

**HEARING TO CONSIDER THE NOMINATIONS
OF MADELYN R. CREEDON TO BE ASSISTANT
SECRETARY OF DEFENSE FOR GLOBAL
STRATEGIC AFFAIRS AND ALAN F. ESTEVEZ
TO BE ASSISTANT SECRETARY OF DEFENSE
FOR LOGISTICS AND MATERIEL READINESS**

TUESDAY, JULY 19, 2011

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The committee met, pursuant to notice, at 9:31 a.m., in room SD-G50, Dirksen Senate Office Building, Senator Carl Levin (chairman) presiding.

Committee members present: Senators Levin, Nelson, Hagan, Begich, Blumenthal, McCain, Brown, and Ayotte.

Also present: Senators Lugar and Bingaman.

Committee staff members present: Richard D. DeBobes, staff director; and Leah C. Brewer, nominations and hearings clerk.

Majority staff members present: Joseph M. Bryan, professional staff member; Ilona R. Cohen, counsel; Ozge Guzelsu, counsel; Richard W. Fieldhouse, professional staff member; Creighton Greene, professional staff member; Jessica L. Kingston, research assistant; Peter K. Levine, general counsel; Jason W. Maroney, counsel; Thomas K. McConnell, professional staff member; William G.P. Monahan, counsel; Michael J. Noblet, professional staff member; Russell L. Schaffer, counsel; and William K. Sutey, professional staff member.

Minority staff members present: David M. Morriss, minority staff director; Daniel A. Lerner, professional staff member; Diana G. Tabler, professional staff member; and Richard F. Walsh, minority counsel.

Staff assistants present: Kathleen A. Kulenkampff and Hannah I. Lloyd.

Committee members' assistants present: Carolyn Chuhta, assistant to Senator Reed; Ann Premer, assistant to Senator Nelson; Lindsay Kavanaugh, assistant to Senator Begich; Joanne McLaughlin, assistant to Senator Manchin; Ethan Saxon, assistant to Senator Blumenthal; Clyde Taylor IV, assistant to Senator Chambliss; Charles Prosch, assistant to Senator Brown; and Brad Bowman, assistant to Senator Ayotte.

OPENING STATEMENT OF SENATOR CARL LEVIN, CHAIRMAN

Chairman LEVIN. Good morning, everybody.

The committee meets today to consider the nominations of Madelyn Creedon to be Assistant Secretary of Defense for Global Strategic Affairs and Alan Estevez to be the Assistant Secretary of Defense for Logistics and Materiel Readiness.

We welcome our nominees and their families to today's hearing. The long hours and the other sacrifices that our nominees are willing to make to serve our country are appreciated by us, and they could not happen without the support of their families. And I hope the nominees will take an opportunity when we call on them for their opening statements to introduce any family members or friends who are here with them.

Both of our nominees have exceptional records of public service. Mr. Estevez has served with distinction in the Department of Defense for 30 years, beginning with a series of positions in the Military Traffic Management Command in the 1980s and rising through the ranks over the course of five administrations to his current position as Principal Deputy Assistant Secretary of Defense for Logistics and Materiel Readiness.

Ms. Creedon has served our country for the last 30 years in positions that included Assistant Administrator of the National Nuclear Security Administration for Defense Programs, Associate Deputy Secretary of Energy for National Security Programs, general counsel for the Defense Base Closure and Realignment Commission, and a trial attorney in the Department of Energy.

And of course, Madelyn has served with distinction as counsel for this committee for 18 of those years, from 1990 to 1994 and from 1997 to 2000 and from 2001 to the present. And over that time, we have all benefited from Madelyn's energy and her intelligence and her breadth of knowledge. We know firsthand of her extraordinary understanding of the nuclear, strategic, and space programs of the Department of Defense, programs that few know as well as she does.

Our committee has long benefited from her passionate commitment to the success of these programs, and to the national security of the United States. And we will miss you, Madelyn, both personally and professionally.

Senator McCain?

STATEMENT OF SENATOR JOHN MCCAIN

Senator MCCAIN. Well, thank you, Mr. Chairman.

And I congratulate Mr. Estevez and Ms. Creedon on their nominations.

Ms. Creedon, as you mentioned, has served with distinction for over 17 years on the staff of the Armed Services Committee. And Ms. Creedon, I guess you are free at last is the sentiment. [Laughter.]

So I look forward to hearing, Ms. Creedon, your views regarding the future of nuclear reductions and how deterrence of attacks by our adversaries should most effectively be maintained, on the recapitalization of the nuclear weapons enterprise, and the future development and sustainment of missile defense.

You know, the START treaty only entered into force in February. It will take 7 years to fully implement. The administration has signaled its intent to pursue further reductions to the size and scope of the nuclear stockpile.

During debate on the treaty in the Senate, the Senate made it clear that the recapitalization of our aging nuclear weapons infrastructure would be a prerequisite for pursuing further reductions, and the administration has proposed an adequate investment strategy. But to date, and with spending levels in flux across the board, it remains unclear if the strategy will be fulfilled.

Recent comments by the President's national security adviser have prompted new questions about the administration's intent, including the possibility of unilateral reductions and changes in targeting requirements and alert postures.

With respect to defense cyber strategy, Secretary Lynn gave a speech last week at the National Defense University, which I thought was an important speech, but it also failed to answer some fundamental questions about how the Department of Defense will approach its responsibilities for defending national security aspects of cyberspace, including what constitutes a hostile act against our cyber capabilities and when the United States would respond, as necessary, with offensive cyber operations.

The comments of the vice chairman, General Cartwright, who questioned the predominantly defensive strategy portrayed by Secretary Lynn, highlight the need for the administration to clarify the authorities and policy that will apply to military operations in cyberspace.

Last month, Secretary Panetta said that, "The next Pearl Harbor we confront could very well be a cyber attack." Yet, so far, U.S. strategy appears to have major shortcomings that could impair our ability to carry out military operations during a cyber attack.

And, Mr. Chairman, I would freely admit that the Congress has not gotten its act together on this issue either.

General Cartwright stated his view, "There is no penalty for attacking the United States right now." This statement, from one of our most senior military leaders, underlines the uncertainty that now exists.

I have often stated my view that Congress needs to act promptly to develop and pass comprehensive legislation to address cyber threats not only to defense networks and systems, but also to maintain the Nation's critical infrastructure, encompassing the electric grid, air traffic control system, water supplies, financial networks, and much more from a cyber attack.

The department's cyber strategy identified this area as one of its five pillars, but we have yet to answer the vast majority of key policy and legal questions that exist.

I still believe that the best course of action for the Senate to take is to establish a select committee on cyber security and electronic intelligence leak that would develop comprehensive cyber security legislation, building on much of the good work that has been done already, but considering new ideas and approaches as necessary.

With various agencies, Senate committees, and the White House moving forward with cyber security proposals, there is a need for

clarity and unity of effort. A temporary select committee could provide much-needed order and urgency of purpose to the process.

Ms. Creedon, I look forward to hearing your assessment, as well as the role you foresee you will play in addressing and answering these questions on policy and legal authorities.

Mr. Estevez, the department and combatant commands are now carrying out the tasks of removing, relocating, and transferring equipment in Iraq and Afghanistan. Major challenges remain in establishing new supply lines if our ability to move equipment through Pakistan into Afghanistan is jeopardized.

Additionally, we will need your expertise and background as the department is faced with operations and sustainment costs of the F-35 that may exceed \$1 trillion over the life of the aircraft.

We will also need to ensure that the current tendency to slash future defense budgets will not detrimentally affect readiness, to include the capabilities of our forces, depots, and other industrial bases to the point which we may be faced with a hollow force reminiscent of the 1970s.

I look forward to your testimony on these issues, as well as the continued transformation of the department's joint logistics processes to better support the warfighter.

I thank both the nominees again for their willingness to serve in these positions.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator McCain.

And now we are going to ask Senator Lugar to make the introduction of Ms. Creedon.

And we welcome you. Senator Lugar, you are truly one of our experts on national security. You work with this committee on so many issues important to our National security throughout the years, nuclear proliferation just being one of those issues. So we give you a very warm welcome to our committee this morning, and you can proceed with your introduction.

Senator Lugar?

**STATEMENT OF HON. RICHARD G. LUGAR, U.S. SENATOR
FROM THE STATE OF INDIANA**

Senator LUGAR. Well, thank you very much, Mr. Chairman, for your warm introduction—Ranking Member Senator McCain, Senator Nelson.

It is truly an honor once again to introduce Madelyn Creedon, nominated to serve as the Assistant Secretary of Defense for Global Strategic Affairs in the Pentagon.

Because of the testimony already of the distinguished chairman and ranking member, I know that she really needs no introduction, but I will proceed anyway because I am proud that the State of Indiana and the City of Indianapolis have produced an experienced and very capable threat reduction and deterrence expert, a long-time member of the staff of this committee.

