Mr. Chairman.

13 And again, I want to thank the panelists. Appreciate
14 your great service to our country. And the joint statement,
15 it is very helpful when we get those kind of joint
16 statements.

17 You know, we have been discussing a lot of the
18 challenges, certainly, that we have as a country in terms of
19 national security. We also have a lot of strengths. And to
20 me, the ultimate strength that we have is the men and women
21 in uniform who continue to volunteer, raise their right
22 hand, post-9/11 so they know what the risks are, to serve
23 our country.

24 And I have had the great honor, I get to spend a lot of
25 time with our troops. I am sure that was a great part of

1 both of your jobs. And just in the last two weekends, I was
2 at the National Training Center a couple of weekends ago
3 with thousands of young Alaskan soldiers training out there.
4 And this past weekend, I was with a smaller group of ANGLICO
5 Marines, Reservists, and this time with the troops for me
6 raises a very interesting question I would like the two of
7 you to maybe comment on.

8 You know, what we hear from our civilian leaders a lot,
9 President included, is that we consistently hear that we are
10 a war-weary nation. There is a subtle element to that, I
11 think, that it kind of is used as an excuse in some ways
12 that we are not going to be taking any kind of action
13 because we are weary.

14 But when you spend time with the troops, and they have
15 sacrificed a lot in the last 12 years, we all know that.
16 But one of the concerns that they raised, at least with me
17 -- and these are just anecdotal, but I am throwing them out
18 there -- is they want to deploy. They joined the military
19 to serve their country. They don't want to be sitting
20 around.

21 So I want you to help us think through this
22 conventional wisdom that somehow we are a war-weary nation.
23 We can't take on global commitments. When the truth is that
24 less than 1 percent of Americans have actually been doing
25 the fighting, and the ones that I am associated with

1 certainly seem to be ready, not necessarily to fight, but
2 certainly be ready to deploy.

3 How can we think through that? Because I think it is
4 this issue that we are weary has become conventional wisdom
5 in such a way that nobody seems to challenge it. And when
6 you talk to the people who are actually really at the pointy
7 tip of the spear, God love them, they seem ready to go.

8 Ms. Flournoy: First of all, Senator, it is a great
9 question, and I would agree that our men and women in
10 uniform are one of the greatest strengths we have as a
11 nation. They are remarkable.

12 I think that when the American people -- when it is
13 explained to the American people what the nature of a threat
14 is, why we have to meet it, what it means for the Nation,
15 what are the risks of not going after it, as the President
16 did recently with regard to ISIL, I think the American
17 people rally, and they may shed whatever weariness they have
18 and support a cause when it is well articulated and
19 explained, and the sacrifice or the risk seems commensurate
20 with the importance of the interest.

21 And so, I don't think we are generally war weary. I
22 think, yes, we have spent -- had a lot of blood and treasure
23 that we have spent over the last 15 years. But when I think
24 when, you know -- and that is something that weighs heavily
25 on everyone, as it should.

1 But I think, again, when the interests are clear, the
2 objectives are clear, the mission is clear, and it is well
3 explained and people are mobilized, I think they are very
4 willing to follow that strong instinct that you described in
5 the troops of we have a mission, and we need to get it done.

6 Senator Sullivan: Yes.

7 Ms. Flournoy: So I think that is the challenge for
8 everyone who is in a leadership -- public leadership
9 position to be making that case when it is necessary.

10 Senator Sullivan: Ambassador?

11 Ambassador Edelman: You know, General Marshall, I
12 think, once said that he thought it was difficult, if not
13 impossible, for the United States to fight a war for more
14 than 4 years.

15 And I think what that reflects is that Americans tend
16 to want to see -- they tend to want to see a decisive
17 outcome to a conflict. And I think inconclusive wars and
18 long, difficult fights sometimes can be a bit exhausting to
19 the public, and particularly if, as my colleague suggested,
20 they are not being explained properly to the American
21 public.

22 I agree with everything you said, Senator Sullivan,
23 about being credible, the comparative advantage with have
24 with our people. And it was always incredibly inspiring to
25 go to either Iraq or Afghanistan and see our young folks out

1 there. They are truly incredible and doing incredible
2 things.

3 And I would frequently, when I talked to folks,
4 particularly enlisted, and say do you think people out here
5 -- do you think people back home know what you are doing out
6 here? And the answer I used to get was, no, they think all
7 we do is step on IEDs out here. And they have no clue what
8 we are doing.

9 So I do think it is important to explain exactly what
10 the stakes are, as my colleague just said. And I would also
11 note one other thing. Americans are war weary until they
12 are not.

13 If you look at the poll data about how the public felt
14 after the videotapes of the beheadings this summer came out,
15 it was a very different set of numbers than what you had
16 seen previously because Americans feel these things very
17 deeply and see them as a sign of disrespect to the Nation,
18 which they don't appreciate.

19 Senator Sullivan. Thank you.

20 Thank you, Mr. Chairman.

21 Chairman McCain: Senator King?

22 Senator King: Thank you, Mr. Chairman.

23 Just to put into perspective the numbers that we were
24 talking about at the beginning and looking back on the
25 history. If we had the Gates budget of 2012, the defense

1 budget this year would be somewhere around \$612 billion, 3.4
2 percent of GDP. Instead, under the sequester level, we are
3 at \$492 billion, 2.8 percent of GDP, which is just about the
4 lowest level of GDP since World War II.