I support her nomination, and I am proud to recommend Madelyn Creedon, this distinguished Hoosier, to the committee today.

This is not the first time I have had this privilege, providing support for Madelyn. And confirmed, it will not be Madelyn's first time

to serve in the executive branch in a Senate-confirmed position. In April of 2000, I was pleased to express my support for her to this committee as the President's nominee to be the Deputy Administrator of the National Security Administration for Defense Programs.

Before and after Madelyn's work at NNSA, she worked on the staff of the Armed Services Committee, and her work on both the Subcommittees on Strategic Forces and Emerging Threats of this committee are well known to all members. She has worked extensively on efforts to strengthen and improve threat reduction programs in the former Soviet Union, including the Nunn-Lugar Cooperative Threat Reduction Program.

Indeed, I first encountered Madelyn when she was working for my colleague, Senator Sam Nunn, the former distinguished chairman of this committee.

If confirmed, she will play a vital role in the globalizing of the Nunn-Lugar program to new countries in her capacity as the Assistant Secretary for Global Strategic Affairs. And if confirmed, I look forward to hearing from her on a regular basis on the progress of these new efforts.

Mr. Chairman, let me mention my interest in the growing importance of the Department of Defense programs over which she will preside and, thus, the growing importance of these positions. Over 2 years ago, the National Academy of Sciences issued a report urging the Department of Defense to enlarge the Nunn-Lugar Threat Reduction Program beyond the states of the former Soviet Union to address newly emerging threats posed by weapons and materials of mass destruction.

The report identified the need for the CTR program to be made more flexible, more agile, more prepared to move more quickly if it were to be successful in its application outside the states of the former Soviet Union.

Yet, despite the academy's recommendation, despite the enactment of new legislation to provide the program with authorities to operate outside the former Soviet Union, and despite new presidential policy directives, including the global nuclear lockdown strategy and the release of PPD-2 on the threats posed by dangerous biological pathogens, the current pace of the work to meet these goals suggests that the President's objectives are unlikely to be met. These are part of the challenges facing our nominee, should she be confirmed.

I appreciate the need to ensure that CTR forms of assistance are used appropriately to reduce weapons of mass destruction threats, that our partners can absorb and sustain the assistance, and that the actions of the United States Government are coordinated and effective. But I am concerned that in this round of administration, coordination, and planning meetings, certifications and determinations have resulted in paralysis, not progress, to the point where critical threat reduction and national security opportunities may be forfeited.

The path to globalizing the CTR program beyond the original states of the former Soviet Union is open. The program is well positioned to enter a new phase of global security engagement. It has

the authority and the direction. What has been missing is the political and bureaucratic will to move forward with implementation.

Indeed, I would suspect that one of the major challenges facing our nominee will be to work in close cooperation with the implementation of Nunn-Lugar Global Security Engagement to make each program as effective as possible.

Lastly, Mr. Chairman, many committee members will recall the slogan associated with NATO expansion, namely, “out of area or out of business.” The same may be said with regard to the CTR program, as efforts are undertaken to expand the original program to meet the threats of weapons of mass destruction, no matter their type or origin or geographical location.

Two factors have led the Department of Defense to identify the importance of taking the CTR program to Africa, namely, the growing concern over bioterrorism and the natural prevalence of lethal pathogens in African nations.

Indeed, terrorist activities on the African continent is a growing concern. AFRICOM, the United States military command responsible for engagement in Africa, described the threat in its 2010 posture statement this way—and I quote—“In the last year, al-Qaeda and terrorist groups in Africa appear to have strengthened their collaboration. Al-Qaeda operatives are active in East Africa. The leaders of Somalia-based al-Shabaab have publicly aligned themselves with al-Qaeda. Al-Shabaab continues to operate multiple terrorist training camps in Somalia with al-Qaeda participation.” End of quote from that report.

The CTR Global Security Engagement Program in Africa that our nominee will inherit is designed to help secure vulnerable facilities, promote cooperative research and transparency in handling dangerous pathogens, and help build an early-warning system capable of quickly detecting, diagnosing, and reporting infections to help determine if they are natural or man-made and to stop their spread.

Last November, I invited several members of Madelyn’s staff-to-be in the Pentagon to join me in a visit to East Africa, particularly the states of Uganda and Kenya, to look into the interface between biosecurity and public health issues and means by which the Nunn-Lugar Global Security Engagement Program might help to contain this threat. With their proximity to the Middle East and large swaths of weakly governed lands, like Somalia, biological virus and bacteria research facilities could be attractive targets for terrorist groups or black market traders.

Moreover, public health boosts are important benefits to future security work of the CTR global. And with the humanitarian interest in helping to prevent disease, such cooperative efforts to quickly detect, diagnose, and report dangerous infections are critical to stopping global pandemics.

Our nominee will be required to practice all of her diplomatic skills in mentoring these programs in Africa. The CTR program is building on relationships established by the Centers for Disease Control and the United States Army medical research units to work with these laboratories as additional security and shared scientific research is performed.

The intersection of public health issues with bioterrorism concerns will test the merits of the nominee. The selection of Madelyn to lead policy efforts in global strategic affairs is certainly a good one.

Despite the broad nature of the public areas she will oversee, including countering weapons of mass destruction, nuclear forces, missile defense, cybersecurity, and space issues, she will be asked to ensure that the bedrocks of the Cooperative Threat Reduction and Global Security Engagement components of our future counterproliferation efforts are not left to bureaucratic drudgery and interagency inertia. And I know she understands that effective program execution relies on the collaboration of both the policy and implementation functions of the Department of Defense.

For all these reasons, Mr. Chairman, I strongly support her nomination. I am honored to be before the committee this morning.

Chairman LEVIN. Thank you so much for that introduction. It is very important to us, very important to Madelyn Creedon as well.

And we also know you have got an important scheduling commitment to keep. So you are free to leave, of course, as you wish.

Thank you so much, Senator Lugar.

We are delighted Senator Bingaman has joined us this morning. Formerly a member of this committee, he is the chairman now of the Energy and Natural Resources Committee.

We are counting on him to give us some more progress in the area of energy independence this year. But for this morning's purpose, he really is well acquainted with Madelyn Creedon. So we would call upon you, Senator Bingaman.

**STATEMENT OF HON. JEFF BINGAMAN, U.S. SENATOR FROM
THE STATE OF NEW MEXICO**

Senator BINGAMAN. Yes, Mr. Chairman, thank you for letting me take just a couple of minutes to heartily endorse the nomination of Madelyn Creedon for this important position as Assistant Secretary of Defense for International Security Affairs.

I know this committee knows her work extremely well. She has been a stalwart of the professional staff on this committee all essentially during the time that I served here and for many, many years.

Some of that work was interrupted when she was Deputy Administrator for Defense Programs at NNSA, when it was first formed. And she was also Associate Deputy Secretary of Energy for National Security Programs and general counsel to the Base Closure and Realignment Commission.

So she has had broad experience in the executive branch as well as here in the Congress, knows these issues extremely well, as all of us have come to realize.

Most of my interaction with Madelyn has been in connection with the nuclear deterrent issues that come into play at our two national laboratories in New Mexico, Los Alamos and Sandia. But I know she is extremely well informed as to the importance of the maintaining the nuclear deterrent, also extremely well informed on the international situation.

I have had the good fortune to travel with her to Russia. And I know she has traveled there and many other parts of the world extensively in the time she has worked here on the committee staff.

So I heartily recommend her, and I think the President should be complimented for an excellent choice.

Chairman LEVIN. Thank you so much, Senator Bingaman, for your very important and useful introduction of Madelyn Creedon.

And now we will call upon our nominees for their opening statements. We will first call on Ms. Creedon.

STATEMENT OF MADELYN R. CREEDON TO BE ASSISTANT SECRETARY OF DEFENSE FOR GLOBAL STRATEGIC AFFAIRS

Ms. CREEDON. Chairman Levin, Senator McCain, all the members of the Armed Services Committee, it is a pleasure to be here this morning.

I would also add that, as a long-time member of the committee staff, it is a little strange to sit on this side of the dais.

Thank you, Senator Lugar, Senator Bingaman, for your kind and supportive words. Senator Lugar's leadership, along with that of former Senator Sam Nunn, at a time of great uncertainty resulted in the establishment of the Cooperative Threat Reduction Program, which continues to be the keystone of the global proliferation prevention programs.

Senator Bingaman has been a leader in emphasizing the importance of research and development and has supported all things nuclear. It has been a particular honor for me to have been able to support their goals.

I am grateful for and humbled by President Obama's decision to nominate me to be the Assistant Secretary of Defense for Global Strategic Affairs. I would like to thank Secretary Gates, Secretary Panetta, Deputy Secretary Lynn, Under Secretary Flournoy, and Deputy Under Secretary Jim Miller for their support.

If confirmed, I will be honored to serve as the Assistant Secretary of Defense for Global Strategic Affairs.

I would also like to thank my family for both supporting me and putting up with me over the last 30 years of my Government service. I am proud to have with me this morning my husband and partner in all things, Jim Bracco, and our daughter and son-in-law, Meredith and Mike Walsh. Our son, John Bracco, lives in Atlanta and could not be here this morning.

I would also like to acknowledge my parents, Marilyn and Dick Creedon, who live in Indianapolis, and who were also not able to be here this morning. Their devotion to charitable and public service, including my father's over 30 years as an Army Reserve officer, has always inspired me to do more.

The position of Assistant Secretary of Defense for Global Strategic Affairs covers a range of complex and often controversial issues, including nuclear deterrence, missile defense, countering weapons of mass destruction, space, and cyberspace.

If confirmed, I will work to ensure that the new policies and strategies that have been developed in these areas are implemented thoughtfully, expeditiously, and in a cost-effective manner. Most importantly, I would work to ensure that all the policies in these areas continue to support U.S. leadership and advantage.

One of the most difficult of the policy areas in which I will work, if confirmed, is the area of cyberspace. Cyberspace presents new and unique challenges, as cyber capabilities are an integral part of almost everything we do personally, professionally, and as a country.

Cyberspace provides both an advantage and a vulnerability. As the first man-made domain, it has no natural, geographic, or other boundaries, and few historic precedents. There are lots of questions, however, that, if confirmed, I would hope to begin to address.

In closing, I have to thank all of the members of this committee on both sides of the aisle. If confirmed, I will have to leave the staff of this committee. And while I look forward to the new challenge, it will be very difficult to leave.

I hope that I will be able to continue to work with all the members and all of the great personal and committee staff in the same bipartisan way that this committee has always worked.

Finally, Senator Levin, your leadership, endless hard work, and dedication to the men and women in military service are unequalled. It has been a pleasure, an honor, a privilege, and great fun to work for you.

Thank you.

[The prepared statement of Ms. Creedon follows:]

Chairman LEVIN. Well, thank you for that great introduction.
[Laughter.]

And we will miss you for many, many reasons, as I said.

Mr. Estevez, you are next.

STATEMENT OF ALAN F. ESTEVEZ TO BE ASSISTANT SECRETARY OF DEFENSE FOR LOGISTICS AND MATERIEL READINESS

Mr. ESTEVEZ. Chairman Levin, Senator McCain, distinguished members of the committee, I appreciate the opportunity to appear before you today.

I am grateful for the confidence that President Obama has shown in me by nominating me to be the Assistant Secretary of Defense for Logistics and Materiel Readiness.

I also want to thank Secretary Gates, Secretary Panetta, and Under Secretary Carter for supporting my nomination.

I want to thank my family for their support, and I am happy to say that my wife, Susan Pearson, is here with me today. I want to thank her for her support, counsel, and understanding she has provided me over the last 8 years.

I would also like to note that my father, who was a career Army officer and subsequently a teacher, and my mother spent many years in civil service. While they are both now deceased, they instilled in me the values that have led me to this point in my career, and I know that they would be proud.

Having served for over 30 years in Government, the last several in the position of the Principal Deputy Assistant Secretary of Defense for Logistics and Materiel Readiness, and having made numerous trips to visit our men and women who are deployed in harm's way, I know firsthand how important it is to provide critical logistics support to our forces deployed in Iraq and Afghanistan.

I had the opportunity to visit our forces in Afghanistan last month and saw how our ability to deliver and sustain key items—ranging from mine-resistant, ambush-protected, all-terrain vehicles to aerostats—have improved our force protection and our warfighting capabilities.

I appreciate that the President and Congress are working to ensure that the department's equipment is being properly sustained, maintained, and reset to overcome the wear and tear and damage that are a result of our ongoing combat operations. I am hopeful that my words here today will show my continued dedication toward implementing a comprehensive end-to-end logistics strategy that provides effective support to our warfighters and provides value to the American taxpayers who pay for that support.

In closing, I am deeply humbled and honored by this nomination. If confirmed, I will do my best to continue to provide quality support to the men and women of our armed forces while keeping a focus on affordability.

Thank you.

[The prepared statement of Mr. Estevez follows:]

Chairman LEVIN. Thank you, Mr. Estevez.

And let me now ask you both the standard questions that we ask of all of our nominees.

Have you adhered to applicable laws and regulations governing conflicts of interest?

Ms. CREEDON. I have.

Mr. ESTEVEZ. I have.

Chairman LEVIN. Have you assumed any duties or undertaken any actions which would appear to presume the outcome of the confirmation process?

Ms. CREEDON. No.

Mr. ESTEVEZ. No.

Chairman LEVIN. Will you ensure your staff complies with deadlines established for requested communications, including questions for the record in hearings?

Ms. CREEDON. I will, yes.

Mr. ESTEVEZ. I will.

Chairman LEVIN. Will you cooperate in providing witnesses and briefers in response to congressional requests?

Ms. CREEDON. Yes.

Mr. ESTEVEZ. I will.

Chairman LEVIN. Will those witnesses be protected from reprisal for their testimony or briefings?

Ms. CREEDON. Yes.

Mr. ESTEVEZ. Yes.

Chairman LEVIN. Do you agree, if confirmed, to appear and testify upon request before this committee?

Ms. CREEDON. Yes.

Mr. ESTEVEZ. Yes.

Chairman LEVIN. Do you agree to provide documents, including copies of electronic forms of communication, in a timely manner when requested by a duly constituted committee or to consult with the committee regarding the basis for any good-faith delay or denial in providing such documents?

Ms. CREEDON. Yes.

Mr. ESTEVEZ. Yes.

Chairman LEVIN. Thank you.

Why don't we try a 7-minute first round, and if we need it, we will have, I am quite sure, an opportunity for a second round.

Let me start with you, Ms. Creedon, on the issue of proliferation of weapons of mass destruction. Do you see any opportunities for reducing the dangers of that proliferation?

Ms. CREEDON. I do, sir. There has been an awful lot of work done under the Cooperative Threat Reduction Programs, both at the Department of Defense and the Department of Energy, and a lot of progress has been made.

There has been a tremendous amount of progress in securing materials at their source. There has been a lot of progress made in what is referred to as the second line of defense, and that is developing mechanisms and capabilities to detect materials if they should be stolen or if they should be removed from where they are supposed to be and if they are trying to be transported across borders. There is a lot of work going on to enable other countries to facilitate and recognize when there are materials in transit.

So there is a lot of work to be done, but there is a lot of work that is left to be done. And a good part of that, really, is dealing with not only the rogue elements who want to steal or—either weapons or materials, but also the broader issue of proliferation by state actors.

And so, there is a lot to be done. But I do think there is hope. I think the initiative to secure vulnerable, usable nuclear materials—materials that could be used in a nuclear weapon in 4 years is a good goal. Whether we meet it or not really depends on the cooperation of the international community, but it is a good goal.

So I do think there is hope.

Chairman LEVIN. On the cyberspace issue, Senator McCain made strong reference to the need for progress in this area. You, in your opening comments, likewise made reference to it.

And General Cartwright, in an interview last week, advocated a change in strategy from an emphasis on defense to an emphasis on offense, some form of retaliation to deter attacks. And I am just wondering whether you are in a position yet that you have an opinion on this issue as to whether we need to change the emphasis from defense to at least being able to threaten retaliation, to be in a position to retaliate in order to deter these growing number of attacks?

Ms. CREEDON. I have heard General Cartwright talk on this topic before, and it is—and I know that one of the issues is that right now our capabilities really are limited to defense. And so, one of the areas where over time—and I don't know how to define "over time," but probably some years possibly—that we need to shift from a mostly defensive position.

General Cartwright has indicated that in his view it is about 90–10 right now, that we need to shift from a mostly defensive position to something where you also have at least 50–50 on the part of the U.S. Government and probably on the part of DOD something that looks like 90 offense and 10 percent defense.

But it is one of those longer-term goals, as we understand more about this problem and how to deal with more active defenses, how to deal with more offensive capabilities.

Chairman LEVIN. Mr. Estevez, let me ask you a couple of questions about Afghanistan. What kind of additional steps can we take to reduce our logistical footprint, either through improvements in energy efficiency, the increased use of renewable sources of power such as solar and wind?

The dangers to our troops, the losses of lives which are involved in protecting these shipments of energy into Afghanistan, the huge cost of that energy in lives and in treasure I think require us to look for ways to reduce the logistical footprint for energy. And apparently, 80 percent of our ground convoys are dedicated to carrying just fuel and water. So what would be your thoughts on that?

Mr. ESTEVEZ. There are a couple of things we can do, and we are teaming up with Sharon Burke, who is the ASD for Operational Energy, on those things. So when we look at things like our contract for sustainment of our bases, LOGCAP, what we need to do is require fuel-efficient generators. We need to ensure that we are putting up fuel-efficient housing, you know, the containerized housing that we put up. That would reduce our energy footprint.