5 It is also -- it is the lowest level of Federal
6 spending, lowest percentage of Federal spending for defense
7 since World War II. Four percent, which is a kind of post-
8 World War II average, would be \$700 billion, almost \$100
9 billion more.

10 So we are definitely at a very low point in terms of
11 funding of defense at a time of escalating challenge on
12 multiple fronts. So I just -- I think putting it in
13 percentage of GDP is a sort of good way to look at it,
14 because it really puts it in historical perspective.

15 A question for both of you. Ambassador, you have
16 mentioned about arming the Ukrainians, and that seems to be
17 a developing consensus here in Washington that that is
18 something we ought to do. And I understand that, and I
19 understand the precedent of the Sudetenland, and if there
20 had been force in 1939, we might have avoided the
21 catastrophe of World War II. On the other hand, I also
22 understand the precedent of the guns of August and stumbling
23 into a catastrophic world war.

24 And we are playing chess with a Russian here. Now if
25 you play chess with a Russian, you better think two and

1 three moves ahead. And my concern is, A, Russia has a
2 historic paranoia about encroachment from the West and, B,
3 Putin probably wouldn't mind a manageable little war in
4 Ukraine right now to take the people's minds off of the
5 domestic problems.

6 Margaret Thatcher's approval rating the day before the
7 Falklands War was 23 percent. Two weeks later, it was 70
8 percent. I suspect Putin may not know those numbers, but he
9 knows the phenomenon.

10 Persuade me that the escalation by arming the
11 Ukrainians would not lead to a matching escalation and, in
12 fact, an increase. We don't live in a static world. We
13 can't assume that we arm the Ukrainians. Putin says, "Oh,
14 this is tough. I am going home." He is not responsive to
15 bodies in bags or tightening sanctions.

16 Give me your thoughts.

17 Ambassador Edelman: Well, a couple of things. And I
18 know my colleague will want to speak to this because she,
19 with some other colleagues, has just been a signatory to a
20 very good paper on this subject that Brookings Institution,
21 Atlantic Council, and the Chicago Council on World Affairs,
22 I guess, or Foreign Affairs, has put out.

23 I think your question is a good one, Senator King, and
24 it has to be answered, I would say, at multiple levels.

25 First, it is true that in some sense President Putin

1 has what we used to call in the Cold War escalation
2 dominance in Ukraine. The stakes are higher for him. The
3 region is closer. He has more force.

4 Senator King: He has got more chips.

5 Ambassador Edelman: He has got more chips, exactly.

6 Having said that, he is also signatory, his country is
7 signatory, to a number of agreements that make it clear that
8 countries have a right to belong to whatever alliance or
9 multilateral organizations like the EU that they would like
10 to associate with. So --

11 Senator King: Do you seriously believe Putin cares
12 about agreements?

13 Ambassador Edelman: No. But we should. We should
14 care about it. The point is that he doesn't have a
15 legitimate way to protest that we are helping a legitimate
16 government defend itself against his aggression. I think we
17 have to think about it in terms of the moral obligation to
18 do that. When people want to defend themselves, we have an
19 obligation, I think, to try to help them if we can.

20 I think, secondly, we need to raise the cost for him of
21 what he is doing. And he, I think, is perhaps a little bit
22 more sensitive to some of these things than you were
23 suggesting. The body bags coming home. The protesting
24 Russian mothers. The capital flight. The amount of money
25 that has been expended defending the ruble. These are real

1 costs, and they are costs that are hitting his base of
2 support, which is the oligarchs. They are suffering from
3 this, and so he has to respond to that in some way.

4 But I think it is also important to remember that while
5 there are potentially costs to action, there are very
6 serious costs to inaction here.

7 Senator King: Sure. There are risks either way.

8 Ambassador Edelman: And the cost to inaction could be,
9 I would suggest, a catastrophic miscalculation. We need to
10 make him understand that if we are willing to provide this
11 kind of assistance to a country with whom we have no treaty
12 legal obligation, that he ought to think twice then about
13 doing something with a NATO member state like Latvia, as Mr.
14 Donnelly asked me about earlier, with whom we do have a
15 legal treaty obligation.

16 It is the importance of underscoring our commitment to
17 defend our NATO allies in Europe that really is at stake
18 here, I think. And if we don't do this, the risk that he
19 will miscalculate in a place like Latvia or Estonia I think
20 will go up dramatically. And I think that is something in
21 terms of regret that we will feel very seriously later on.

22 Senator King: My father used to say, there lies the
23 body of Jonathan Gray, who died defending his right of way.
24 But in any case.

25 Ms. Flournoy: I would just add that I think one of the

1 things that we have learned since the collapse of the
2 ceasefire is that Putin is going to continue to escalate
3 because he wants to keep destabilizing Ukraine and
4 eventually cause the regime to change. So he is on an
5 escalatory path anyway.