We are doing some tests on things like solar power out on the battlefield, which in certain areas of Afghanistan could work. Obviously, a number of gallons of our fuel go to our mobility assets. Those are longer-term issues to deal with. But in the near term, working on our base infrastructure, our deployed base infrastructure can reduce our energy consumption on the battlefield, reducing our convoys to sustain that.

Chairman LEVIN. Well, it is an area that we need to pay much greater attention to. I know there has been attention paid to it, and it is not a new issue. But it is a huge issue.

And we hope that when you are confirmed, that this will be one of the really—the first items on your agenda to look at. There is potential for huge progress here, and the costs have been incredible.

Now, Mr. Estevez, if the government of Iraq were to ask for continued presence of U.S. forces beyond the end of this year, assuming they made that request and if we agreed to such an extension, either as requested or modified, what would be some of the more important logistical complications associated with interrupting our withdrawal and adjusting to some kind of a limited extension?

Mr. ESTEVEZ. United States forces in Iraq right now have multiple plans based on those scenarios. Obviously, as we close bases and we remove our presence in those bases, going back to those bases would be difficult. We do have certain tripwires on those, and we do have, you know, alternatives to those plans.

As we are moving equipment out, having to return that equipment back to Iraq would also be a logistics ripple. General Austin is holding forces back in Iraq right now. So, again, it will be in the fall where those tripwires start to hit, which would increase our difficulty.

We also have contracts that are drawing down for sustainment of food and fuel, base support in Iraq. Again, we can turn the volume on those contracts back up. They are drawing down now.

Most of those contracts will remain in place to sustain the Department of State presence in Iraq, as well as our foreign military sales and advisory presence. So it will be just extending those contracts and increasing the numbers that they support.

Chairman LEVIN. You say General Austin was holding back forces?

Mr. ESTEVEZ. Well, our drawdown plan starts in the fall, so late August, early fall. So he has got that ramp-down plan based on our current scenario.

Chairman LEVIN. Thank you.

Senator McCain?

Senator MCCAIN. Well, thank you, Mr. Chairman.

And again, congratulations to the nominees.

Mr. Estevez, in your answer to questions, you stated, "You have also worked extensively with the commercial sector to understand best logistic practices across a wide range of industrial and commercial activities." What have you learned that the Department of Defense isn't doing?

Mr. ESTEVEZ. When you look at some of the best commercial places—you know, use a Wal-Mart—

Senator MCCAIN. Best Buy, Home Depot, all of the major—

Mr. ESTEVEZ. Yes. Right. Of course, they are in the retail business. So it is not exactly a match for us, but the way they—

Senator MCCAIN. But it is a match from getting much-needed whatever it is from one place to another in the most efficient fashion. Isn't that—

Mr. ESTEVEZ. That's correct, Senator.

Senator MCCAIN. Go ahead, please.

Mr. ESTEVEZ. So seeing how they collaborate with their supply base to understand what the demand and the forecast would be, they do that much better than we do. We have to—and we are trying to copy their ways of doing that.

They use third-party logistics more extensively than we do. They select where and how to do that. We have also implemented some of those practices.

On the industrial side—

Senator MCCAIN. For example, what practice—it is my understanding that these major entities that we discuss, they somehow are able to identify a need, and within a matter of hours, that particular need or requirement is fulfilled. The efficiencies is what makes them so far cost effective as compared with smaller commercial enterprises is what I am trying to get at.

So what do we do in the Defense Department to emulate that?

Mr. ESTEVEZ. Well, you know, they have the ability to shape demand that we can't. You know, they have sales, and they can offer things. But we do have—

Senator MCCAIN. Maybe we need some sales. [Laughter.]

Mr. ESTEVEZ. But we do need a better predictive capability. We need to work closer with our industrial base on them understanding what we are consuming so that they can provide that in advance. We are doing some of that. We need to do better, Senator.

Senator MCCAIN. Well, I hope so. Because, you know, one of the recurrent not complaints, but voiced requirements that I hear in places like Kabul and Baghdad and Kandahar and other places is

that there is a significant delay. If they have to consume a certain amount of whatever they have, whether it be ammunition or food or whatever, unforeseen consumption of what they have on hand, that there is still, in their view, too long a delay.

I am sure they would like to have it instantaneously, but I think that we might look again at what commercial enterprises do to react as quickly as they do.

Ms. Creedon, as I mentioned earlier, General Cartwright mentioned, he said that DOD is spending 90 percent of its time playing defense against cyber attacks and 10 percent playing offense and that, in his view, the department should invert this ratio to demonstrate there will be consequences to a cyber attack against the United States.

To start with, do you agree with General Cartwright?

Ms. CREEDON. I do, sir, and he said over time that is where the department has to be.

Senator MCCAIN. And so, give me an example of what the consequences would be, for example, of a cyber attack that shut down our defense logistics system in some way.

Ms. CREEDON. Well, one of the things that—I mean, one of the things that he put in this context was that the constant building of—the building of higher defenses, it becomes more and more expensive. And so, as a little—and the attacks are inexpensive, and the defenses are more expensive.

So one of his constructs, and although he conceded that it was in a very hypothetical construct, is that someday we have to figure out that right now the attack just causes us to spend more money on defenses. And what he is trying to say is that at some point, we have to make it clear that that attack, in fact, there is more to that attacker to pay than there is to us to pay for the higher defense.

So how to get—

Senator MCCAIN. I fully understand that. Now, what is the consequence?

Ms. CREEDON. And how to get there is hard. And part of this is, like any other thing, you have to look at, well, what is—what is the attack? What was the result of the attack? And then—

Senator MCCAIN. Well, I just gave you an example. What would be the consequence?

Ms. CREEDON.—and act appropriately on something like that. And so, it doesn't—

Senator MCCAIN. What would be an appropriate action?

Ms. CREEDON. And it doesn't—it wouldn't necessarily have to be a cyber attack. And you also have—part of the problem is figuring out who did it.

Senator MCCAIN. Will you give me an answer as to what the consequences would be?

Ms. CREEDON. So it—well, for instance, on something like that, if we knew who did it, it could be—maybe it could be something that would deal with their ability to attack us further. So it could be a response in cyber. Maybe it is taking out some of their computer systems.

Maybe—it depends on where they are. It depends on who is behind it. It could be a land-based attack. But again, it would have to be modulated based on the time, the duration, and the impact.

Senator MCCAIN. Thank you.

Would you agree, now that you are free from your tenure here, that Congress, you know, as much as we would like to hear from the Department of Defense and we like to hear proposals, as I just talked to you about, Congress really doesn't have its act together on this issue, for a variety of reasons, including the proliferation of committees of jurisdiction.

Would you agree with that assertion that we really haven't been able to address it effectively not because of lack of dedication of members, but because of the way—simply the way the Senate functions?

Ms. CREEDON. So I don't think that the—I don't think anybody is unique in this. I mean, it is very new. It is very difficult, and it is very uncertain. So over time, again, I think there is going to have to be a lot of rethinking on how everybody addresses these issues.

And far be from me, after a lot of years up here, to try and either explain or understand or suggest how Congress should act because, in the end, it does sort of always seem to get to the right conclusion.

But there have been events—

Senator MCCAIN. It does?

Ms. CREEDON. I think, by and large, it does. But it is just sometimes really hard to get there.

Senator MCCAIN. But you would agree that because of cross-jurisdictional situation, that it is—it makes it a little more difficult?

Ms. CREEDON. It does.

Senator MCCAIN. And there is inherent sometimes competition between the committees for jurisdiction, which—

Ms. CREEDON. Yes, sir.

Senator MCCAIN.—which really should be resolved in one way or the other.

Ms. CREEDON. This is true.

Senator MCCAIN. I congratulate both of you on your nominations, and we look forward to confirming you as rapidly as possible.

Thank you. Thank the witnesses.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator McCain.

Senator Nelson?

Senator NELSON. Thank you, Mr. Chairman.

And let me add my congratulations to our two nominees as well, and a very special thank you to Ms. Creedon for your support for the Strategic Forces Subcommittee, which I have been honored to chair.

The responsibilities that you have helped me with include nuclear and strategic forces, ballistic missile defense, intelligence programs, space programs, information warfare programs, and Department of Energy defense-related nuclear and environmental programs, as you have led professional staff on these issues. So it really is no surprise that your immense experience and knowledge and

expertise in these areas has resulted in your nomination to this extremely important position.

If confirmed, you will be advising the Secretary of Defense on policy and strategy in these areas, and you have already mentioned cyberspace and countering weapons of mass destruction. So it doesn't seem like much of a stretch for me that you would go from the Senate to the Department of Defense to work on this.

From your work on Strategic Forces, I have no doubt that, if confirmed, you will work to develop and grow the relationships and knowledge necessary to provide policy guidance on these multitude of issues. And it is no exaggeration that, if confirmed, we are going to miss you as well on the Strategic Forces Subcommittee.

But I hope that, as I support your nomination, in spite of the fact of losing you in that position, we will be able to look forward to continuing our relationship once you take over these responsibilities.

Both Senator McCain and Senator Carl Levin have mentioned cyber. And given the fact that we have learned about the cyber leak most recently, obviously it is one of the most important things, and it is in the forefront of our minds about how do we begin to deal with this.

It is perhaps a little bit unfair to ask you what your plans are to deal with this at this point in time, if confirmed, but do you have any initial thoughts about how we get to the bottom of what causes the leaks and what to do to prevent the leaks?

Whether it is offense or defense, the first thing that we need to focus on is how do we get control over our cyber opportunities so that they don't become opportunities for our adversaries?

Ms. CREEDON. Thank you, Senator Nelson. And thank you for your kind words as well.

The issue of cyberspace is incredibly complicated, obviously. And from where I sit right now it—I really have been on the receiving end of various briefings on what exactly these instances lately have been. RSA, the little secure token company, that is one of the most recent ones.

But in looking at how to address these in the future, it is very clear that this is going to take lots of entities, including the private sector. The Defense Industrial Base Pilot is a good example of a good place to start, frankly, on how both Government and industry have to work together to figure out how to both stop and counter these attacks.

DOD is heavily reliant on commercial systems for much of what they do. And so, it is absolutely essential that not only that the Government resources be brought to bear, but also the commercial things.

So if I am confirmed, one of the things that I want to really dig down into and understand is what are the relationships that exist right now in the commercial sector? What are the commercial capabilities? What are the defensive capabilities that exist in the Government? And where are the possibilities to bring these two things together?

So that you don't have seams between the Government approach and the industry approach, and really try to understand how this

becomes an integrated function because, you know, as we have discussed, this is not a geographically constrained domain.

A lot of times you can't even tell who the attacker is or where the attacker is coming from. Sometimes you can, and then it also is very hard to sort of sort out even when it is—you know, is it a state sponsored? Is it a terrorist? Is it a criminal? You know, what is the motivation? What drove this?

So it is a complicated subject. I look forward to getting into it.

Senator NELSON. It is very clear that our enthusiasm for cyber and for the benefits that we receive from being able to transmit information in the manner that we have been able to do it so effectively and efficiently has gotten us a little ahead of ourselves in terms of being able to protect that very important process at the same time as we have expanded it.

We didn't build the firewalls that we would ordinarily build in the transfer and transmittal of information. Whether it is WikiLeaks or whatever it is, we have to tighten our capabilities of our controlling the very vital information that we have and, obviously, military and national security data so that this sort of attack can't occur. And if we can firewall our information, then we are going to be less concerned about whether we take offensive means or otherwise because there won't be any need if we can get ahead of our adversaries.

I hope that as you assume this position, if confirmed, that you will find ways to make certain that all the users are as enthusiastic about building the protection as they are about using the procedures that are there so easily available to pass information on from one group to another or to retain it for future use.

If we don't do that, then I am in favor of going back to vaults and paper and the old way of doing things because that is one thing that you potentially, at least visually, you can see you have some control over. The problem is we don't have the visual control over cyber.

So I wish you well in the new position, and I hope that the Senate will act rather promptly to confirm both of you in your new positions.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator Nelson.

Senator Ayotte?

Senator AYOTTE. Thank you, Mr. Chairman.

I want to congratulate both of you on your nominations, and very much appreciate your service, both to this committee and also in the Department of Defense.

I wanted to ask Mr. Estevez about our Guard and Reserve because clearly in the conflicts that we have been engaged in, we have been using the Guard and Reserve as an operational force. Yet not all the Department of Defense systems and budget decisions have necessarily evolved to that place of where we are in terms of using the Guard and Reserve.

A recent National Guard and Reserve equipment report found major item shortages for the Guard and Reserve. And despite, obviously, some very important investments in modernization and maintenance, some Guard units still don't have sufficient equip-

ment on hand to properly train or respond to domestic contingencies.

So if you are confirmed, I wanted to get your thoughts, A, on where we are with respect to equipment to train and maintain readiness for our Guard and Reserve and how you expect to work on those issues going forward, given what we have asked our Guard and Reserve units to do in the conflicts we have been involved in.

Mr. ESTEVEZ. Well, Guard and Reserve, as you noted, Senator, are part of our holistic force. They are part of the total force that we have out there.

And we need to ensure—and we are working to do that—that they have the same equipment, at the same level of readiness, as the active force. Certainly, any force that is deploying has the equipment that they need to deploy with or they are falling in on equipment in Afghanistan or Iraq, depending on where they are going, just as the active units do. They don't bring their equipment anymore. They fall in on equipment.

We do have work, as we rotate equipment around in the rear base, in the training base, and at home station, to ensure that people have that, and they do get that in training. We do have equipment, of course, that is forward deployed that will eventually come back, and that will be distributed to make the force whole again at the return.

In the meantime, we are working hard to fill those gaps and ensure that we do have correct response capability for domestic incidents.

Senator AYOTTE. Thank you.

I wanted to follow up on an issue that I have been concerned about as a new member of this committee. And I realize that your position is really dealing with logistics, materiel readiness, and that is what you will be focused on.

But as I have been on the Readiness and Management Support Subcommittee, one of the issues that I have just seen time and time and again is the issues we have had with procurement overall, particularly in weapon systems. We have spent \$46 billion over the past decade developing weapon systems that ultimately were never fielded, or due to cost overruns or technical challenges, we weren't able to bring forward.

Given the difficulties we have right now in terms of the fiscal challenges that our country faces, I wanted to get your thoughts on how we could improve the procurement process. Because I have been also very troubled by even some of the terms that we agree to in the contracts that we have been involved in that aren't as beneficial as I think they should be to our interests.

Mr. ESTEVEZ. As you note, as the logistician of the department, that is not my main focus. However, I do have the pleasure of working with Dr. Carter or Mr. Kendall, the Under Secretary for Acquisition, Technology, and Logistics and his Principal Deputy, who have a major focus on that.

Dr. Carter is leading a major effort inside the department called Better Buying Power, which is full- focused on improving the way we buy. Part of that is looking at the requirements so that we go

into the process knowing that we can achieve the end result of getting the capability we are trying to buy.

As the logistician, I have a full seat at the table on that, and looking to ensure that what we buy is sustainable and affordable in that sustainment over the course of its life cycle. And frankly, 70 percent of the cost of an acquisition tends to be after the acquisition takes place in sustaining that piece of equipment over time.

Senator AYOTTE. In the maintenance costs?

Mr. ESTEVEZ. Yes. Yes, ma'am.

Senator AYOTTE. Well, I would ask you, as you have that seat at the table, if there are issues that you see that you think we can help here to give you better tools so that we can improve that procurement process? I think that is very critical, given the fiscal challenges that we are facing. We can't continue to pour money into either weapons systems or other equipment that isn't going to serve its purpose.

Mr. ESTEVEZ. I agree, ma'am.

Senator AYOTTE. Thank you.

Ms. Creedon, I wanted to ask you about a statement. I wanted to ask you about our nuclear force levels.

Tom Donilon announced on March 29th that the administration would be preparing for the next round of nuclear reductions. The Department of Defense will review the strategic requirements and develop options for further reductions in our current nuclear stockpile.

One of the issues that I wanted to ask you about is if we go below the New START force levels, that may require significant changes to the U.S. force structure, nuclear weapons, targeting guidance, and the nuclear doctrine. And none of these changes, in my view, should be taken lightly.

I believe that we need to take serious caution before the administration makes a commitment to further reductions below New START force levels, especially since recently General Chilton, the Commander of U.S. Strategic Command, told the Senate during its consideration of the New START treaty that, "The arsenal we have is exactly what is needed to provide the deterrent."

Ms. Creedon, can you, A, assure this committee that in your capacity as Assistant Secretary for Global Strategic Affairs, that you would help ensure that the Department of Defense conducts its strategic assessment in a manner consistent with our interests, rather just in the pure pursuit of reductions for the sake of reductions? Because my concern is, is that it is very important that we maintain a proper deterrent.

Ms. CREEDON. Yes, Senator, I agree.

And as the START treaty comes into effect, it is going to take about 7 years before all of the reductions, even under the START treaty, have been implemented. And so, yes, Senator, I will assure you that as, if I am confirmed and as I undertake this new responsibility, that I will make sure that as we review our deterrent, we will always make sure that the deterrent is safe, secure, reliable, and adequate to meet our National security requirements.

Senator AYOTTE. And if we were to be in a position where we lower our nuclear force levels to a point where the assurances to our friends and our nuclear deterrence in terms of our enemies

began to be called into question, what would be the impact, in your view, of that if we didn't take that seriously?