6 The question is whether we can provide Ukraine,
7 Ukrainians with the weapons they need to impose a level of
8 cost on the separatists and their Russian backers that might
9 make him think twice. And particularly counter-battery
10 radars that could locate where the artillery and rocket fire
11 is coming from. That is what is responsible for 70 percent
12 of the casualties in Ukraine. And anti-tank systems that
13 could stop armored or heavy-armored vehicles from taking
14 further territory.

15 So I think he has demonstrated he is on an escalatory
16 path. The question is whether there is anything that we can
17 do to help Ukraine impose costs to make him stop and
18 actually come to the negotiation seriously.

19 I think it is worth seeing what happens on Wednesday in
20 Minsk and seeing if by some miracle an agreement is forged.
21 But barring that, I think it is very important that we help
22 the Ukrainians defend themselves and impose greater costs on
23 the separatists and the Russians for their aggression.

24 Senator King: Thank you. Very helpful.

25 Chairman McCain: Senator Ayotte?

1 Senator Ayotte: I want to thank both of you for being
2 here.

3 Secretary Flournoy, I wanted to ask you about
4 Afghanistan. I know that last June you were quoted in the
5 New York Times about the administration's timeline for
6 withdrawal from Afghanistan. And one of the things you said
7 was, "If it was a timeline with a strong statement that
8 said, hey, this is our plan, but no plan survives contact
9 with reality, and of course, we are going to adjust based on
10 conditions on the ground, then no problem." In reference to
11 their withdrawal plan.

12 "Are the Afghans on the path we had planned for? Are
13 they not? Is the insurgency as we expected or is it worse?
14 All those things have to be factored in. What I am hearing
15 out of the White House is that it is hell or high water.
16 This is what we are going to do."

17 I'm hoping that you have a different sense of this now,
18 and I wanted to get your thoughts on Afghanistan because
19 many of us, I think, who have had the opportunity to visit
20 Afghanistan, and then this weekend, we had obviously the
21 opportunity to sit down with President Ghani and hear his
22 perspective, to really understand their plan right now as it
23 stands. President Ghani seemed very concerned that we not
24 reduce our forces in 2015, in particular. And then many of
25 us are very concerned that by the end of 2016 under the

1 current plan, it will really be 1,000 people based in Kabul.

2 So I wanted to get your perspective on Afghanistan and
3 what you think we should be doing.

4 Ms. Flourney: So that is a great question. Thank you,
5 Senator, for asking.

6 I think at this point we need to change the frame of
7 discussion on Afghanistan. Rather than debating the fine
8 points of the final phases of the drawdown and the end of
9 the U.S. combat role and so forth, we need to stop and say,
10 okay, we need to look forward.

11 We have an Afghan government that is trying -- has a
12 good chance of pulling it together and going forward as a
13 democratically elected coalition government. We have an
14 ANSF that is continuing to develop its capabilities that is
15 in the fight, that is taking risk, that is trying to hold
16 their ground.

17 But we also see continued challenge from an insurgency
18 that remains able to contest a lot of areas. And we see
19 continued activity from al-Qaeda moving across, back and
20 forth across the border.

21 So now is the time to stop debating whether we can
22 change the drawdown timeline, and we need to stop and say,
23 okay, looking forward, what kind of posture does the United
24 States need, both intelligence and military, in the AFPAC
25 region to protect ourselves against future terrorist threats

1 and prevent Afghanistan or the border region from becoming a
2 serious safe haven once again for al-Qaeda and associated
3 groups?

4 And with that fresh sheet of paper, look at what is the
5 intelligence posture we need, what is the military posture
6 we need to support that and to continue to help the Afghan
7 national forces to develop. I think that shift in the
8 conversation is very, very important.

9 My sense is that it is starting to happen inside,
10 certainly inside the intelligence community. But hopefully,
11 that is a conversation we need to have over the next year.

12 Senator Ayotte: Could you give, I think, thinking
13 about our constituents, the importance of really looking
14 forward there and frankly, in terms of our own interests,
15 the importance of Afghanistan and the intelligence that we
16 might need from Afghanistan for protecting our own
17 interests?

18 Ms. Flournoy: This is an area where we need to
19 continue to be able to have a sense of what the remnants of
20 al-Qaeda that remain there, their Taliban supporters, the
21 Haqqani network. We need to still have eyes and ears. It
22 is not something you can do from Kabul alone or from Bagram
23 alone.

24 And that intelligence posture will require some
25 supporting military posture. It will be far less than what

1 we have had in previous years. It is a small continued
2 investment, relatively speaking, to try to support the
3 Afghan government in continuing on the path of progress and
4 continuing to hold their country and not allow the
5 insurgency to regain any kind of foothold in terms of
6 actually governing or leading the country.

7 Senator Ayotte: Thank you.

8 I also wanted to follow up briefly with the size of the
9 naval fleet, including the attack submarines. As I
10 understand it, with sequester we are on a path really to
11 reduce our fleet size to 260 ships or less overall. And
12 having worked on the QDR, the Navy's current fleet size is
13 around 285. And as I look at the attack submarine fleet
14 size, this is something that we have even greater need for
15 now, especially as we want to have a presence in the Asia-
16 Pacific region.