Ms. CREEDON. Well, I absolutely agree with you. We do need to take that very seriously. And you know, frankly, from my perspective here, obviously, I don't see that as part of any of the policy documents that have been outlined by the department.

I mean, certainly, in the Nuclear Posture Review, which is, at this point, the overarching policy document for the administration, I mean, that document is very clear that we will maintain the triad, that we will maintain the stockpile at the current levels set out in the START treaty. And that above all, we will maintain a deterrent, and it will be safe, secure, and reliable.

So also it talked about the relationship with our regional allies and the importance of that extended deterrence and the importance of making sure that our allies are comfortable and that our deterrent is adequate to ensure that comfort level. Because if it is not, one of the concerns, obviously, that has long been out there and long been a worry is that if we are not adequately providing that regional comfort, that it could drive others to seek independent nuclear capabilities, which is clearly not where we want to head.

Senator AYOTTE. I couldn't agree more.

Thank you both. I appreciate your testimony, and I look forward to your confirmation.

Chairman LEVIN. Thank you, Senator Ayotte.

Senator Blumenthal?

Senator BLUMENTHAL. Thank you, Mr. Chairman.

And let me add my thanks for your service, both of your service in the past, and congratulations on your future. And I join in hoping that your confirmations will be prompt.

I would like to ask Mr. Estevez a question about delivering power and fuel to our troops in the field. And I know that you are aware, we all are, of the potential for fuel cell technology, which is a particularly important product in the State of Connecticut, to be used more frequently and in greater volume in the field. Is that correct?

Mr. ESTEVEZ. I am not an expert on fuel cell technology. But, yes, sir.

Senator BLUMENTHAL. And I would like your assurance that you will, in fact, focus on fuel cell technology and its potential uses in delivering energy sources to our troops in the field.

Mr. ESTEVEZ. To the point that Senator Levin made opening up, reducing our energy consumption on the battlefield is a force multiplier for us. It gives us more flexibility. So we will certainly be looking at all capabilities to do that, including fuel cell technology, Senator.

Senator BLUMENTHAL. And I think there are also opportunities for improving the efficiency of the existing capability that we have. I know that as the drawdown occurs in Afghanistan, we are going to be bringing back to this country many of the micro generators that rely now on diesel, and there is a proposal or a plan to refurbish them, make them more efficient, link them in micro grids.

I am familiar with this plan because one of the potential companies that could be doing some of the work is located in Connecticut, DRS. And the proposal, as I understand it, is to bring back those

12,000 generators, save 30 percent of their fuel, millions of dollars. And the Army is finalizing those requirements. Are you familiar with that plan?

Mr. ESTEVEZ. I am not, but I could certainly look into that. The mix of generators that are out there on the battlefield are generators that we, the U.S. military, owns as part of unit equipment and generators that our commercial sustainers are helping us put on the battlefield to build capability. So the mix will come back.

Senator BLUMENTHAL. If you could report back, if I could ask you, respectfully, to report back on how the Army will be finalizing those requirements, I would appreciate it.

Mr. ESTEVEZ. I will do so, sir.

Senator BLUMENTHAL. And Ms. Creedon, if I could ask you, you know, one of the points that particularly interested me in the exchange involving Mr. Lynn and General Cartwright in their recent briefing, concerned the issue of when a cyber attack becomes an act of war and when a proportional and justified military response is appropriate.

The theft or disruption of 24,000 files seems to me to be an act of war if it is done by a nation against the Department of Defense. Would you agree?

Ms. CREEDON. Sir, I think that is one of the areas where the policy is very uncertain. And frankly, I have not delved into this enough. Even General Cartwright said a lot of the discussion really right now is based on sort of theoretical constructs as to what really would constitute an act of war.

Obviously, there are lots of other existing legal documents that define "act of war." But that is certainly one of the things that I am going to have to look at very closely if I am confirmed.

Senator BLUMENTHAL. And General Cartwright, I think, himself said that an act of war, to some extent, is in the act of the beholder. But at the same time, there are rules and standards and guidelines.

And just from a 30,000-foot level, if another nation goes into our Department of Defense and takes 24,000 files or disrupts our defense capability in some way, I think the average American would say, "That is an act of war." Would you agree?

Ms. CREEDON. Sir, again, I am not—I don't have enough background right now from where I sit here on the committee to make that conclusion and to make that statement. But this has to be, I think, as we look at all these things, has to be put in the context of anything else and looking at an act of war.

Part of the difficulty in all this, too, is really understanding who that actor was. Was it a state actor? Was it somebody acting on behalf of the state? Is this criminally motivated? Is it terrorist motivated? And it gets really—it gets very complicated in sorting out the attribution as well.

Senator BLUMENTHAL. Are you satisfied that we have the means and capability to determine who the perpetrator was in these instances?

Ms. CREEDON. From what I have been briefed on at the staff level, I can only say that I think it is a very complicated and difficult question, and in not all instances do I think we fully understand that.

Senator BLUMENTHAL. Are you satisfied that on our side there is a clear division of responsibility between the Department of Defense, the Department of Homeland Security, the Department of Justice since, as you have mentioned and others have, there is a law enforcement element here as well?

Ms. CREEDON. I think at a certain, sort of 100,000-foot level, yes. I mean, Department of Homeland Security has the dot-gov. The Department of Defense has the dot-mil. There is—but to make it all work because every—you know, it is dot-mil, but it also travels over commercial lines.

To make it all work, it has got to be much more coordinated and unified, and industry has to play a very large part in this. I think there is a lot of work to be done.

Senator BLUMENTHAL. Can you envision situations where a cyber attack on a utility or a bank or an Internet company could be interpreted as an act of war, if it is done by a nation to disrupt essential services or activities in this country?

Ms. CREEDON. I mean, this is one of those things that is really hard to speculate on in the abstract. But in the same way that if it were a kinetic attack, what would be the result? What would be the analysis? What would be the reaction to a kinetic attack that had sort of a similar, if you would, effect, and how would we respond to that?

I mean, I think at the moment we have to really look at these analogies and figure out, okay, just because it is cyber, is it different? If the bank were blown up, is that—what is our reaction? If the bank is taken out by a cyber attack, what is our reaction?

So, I mean, I think you have to look at these in the context of the effect as well as how it happened before you can make these decisions.

Senator BLUMENTHAL. Well, my time is up, and I know that I have nowhere near scratched the surface of these very complex and difficult issues. But I do appreciate your very candid and forthright answers and your service, both of you.

Thank you for being here and being willing to serve in the future as well. Thank you.

Ms. CREEDON. Thank you, sir.

Chairman LEVIN. Thank you very much, Senator Blumenthal.

And Senator Brown is next.

Senator BROWN. Thank you, Mr. Chairman.

Also, Ms. Creedon, thank you. Just to follow up to Senator McCain's—first of all, congratulations to both of you.

Just to follow up to Senator McCain's questions on cybersecurity. In testimony before the Armed Services Committee earlier this year, General Alexander stated that he would give the military a "C" on its ability to defend DOD networks.

Do you agree with his assessment? And if so, what must be done in the near term to improve the network defense?

Ms. CREEDON. Senator, I don't have any basis right now to disagree with that. And so, I would have to really struggle to see if that is the case, although he is, given his position—

Senator BROWN. Well, if you find that when you are there, what would you, in fact, try to do?

Ms. CREEDON. Well, I would certainly hope it is no worse. But I mean, if—this is one of those—you know, this is obviously one of those situations where I think whatever the grade is, it can always be better.

And as General Cartwright has said, as Under Secretary—or Deputy Secretary Lynn said in the rollout of the new cyber strategy, we definitely need to get better. We, as a country, need to get better—not just DOD, but everybody needs to get better.

Senator BROWN. Section 934 of the fiscal year 2011 defense authorization bill required the SecDef to develop a cyber strategy and inform Congress on the policy for offensive and defensive operations by March 1 of '11. Unfortunately, the strategy released last week fails to do so.

So if you are confirmed, do you intend to provide the requested answers to the comprehensive list of unanswered policy and legal questions regarding operating in cyberspace?

Ms. CREEDON. Yes, sir. I will certainly work on those, along with colleagues.

Senator BROWN. And finally, excuse me, do you agree that irrespective of Russian objectives, the United States should remain committed to the continued development and deployment of the United States missile defense systems worldwide, including qualitative and quantitative improvements to such systems?

Ms. CREEDON. Yes, sir. And I believe that is included in the administration's ballistic missile defense review and policy.

Thank you.

Senator BROWN. Thank you.

And Mr. Estevez, the Center for Strategic and Budgetary Assessments has published its analysis of the fiscal year '12 defense budget. Are you familiar with that study, sir?

Mr. ESTEVEZ. I am not familiar with that one specifically, but I am familiar with a lot of assessments of the budget ongoing right now.

Senator BROWN. Well, that being said, the study commented—just to let you know a little bit about what it said—about hollow growth that has resulted from a whole lot of defense spending over the past decade without actually gaining in readiness.

And it concluded—excuse me—it concluded that it has happened for several reasons. Half of the spending over the past decade was unrelated to the wars in Afghanistan and Iraq. Personnel costs have grown. Personnel costs have grown, while actual end strength has remained flat. Cost of peacetime operations has expanded, while the actual pace has gone down. And acquisition costs have ballooned, while the actual inventory has become smaller and older.

Do you agree that DOD is spending more, but not getting more?

Mr. ESTEVEZ. I did read an article this morning that pointed out that we spent \$46 billion and did not achieve the acquisitions side. Without having read that whole report, I can't make an assessment of that.

I do know that, and I responded to Senator McCain earlier, on the logistics side we do need to put a focus on driving down our costs and adapting best practices in order to sustain our warfighters.

Senator BROWN. Because, as you know, with the significant DOD cuts over the next 12 years, you know, it is obviously very important. What do you suggest the department can implement in the areas of readiness and logistics policies to prevent these cuts from hurting our readiness and creating conditions of the so-called hollow force?

Mr. ESTEVEZ. Again, as I cited to Senator McCain, we need to do better on managing our inventory and how we spend our inventory. We took \$366 million out of the POM last year. I think that is a down payment. We can do better.

In order to do that, we need to understand our forecast. You know, what are we going to—what is going to break on weapons systems? What do we need to buy? And focus our buy. And we need to do better in collaborating with our industrial base as we do that.

We can also look to best practices, like use of third-party logistics support. We are doing that in our transportation area now to lower our costs.

Senator BROWN. Ms. Creedon, just to get back to Senator McCain follow-up, he says, “Well, what would happen if”—remember that question? He said, “What would happen if that happened?” And he said, “Yes, but what would happen?”

Let me tell you what I would like to happen if we find somebody who is actually perpetrating a crime on the United States. I would like them to be held accountable. I would like them to be shut down. I would like them to get the maximum amount of penalties that are afforded by our laws.

And I think that is what he was kind of looking for. Is that your position, if we find somebody, they should have the book thrown at them?

Ms. CREEDON. From a criminal perspective, which is obviously not the Defense Department, that is obviously a Justice Department perspective, but, yes. But it is—as I understand this, it gets quite complicated because, very often, the actor is not necessarily within the United States. The actor—

Senator BROWN. Well, and if there are problems, we need to know what they are. So if you identify what the complications are, we just can't continue to allow this to go willy-nilly.

And Mr. Estevez, when you are dealing with what you are doing, I am not opposed to making judicious, thoughtful cuts. But in the middle of two and a half wars, I want to make sure that whatever we are doing is going to ensure that our men and women can not only serve and do their jobs effectively and safely but, in fact, come home.

As a result of cuts that may affect that job performance and their safety, then I and others have a very real problem with that.

So, thank you. And I wish you both well.

Ms. CREEDON. Thank you.

Chairman LEVIN. Thank you very much, Senator Brown.

Senator Hagan.

Senator HAGAN. Thank you, Mr. Chairman.

I just want to publicly acknowledge Ms. Madelyn Creedon and express my heartfelt endorsement for her nomination. I have been working closely with her, as with my duties as chairing the Emerg-

ing Threats and Capabilities Subcommittee of the Senate Armed Services Committee.

She is a true professional that I have worked so closely with. She is well qualified to discuss the issues addressed in this hearing today. And I offer her my sincerest congratulations on this nomination, and I am proud that she stands to contribute to the immeasurable accomplishments of women serving in the Department of Defense.

And my first question for you, Ms. Creedon, is this spring the President released a statement on Nuclear Posture Review, and he publicly stated that the United States intends to reduce the role of nuclear weapons in our national security strategy and focus on reducing the nuclear dangers for the 21st century.

We will, however, maintain our current stockpile, while making substantial investments to improve infrastructure, strengthen science and technology, and retain the human capital to sustain our stockpile. And I am very concerned about the science, technology, engineering, and mathematics workforce in our country.

What are your thoughts, as far as the Department of Defense, what can the DOD do to ensure that the DOD continues to have access to future scientific and technical talents in our country?

Ms. CREEDON. Thank you, Senator.

This is a very large concern. I have looked at it over the years within the confines of the nuclear arena, to some extent in the confines of the space arena. And it is a problem that extends not only in DOD, but also to the Department of Energy, which also has a very large role in making sure that our deterrent remains safe, secure, and reliable.

It is difficult to motivate students to stay with the science and technology career path and educational path. Motivating students early on is extraordinarily important. I am also aware that the Department of Defense has various programs to help these students, to provide scholarships for these students. The Department of Energy has some similar programs.

Part of the problem is also making sure that we have enough Ph.D. graduates, master's degree candidates, bachelor's degree candidates in our requisite science and technology disciplines that actually can come to work for the Department of Defense. In many instances, this requires clearances. And so, making sure that they are—that you can get the clearances. And some of this then goes to their nationalities.

DOD is looking at this. There are some very early programs looking at how to accelerate the citizenship path. But this is a very serious problem we have to face going forward.

Senator HAGAN. It is a serious problem.

And Mr. Estevez, thank you, too, for being here and your nomination. I look forward to both of your confirmations.

I have met with many soldiers who have been severely injured or wounded in Afghanistan. And a large number of our wounded warriors are exposed, obviously, to the IEDs and to enemy attacks because of their involvement in moving supplies. It is of critical concern that our service members have access to the necessary equipment, food, and resupplies, but I am concerned about supply movements, which are often the target of the enemy.

Afghanistan is landlocked, and the road networks are hard to navigate, and the country has few airports. What, if any, changes do you think can be made to meet the mission of the warfighter but minimize their exposure to enemy attacks in logistical supply movements?

Mr. ESTEVEZ. And I share those concerns, Senator, again, having just come back from Afghanistan and looking at some of the things that we are doing to protect our soldiers on the battlefield.

First of all, you know, our movement in providing things like mine-resistant, ambush-protected vehicles, MRAPs, and their all-terrain variant, are incredible lifesaving devices out there that allow us a level of protection. There is no—nothing that is full protection, unfortunately.

Through our rapid acquisition initiatives that Dr. Carter is leading and that I am part of in sustaining that equipment, we are also providing things like mine rollers, ISR assets, handheld devices that you can find IEDs on the road. And we just need to do more of that.

For internal transportation in Afghanistan, we are doing more air drop to our remote outposts. That takes convoys off the road or combat logistics patrols, as we prefer to call them, because those guys are out there doing combat as well and performing their logistics duties. More vertical lift, helicopter lift, both commercial and our own, can also help in that regard.

Most of the movements in Afghanistan are actually commercial movements, using either Afghan national trucks or prime vendors who are contract. Now, those people also get wounded and killed out there. So taking them off the road is also beneficial. But commercial movements have better ability in some areas to get through than our own military convoys.

So put all those things together, and we have focus on doing exactly what we both share in trying to take our folks off the road and provide safer movements.

Senator HAGAN. Thank you. Because I have spent a lot of time with the wounded warriors, and it is something that is of grave concern to me.

Ms. Creedon, due to the rising threat of cyber attacks, the Department of Defense established the United States Cyber Command. And currently much of the attacks on DOD networks involve theft, which include stealing password and information from secure networks.

The cyber attacks on the Department of Defense are similar to the cyber attacks on large financial institutions and other major commercial industries that also face those attacks. How do you think the Department of Defense can work with Homeland Security and the private sector to protect critical national infrastructure, like the power grid, the transportation system, and the financial sector?

Ms. CREEDON. It is important, obviously, that all of these sectors work together. DOD uses commercial communications capabilities. It relies on domestic power supplies in the U.S. It relies on commercial fiber lines. It is absolutely essential that these entities work together.

The difficulty, obviously, in getting three very disparate entities that are not often working together, that are not used to working together, working together is a difficult challenge. I know that this is a focus of the new cyber security strategy, the cyber security policy document that was just released.

It is also one of the big focuses of the Defense Industrial Base Pilot, the DIB pilot, really trying to partner with industry, particularly industry that is working with DOD and that has sensitive DOD materials, trying to figure out both the advantages of the commercial approaches, the advantages of the Department of Defense approaches, and figure out what is really sort of the best actor in these instances.

There are a lot of different ideas that, you know, I have heard. If confirmed, I look forward to really taking this on and trying to figure out how to improve our capabilities in this area.

Senator HAGAN. Well, I will miss you on the committee, but I certainly do look forward to the confirmation of both of you.

Thank you very much for your testimony.

Ms. CREEDON. Thank you.

Chairman LEVIN. Thank you very much, Senator Hagan.

Senator BEGICH.

Senator BEGICH. Thank you very much, Mr. Chairman.

To both of you, thank you very much for your willingness to serve. And I agree, I hope the nominations goes smooth, and you can be in your new roles.