17 So I wanted to get your assessment of, as we go
18 forward, where we are -- it looks like a dramatic decline if
19 we continue on sequester -- the importance of the attack
20 submarine fleet, and this investment and why it is important
21 for us.

22 Ms. Flournoy: I think, overall, the fleet is on a path
23 to becoming too small for what we will need in the future.
24 I agree with you that undersea warfare is an area of
25 American advantage that we want to do everything in our

1 power to keep.

2 I think that will require continued investment in the
3 attack submarine fleet, but it is also going to require
4 investment in new technologies, such as unmanned undersea
5 vehicles and how we network manned submarines and unmanned
6 systems to leverage that capability to have much greater
7 impact. So I think this is an area very ripe for some new
8 thinking and development of -- both leveraging of new
9 technologies and developing of new operational concepts.

10 But your core premise about the importance of the
11 attack submarine fleet, I think it is a very important
12 advantage area that we want to maintain.

13 Senator Ayotte: Thank you.

14 Ambassador Edelman: Senator, if I could just add, we
15 did not have the kind of staffing that would have enabled us
16 to do a real fine-grain analysis of this. But we did
17 conclude, as you have suggested in your question, as my
18 colleague just suggested in her answer, that we are on a
19 path towards a fleet that is much too small and that we
20 ought to -- we tried to bracket the problem for you and your
21 colleagues by saying, somewhere between the number that
22 Secretary Gates requested in the Fiscal Year 2012 budget,
23 which I think was 320 something, and the number Secretary
24 Perry identified in the bottom-up review, which was in the
25 340s, was the place where we ought to be looking to try and

1 get.

2 Senator Ayotte: Thank you.

3 Chairman McCain: Senator Shaheen?

4 Senator Shaheen: Thank you, Mr. Chairman, and again
5 thank you for holding this series of rather strategic looks
6 at what our defense capabilities should be going forward.

7 I want to thank both of our panelists for being here
8 and for your long service to this country.

9 And follow up -- first, I should apologize for missing
10 your statements and the earlier questions. I was at a
11 briefing on Iran and those negotiations. But I wanted to
12 follow up on Senator Ayotte's question because I am not sure
13 if she asked very directly if, in your assessment, should we
14 be drawing down troops, the remaining troops, in Afghanistan
15 as rapidly as we are this year?

16 Or do you think that sends the wrong message to both
17 the Afghans, who are trying to make a new start with a new
18 president and address their internal issues, as well as the
19 Taliban and the other enemies who are fighting them in
20 Afghanistan?

21 Ms. Flournoy: My sense is that the delay in the
22 government formation process that we have seen post-
23 elections in Afghanistan should put some more time on the
24 clock in terms of the drawdown, and we need to re-examine
25 that.

1 But most fundamentally, what I was trying to say before
2 is that we need to re-examine the pace and scope of the
3 drawdown in light what we are going to need in the future.
4 I don't believe a zero posture in Afghanistan is going to
5 serve our interests in the long term, given the continued
6 terrorism threats that we face, given the continued
7 importance of our support to the development of the ANSF.

8 So figuring out, instead of from looking back and
9 drawing down, looking forward and saying what are we going
10 to need in the next 5 to 10 years? It will be more modest
11 than what it has been, certainly, but it won't be zero. And
12 so, figuring out what that look like and having that inform
13 the pace and scope of the final stages of the drawdown, I
14 think, is very important.

15 Senator Shaheen: Ambassador Edelman, did you agree?

16 Ambassador Edelman: Senator Shaheen, you have asked a
17 very good question, and I am very concerned that we are
18 going to go down too low. I mean, I think it is a source of
19 great regret, I think, to most of us that we left Iraq
20 without any residual presence. And the consequences, I
21 think, are staring us in the face, with the rise of ISIL,
22 collapse of the Iraqi security forces. I worry that we may
23 be putting ourselves on the same path in Afghanistan, and I
24 hope we won't do that.

25 Senator Shaheen: Well, thank you both.

1 With respect to Europe and what is happening in
2 Ukraine, how important is the effort to beef up NATO, to
3 encourage the European countries to actually follow through
4 on their commitment to provide 2 percent of GDP for support
5 for NATO?

6 And to what extent do you think actually doing that,
7 actually taking some of these steps with NATO to put more
8 visible operations on the borders of Eastern Europe, will be
9 helpful in deterring Russia from future aggression?

10 Ms. Flournoy: I think it is absolutely critical.
11 There is a clear plan to bolster our posture, exercise
12 activity, our cooperation, our pre-positioning, with our
13 NATO allies, particularly the front-line states, Baltics,
14 Poland, and so forth. I think doing that consistently,
15 reliably, visibly is extremely important to bolstering
16 deterrence and to reassuring our allies.

17 I also think that getting more of our allies to meet
18 the 2 percent of GDP defense spending target is essential,
19 as is engaging them as partners in developing capabilities
20 for the future. We talk about an offset strategy and
21 innovation agenda. We need to have that on a transatlantic
22 basis as well, with some great opportunities for pooling
23 resources, sharing, having a clearer division of labor, and
24 so forth.

25 Senator Shaheen: And I know that you both were in

1 Munich this past weekend. To what extent did you hear NATO
2 members, countries who were there, talking about their
3 appreciation that this is important for them as well, if at
4 all?

5 Ambassador Edelman: Well, Senator Shaheen, there was
6 actually, I thought, not very much of that. I heard a lot
7 of discussion about how there is no military solution to the
8 problem in Ukraine. And that is, I think, demonstrably
9 false. If we do nothing, there will be military solution in
10 Ukraine, and it is going to be the one that is imposed by
11 Vladimir Putin.

12 I think the importance of all the things, and I agree
13 with everything that my colleague said about the importance
14 of the NATO reassurance effort and all of that, in terms of
15 deterrence. I think we also need to remember it is an
16 important part of diplomacy.

17 I always carry around with me a quotation from George
18 Kennan, who says, you have no idea -- this was a lecture he
19 gave to the National War College in 1946 -- how much it
20 contributes to the general politeness and pleasantness of
21 diplomacy when you have a little quiet armed force in the
22 background. And I think that we tend to lose track of that.

23 I mean, what is now going on, and I hope maybe there
24 will be some success to it on Wednesday, but we should be
25 clear about what is happening. The Europeans are discussing

1 this and calling it "Minsk Plus." But it is really "Ukraine
2 Minus" because what it does is it reaffirms the principles
3 of the Minsk Agreement in September but makes adjustment for
4 the reality of the continued aggression by the Donbass
5 separatists.

6 We should have no illusions about what is happening
7 here, and it is the reason why I think I -- I am not going
8 to speak for my colleague, but why I believe we do need to,
9 on the Ukrainian government, to raise the cost to President
10 Putin.

11 I will say, and Senator King has raised this and raised
12 rightly the question of how do we respond to further
13 escalation by President Putin? One thing I think is
14 absolutely important to bear in mind, which is if we do
15 this, we have to do this seriously.

16 We cannot arm the Ukrainian government the way we have
17 been arming the Syrian moderate opposition for the last 3
18 years. Because if we do that, we will end up with all the
19 effective provocation of President Putin, with none of the
20 benefit of increased deterrence or military capability for
21 Ukraine.

22 Senator Shaheen: Thank you both.

23 Chairman McCain: Senator Hirono?

24 Senator Hirono: Thank you, Mr. Chairman.

25 I would like to be noted as voting in person for Dr.

1 Carter.

2 Chairman McCain: Without objection.

3 Senator Hirono: Thank you.

4 Thank you both for your testimony and your service.

5 Secretary Flournoy, I do appreciate your noting that
6 there is a shift in the conversation that is beginning
7 regarding what we need to do in Afghanistan, and certainly
8 in the intelligence community that this shift is happening.
9 I think that moves us forward, as opposed to talking about
10 what we should have done, et cetera.

11 I also would like to thank both of you for stressing
12 the important of maintaining our sea power and your concerns
13 about our decreasing size of our fleet. Dr. Carter was
14 asked at his confirmation, and I would like to paraphrase
15 the question he was asked. He was asked how do we respond
16 to the threats in the Middle East and Africa, Ukraine, and
17 still be committed to the rebalance to the Asia-Pacific?

18 I would like to ask both of you the same question, but
19 first, why you believe that the rebalance is important to
20 our national security.

21 Ms. Flournoy: Well, let me start it since I can be
22 blamed for part of that -- part of that initiative.

23 You know, when you look long term at what region of the
24 world will have the greatest impact on U.S. economic
25 prosperity and, I think, our security, Asia-Pacific is

1 undeniably sort of the most important. And so, it speaks to
2 even though we obviously have to deal with crises in the
3 Middle East, we have to deal with Russian aggression in
4 Europe, over the arc of the long term we want to be ensuring
5 that we are adequately investing in Asia, in the foundations
6 of continued economic growth, in the maintenance of the
7 rules-based international order that has been underwriting
8 stability there, in our alliances, in our partnerships.

9 So I think it is very important that the rebalance
10 continue not only militarily shifting more of our assets
11 there and becoming -- investing more with our partnerships
12 and alliances there, but also in economic terms. And I
13 think this is why the Trans-Pacific Partnership is such an
14 important initiative, to signal U.S. commitment to the
15 region, U.S. staying power, that the U.S. will remain a
16 critical economic partner as well as a security partner
17 going forward.

18 Senator Hirono: Mr. Ambassador?

19 Ambassador Edelman: The region obviously is growing in
20 wealth and importance in the world, and obviously America's
21 future is very much tied up. We have always been an
22 Atlantic and a Pacific nation, but the impact of the Pacific
23 is much greater now and will be in the future for some time
24 to come.

25 I think it is for that reason that all the members of

1 the panel agreed that the general direction that the
2 President announced in the Defense Strategic Guidance in
3 January 2012 was the right direction. I think what we
4 expressed in the report is some concern about whether at
5 current budget levels this will be sustainable, and that is
6 why we talked about the importance of growing both naval and
7 air capability because this is a theater where largely we
8 are going to be operating in and because of the tyranny of
9 distance and geography over water and air.

10 So I think the need is clear. I think it is important
11 that we move ahead on the rebalance. I am concerned that
12 what we have done already is fairly limited. On the
13 military side, it is -- and I am not saying that we
14 shouldn't do it, but it is basically 2,500 Marines
15 rotationally deployed to Darwin, four LCSs home ported in
16 Singapore, and some rebalancing of a shrinking fleet.

17 And I think we need to do more, and it is one of the
18 reasons I think we believe we have got to lift the BCA caps
19 and sequestration.

20 Senator Hirono: Thank you.

21 Mr. Ambassador, you noted in a response to one of the
22 questions earlier asked that other nations are decreasing
23 the amount of resources they are putting into the military.

24 Would you say that that is where Japan is also?

25 Ambassador Edelman: Under Prime Minister Abe, Japan

1 has obviously done a bit to increase its defense
2 capabilities. I don't think they have done enough, and we
3 need to make sure that the money they spend -- I mean, Japan
4 spends about 1 percent of its GDP on defense, which is,
5 given the size of the Japanese economy, a considerable
6 amount of money.

7 I think where we need to help our allies in Japan is
8 working with them, as I said earlier in response to one of
9 the questions, to focus on the capabilities we think they
10 can provide that will really be additive and help complement
11 what we are doing. And that is what I think we ought to be
12 doing with Japan.

13 I think Prime Minister Abe has done a lot to change the
14 direction in Japan in a more positive direction.

15 Senator Hirono: Mr. Chairman, may I just ask the
16 Secretary to respond to that, too?

17 Ms. Flournoy: I would agree that I think Japan is
18 moving in the right direction. I think Prime Minister Abe
19 is seeking to have an internal discussion that will allow
20 the Japanese military to play a more fulsome role as a full
21 partner in our alliance.

22 I think that, you know, the depth of the alliance
23 relationship is really unprecedented now, and we are deeply
24 engaged in looking at the region, developing common
25 understandings of the environment, the threats we see, the

1 capabilities that are needed, how we will invest together,
2 and so forth. So I actually think the alliance is on a very
3 strong footing and moving in the right direction.

4 But the question really is the internal debate within
5 Japan about the proper role of the military and what the
6 Japanese people are comfortable with moving forward.

7 Senator Hirono: Thank you.

8 Thank you, Mr. Chairman.

9 Chairman McCain: Senator Kaine?

10 Senator Kaine: Thank you, Mr. Chairman, and thank you
11 to the witnesses.

12 I also want to be noticed. I was a proxy yes for Ash
13 Carter, but I am a proud yes now that I am here from my
14 Foreign Relations meeting.

15 Thank you for your testimony, especially your strong
16 testimony with respect to the foolishness of the sequester
17 in today's global environment.

18 Big picture strategic question, since you are both good
19 strategic thinkers. I know questions have been asked
20 earlier about Afghanistan. We are grappling with -- and we
21 will have hearing on Afghanistan later in the week -- should
22 our activities be based on a calendar or based on conditions
23 on the ground? Those questions have been asked already.

24 But from a strategic standpoint, talk about what
25 failure in Afghanistan would mean. If we were to pull out

1 precipitously, for example, and then the gains that we have
2 achieved are lost, what would that mean to U.S. credibility?
3 What would it mean to the people of Afghanistan? What would
4 it mean in the region from a security standpoint?

5 Ms. Flournoy: Well I can start. I think, you know, if
6 history is any guide, it could be very dangerous for the
7 Afghan government and Afghan society.

8 Recall that when the Soviets ended their aid to the
9 Afghan government, the government collapsed. I think if the
10 U.S. were to have and the international community were to
11 have no follow-on mission in NATO, that international
12 assistance would quickly dry up, and you could see a sort of
13 accelerated decline of the Afghan government's hold over
14 territory and the country. So I think it would be very,
15 very dangerous.

16 On the opportunity side, I think with continued modest,
17 but consistent international support, I think the Afghan
18 government has an opportunity to hold the key urban centers,
19 the ring road, the strategic territory inside Afghanistan,
20 and keep governing without having the government and the
21 overall control of the country being threatened by a
22 continued insurgency.

23 Given that this region remains a home to various
24 terrorist elements that still harbor very dire intentions,
25 dangerous intentions against the United States, it is some

1 place we have to keep an eye on and keep investing in to
2 make sure those threats are kept at bay.

3 So I think the stakes are very high. I also think it
4 would be very damaging for U.S. credibility to have put so
5 much into getting Afghanistan to the point where it is today
6 and then to pull the carpet out from underneath their feet.
7 I think it would also be very damaging in terms of civil-
8 military relations, given the degree of sacrifice that our
9 men and women have been asked to make, to create the
10 possibility for Afghanistan to succeed and then to walk away
11 from that before we complete the job I think would be very,
12 very damaging.

13 Senator Kaine: Ambassador Edelman, quickly, I have one
14 more question, but would there be something you would want
15 to add to that?

16 Ambassador Edelman: I agree. The reputational risk.
17 The homeland risk because it will become ungoverned space
18 again. I would add one other thing. It will reduce our
19 strategic leverage on Pakistan, and we should not lose sight
20 of the large number of nuclear weapons that Pakistan
21 presides over.

22 Senator Kaine: One other question. The big picture
23 strategy sense. I was a mayor worrying about my police
24 force. And I was a governor worrying about economic
25 development. But you guys have been doing national security

1 for your whole career, so I want to hear your thoughts on
2 this.

3 We often hear questions in these hearings about where
4 is the strategy? And I am kind of sympathetic to those
5 questions. As I look kind of quickly at what we have been
6 up to, we had a national security strategy, like it or not.

7 The Truman Doctrine from 1946 until the Soviet Union
8 collapsed. I think we then went into kind of an ad hoc-ism
9 period. That may not be a bad thing, but we kind of dealt
10 with challenges as they arose and often not in consistent
11 ways.

12 9/11 began. Our policy was the war on terror. That is
13 not a big enough national security policy for a nation as
14 great as the U.S., as magnanimous as the U.S. And so, I
15 think we are probably now recognizing the ongoing battle
16 with terror, still looking for a broader definition of what
17 is a big picture national strategy.

18 Are we back to a sort of ad hoc-ism? Or as folks who
19 have done this for a lifetime professionally, what would you
20 suggest to us the big picture national security strategy
21 should be?

22 Ms. Flourney: To me? This is the \$64,000 question.
23 And I think that it is something, we have got to rise above
24 the crisis of the day and get back to having a strategic
25 framework, a sense of American purpose in the world that can

1 garner bipartisan support.

2 I personally believe that one of the key elements of it
3 is to defend the international rules-based order that we put
4 into place, we architected after World War II, that has been
5 the basis for stability in so many regions, and it has been
6 the basis for our economic growth and our security.

7 We have a lot riding on that, and it is being
8 challenged in Asia with the rise of China that is
9 questioning that order and challenging and trying to
10 unilaterally change the status quo. It is being challenged
11 in the Middle East as the boundaries of nation-states start
12 to fray, and you have Sunni-Shia conflict, the rise of
13 extremist terrorist elements. And now it is being
14 challenged in the heart of Europe with Russian aggression
15 across an international border.

16 So I think sustaining that rules-based international
17 order is something that has got to be at the heart of any
18 strategic framework we develop.

19 Senator Kaine: Mr. Chair, could I ask Ambassador
20 Edelman just to answer that question as well?

21 Ambassador Edelman: Well, I agree with everything that
22 my colleague said, Senator Kaine. So that makes it a little
23 bit easier.

24 A few years ago, there was an article in the journal
25 International Security that had the provocative title of

1 "Strategy is an Illusion." And I teach a course in American
2 grand strategy at Johns Hopkins/SAIS, and my students at the
3 end of it, some of them say, well, yes, it was easy to have
4 a strategy when you had a bipolar world and one adversary.
5 Now it is just so complicated. It is too hard.

6 As Secretary Flournoy and I said in our opening
7 statement that we are dealing with a volatile and complex
8 security environment, and therefore, maybe you might just
9 say, well, it is too hard to do.

10 My view is that as hard as it may be, marrying
11 objectives to ways and means is just the essence of good
12 governance, and if you don't try to do it, it just becomes
13 an excuse for, you know, going, taking any road that will
14 lead you where you think you might want to go, but you won't
15 have a road map. So I think it is a necessity. I think we
16 have to do it.

17 I think there is a lot of merit in what Secretary
18 Kissinger has suggested, that we need to -- we are faced by
19 regional, primarily regional challengers now, not a global
20 peer competitor. And we need to develop regional
21 strategies, but strategies that are interconnected with an
22 overarching global vision, and I think that is the beginning
23 of wisdom on that subject.

24 Senator Kaine: Thank you.

25 Thank you, Mr. Chairman.

1 Chairman McCain: You know, I do recall a thing called
2 the Reagan Doctrine, which was in the words of Margaret
3 Thatcher, won the Cold War without firing a shot. But maybe
4 there are some of us who have different views of history.

5 Senator Sullivan, did you have an additional question?

6 Senator Sullivan: Thank you, Mr. Chairman.

7 I just had one quick follow-up question, and it relates
8 to some of the broader issues that we are struggling with
9 here. And I would like your views on just some of the --
10 your thoughts on what is going to be looks like an upcoming
11 debate in the Congress on the authorization on the use of
12 military force.

13 And you know, Secretary Flournoy, you mentioned a fresh
14 start looking forward. How would you advise Members of
15 Congress to look at that, whether it is years, troops,
16 geographic scope? There is a lot that can go into something
17 like that. It is going to be important, and I would just
18 appreciate your views on that.

19 Thank you, Mr. Chairman.

20 Ms. Flournoy: First of all, I would say I think it is
21 important to have the discussion. The debate about the AUMF
22 will be a good surrogate for what should our strategy be
23 with regard to counterterrorism and with regard to the
24 Middle East.

25 I think that as you have that discussion, it is very

1 important to remember something that was said earlier, which
2 is we are very bad at predicting exactly how conflicts are
3 going to unfold, how enemies are going to act, how things
4 are going to morph and change. And so, being overly
5 restrictive, saying categorically no boots on the ground, or
6 don't do this. Being overly restrictive, I think, could
7 become a problem over time.

8 That said, I think it is very, very important to
9 recognize that the AUMF that we have from 2001, a lot of
10 realities have moved beyond that, and we do need to update
11 it and recognize that there are groups who have distanced
12 themselves from al-Qaeda but, nevertheless, now pose a
13 similar threat to us. And we need to have an authorization
14 to deal with them.

15 But again, I would just caution against being overly
16 predictive or specific in restrictions because we don't
17 exactly know how the threat will evolve, how our response
18 will need to evolve.

19 Ambassador Edelman: Senator Sullivan, I agree with
20 that. I agree with everything that Michele just said.

21 I would just add that the other element here is I know
22 that there is lots of interest in some kind of timeline. We
23 frequently talk about this. I think that, you know, to do
24 that is to set up to set up potentially a very divisive and
25 a difficult debate later on down the road.

1 Things don't always work out in war. There are
2 mistakes, and you have problems. You have got to let the
3 people who are fighting the war fight the war. And I think
4 you also don't want to signal lack of resolve to the other
5 side and tell them how long they have to wait you out.

6 Senator Sullivan: Thank you, Mr. Chairman.

7 Chairman McCain: Well, I thank you, the witnesses, and
8 we have covered a wide range of issues today.

9 Senator Shaheen: Mr. Chairman, can I ask another
10 question before we close?

11 Chairman McCain: The Senator from New Hampshire.

12 Senator Shaheen: Thank you.

13 I wanted to follow up on Senator Kaine's question about
14 strategy because there have been a number of high-profile
15 articles in the last few months about the lessons learned in
16 Afghanistan and Iraq, and there has been the DoD-
17 commissioned report from the RAND Corporation about those
18 lessons learned that have suggested that we ought to also
19 take a look at our decision-making structures and think
20 about how we can better make some of those decisions.

21 And I wonder if I could get each of you to comment on
22 whether you think that is an accurate analysis of some of
23 the challenges that we face and what we should do better as
24 we are thinking about how to make these decisions in the
25 future.

1 Ms. Flournoy: I think it is really important to try to
2 pause and catalogue what lessons we should be learning.
3 There is, you know, kind of a desire to get all of this in
4 the rear view mirror and just, you know, move on. But it is
5 very, very important to understand what we should take away
6 from this and capture some of the best practices that were
7 developed on the ground. So I think it is an important
8 exercise.

9 I do think that the decision-making element,
10 particularly at the interagency level, is something that
11 bears study. It is something that actually CNAS is looking
12 at going forward because I think you can look at different
13 models of NSCs, different ways in which they have operated,
14 different results over time and history, and you can draw
15 some conclusions about what works better and what doesn't.

16 Similarly, I think in the field, some of the
17 innovations for fusing intelligence and operations and
18 having all of the interagency players in one operations
19 center, you know, sharing authorities, information, and
20 conducting truly joint whole-of-government operations, that
21 is something we don't want to lose, you know, the next time
22 we may have to face an operational challenge.

23 So I think it is a really important line of inquiry.

24 Ambassador Edelman: Senator Shaheen, I have to confess
25 to a certain degree of skepticism about reforming the

1 interagency process. It is a little bit like the weather.
2 People are always talking about it, and then, you know, it
3 doesn't ever change.

4 The National Security Act of 1947 is an incredibly
5 flexible -- has created an incredibly flexible system. And
6 the reality is that it is flexible enough that each
7 President that we have had has developed a system that suits
8 their management style best and for better or for worse.

9 And our system is so presidential centric in terms of
10 national security decision-making that I think unless you
11 really want to tinker with the Constitution, I am not sure
12 that anything else that you do is going to be more than
13 moving kind of boxes around on a wiring diagram. So I think
14 it is certainly worth looking at lessons learned, and there
15 are always better or worse ways, you know, to do it.

16 But I am struck by the fact that the relationship
17 between process and outcome is not always clear and direct.
18 You know, if you read through, for instance, the transcripts
19 of the Executive Committee of the National Security Council
20 during the Cuban missile crisis and were graded on process,
21 you would give it an F, because there are no agendas. They
22 are not talking from common papers. They are not doing
23 anything that they teach you to do at the Kennedy School of
24 Government, for instance.

25 But President Kennedy came roughly to the right

1 decision, obviously, somehow. And I think that is just
2 testimony to what I was saying. This is a system that
3 really ultimately revolves around the President, and he or
4 she, I think, should not necessarily be constrained by
5 efforts to tinker with the machinery.

6 Senator Shaheen: Thank you both.

7 Thank you, Mr. Chairman.

8 Chairman McCain: Your testimony has been very helpful.
9 We began our conversations about your work on a commission,
10 and now we have branched out and covered a lot of very
11 important areas that I think that needs to be an important
12 part of the discussion and dialogue that we have on both
13 sides of the aisle and both ends of Pennsylvania Avenue.

14 So you have contributed a great deal to our knowledge
15 and our thought process, and I thank you for it.

16 Jack?

17 Senator Reed: I simply want to express the same
18 feeling of appreciation for your efforts not just today, but
19 for many, many years. Thank you very much.

20 Chairman McCain: Thank you.

21 The hearing is adjourned.

22 [Whereupon, at 11:31 a.m., the hearing was adjourned.]

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25