First, Ms. Creedon, if I could ask you a couple questions? As you probably know, I am a big supporter of the Ground-Based Mid-course Defense—Missile Defense System, and I want to get your opinion of how you see the GMD that is currently assembled. Do you believe this is the only system at this point that is capable of defending the Nation against intercontinental ballistic missile attack?

Ms. CREEDON. Yes, sir, it is, and it needs to be maintained.

Senator BEGICH. What is your thought on the—let me add to that, I guess. When you say “maintain,” give me—can you elaborate a little bit on that? Where do you see the missile defense system for the United States in maintenance and/or expansion or other needs they may have?

Ms. CREEDON. My understanding that right now the Missile Defense Agency is focused on maintaining, updating, upgrading the GBIs, so that they will eventually be in a common configuration, and to identify the root causes of the recent test failure and to make sure that once those are identified, that those fixes are incorporated across the land-based missile defense in Alaska.

Senator BEGICH. In your advance policy questions, one of—and this may go to what you just said—you had made the comment that need for additional interceptors. Is that what you are referring to or just elaborate a little bit more maybe?

Ms. CREEDON. My understanding is that as part of the overall review of the GBIs, the Ground-Based Interceptors, and as part of the review that is now ongoing as a result of the test failures, as well as the continuing overall review as to what the threat looks like over time, and also the need to have a certain number of tests and replacement assets, that the combination of all that, from what

I understand, it is looking as if there will probably be additional GBIs that will be needed over time. The amount, the timing of those, as I understand it, is still very much in the “to be determined” category.

Senator BEGICH. Thank you for your comment.

I guess I want to let you know I agree with that. I have said that for the last 2 1/2 years, that based on the schedule—actually, we had a hearing here maybe a year and a half ago with General O’Reilly, and we were talking about this. And we made the comment—or I made the comment that I think they are going to be short on how many they will need based on replacement.

So it sounds like there is a full review, and like you said, they are not sure when and how, but it is clear that there is an additional need of interceptors. And when and how they will be placed is still up in debate. Is that fair?

Ms. CREEDON. That is my understanding at this point.

Senator BEGICH. Very good.

And I don’t know how much you are familiar in Alaska with the Kodiak Launch Complex and how it has been used or not been used, depends on the agency.

Give me, if you could, some of your thoughts on how DOD will utilize their own systems, their own Federal facilities, as well as potentially facilities like this that are partially federally funded, but State operated. That is what this one is. It is not a private. It is a quasi-Government facility.

Can you give me some thoughts on that? I am being very specific here around Kodiak launch facility, but in the broader perspective of other facilities that might be out there.

Ms. CREEDON. Well, as you are well aware of, we have been waiting for some time to get one of the TacSat satellites off. It looks like it is going to happen later this summer. So—and that will be launched out of Kodiak.

Senator BEGICH. Out of Kodiak.

Ms. CREEDON. And that is—you know, that will be a good thing. We need that capability on orbit.

Looking farther, looking broader at where we go with the smaller satellites is an issue that, if confirmed, I would hope to really look at some more. This committee has been very active in sponsoring the operationally responsive satellite office, making sure that there is focus and attention paid on small satellites.

Small satellites, I think, have an opportunity to play a very large role, both increasing our redundancy in space and also resiliency. It also has the added benefit of making more targets, if you will, which also has a deterrent effect on adversaries.

Looking at other possibilities about disaggregating large satellites into small satellite components, these are all things that I think we need to do. If all of that pans out, then there become opportunities for smaller launchers, for the smaller launch sites. There is a launch site in Virginia—

Senator BEGICH. Right.

Ms. CREEDON.—that has also been very active in these smaller satellite launches. So it is all—I think it is all very much tied with these—you know, with where we actually decide to go in small satellite operations.

Senator BEGICH. As you move forward on that—obviously, the assumption is that you will be appointed and move forward in your new position—will you keep our office informed? Obviously, it is a great asset that the Federal Government has invested in, and we sure don't want to have it idle or not utilize it, what you might think is a possibility.

But also, as you think of the long-term where it is going to—what your small satellite deployment might be, if there are issues that they need to deal with, please keep us informed and what we need to be doing there to make sure it is an asset that the military can utilize or not utilize, but at least be available to utilize.

Ms. CREEDON. I will, Senator.

Senator BEGICH. Very good.

Mr. Estevez, if I could ask you a couple questions? This one is the Department of Defense on Defense Personal Property System, DPS, which is a new system. It is Web based. It helps manage personal property moves, and so forth.

It has had some good changes, based on now you award these based on satisfactory performance, not just low bid, which I am a big believer in this, because sometimes low bid is garbage bid. So having quality bid is better bid. So I think that is a good move.

Here is the struggle. And I know TRANSCOM is working on this, and I just ask you to kind of look into this. Alaska is being treated a little differently in how the rate structure is being designed, and it is actually a disadvantage because of how much—you can't access—80 percent of the communities can't be accessed by roads.

So it is not like pulling up a moving van and hauling people out. It is a little different. And because of that, we have asked them to reexamine the rate structure.

There is a group called Alaska Movers Association that have been aggressive in trying to figure this out. They are fine with the new Web base. They are all good with that. It is just the way they are developing the model is based on a lower 48 model, actually is inconsistent, to some extent, with the lower 48 model.

And would you—I don't know how much you are familiar with this, but, if not, would you be willing to work with our office and the Alaska Movers Association and make sure we are on the right path here? We want to make sure that individuals aren't dipping in their own pocket, military personnel, because of the formula.

We just had this problem with some housing issues, which is now being corrected, because of the uniqueness of Alaska housing costs.

Mr. ESTEVEZ. Senator, I am very familiar with DPS. I am not familiar with the Alaska issue related to DPS. And to your point, DPS is actually showing some pretty good results. And this year, because of some bandwidth increases, it is actually working better than it did last year in returning savings.

The transportation policy, Deputy Assistant Secretary on the L&MR staff, on the staff which I will lead if confirmed, co-chairs an oversight board with the United States Transportation Command that looks at how DPS is structured. So I will absolutely work with your staff to address disparities related to the Alaska Movers.

Senator BEGICH. Great. And we are not—you know, we are looking just for the fairness of how—you know, we are not looking for

anything special. It is just the uniqueness of the transportation challenges are a little different than maybe Fort McChord or any of that kind of activity.

Let me end there. My time is expired.

But one area I would like—and you don't have to do it now. But maybe in the future, I would like to talk to you about rare earth materials and kind of, you know, I guess the comment I would make is with so much concentration in China, with I think 95, 96, 97 percent of our rare earth capacity, is to reexamine what we need to do. And there is a lot of pieces of legislation floating now to try to figure out how do we deal with this from a defense perspective and a national security perspective.

And at some point, maybe as we move on some legislation or have these discussions raised, Alaska has several of these potentials for rare earth development, and I would just be curious about how you will handle that and deal with that in the future.

But if you are confirmed, is this an area that will be of interest to you and willing to look at to make sure we are on the right path here?

Mr. ESTEVEZ. It is not my primary area. Brett Lambert, our Deputy Assistant Secretary for Manufacturing and Industrial Policy, leads that. However, I do oversee the stockpile that DLA, Defense Logistics Agency, manages. So we share that concern. I would be happy to work with you, Senator.

Senator BEGICH. Great. I just want to make sure what stockpile you are looking at isn't empty, and so that is our goal.

But thank you very much. Congratulations to both of you. I know I am saying that with your—you know, the markup being done yet. But I hope you are confirmed, and thank you for your service.

Chairman LEVIN. Thank you, Senator Begich.

On the missile defense system issue, first of all, Ms. Creedon, would you agree that operational missile defense systems should be operationally effective before they are deployed?

Ms. CREEDON. Yes, sir.

Chairman LEVIN. They should be cost effective?

Ms. CREEDON. Yes, sir.

Chairman LEVIN. As stated in the ballistic missile defense review.

Now, the United States and NATO are exploring options for cooperation with Russia on missile defense in order to enhance mutual security against common missile threats from Iran. Do you believe it is worth exploring those options?

Ms. CREEDON. I do, sir.

Chairman LEVIN. Russia has expressed concerns that our missile defense systems may undermine its strategic deterrent. Will you use your best efforts to dissuade them from that perspective?

Ms. CREEDON. Yes, sir.

Chairman LEVIN. On the cyber issues, which have been raised by a number of us, I think we should appreciate the caution that you use in terms of your response to these questions as to when is a cyber attack an act of war. But I think we also need to do what you and others have suggested we do, which is to sort out the elements of that question because these are vitally critical issues to our security, to our own cyber security, to our country's security.

But when we are talking about acts of war, we are then talking about a necessity, if we can't deter, of responding to those acts. And it seems to me that the question, if there is an intentional attack on our capability and our systems by another country and where that intention is to disrupt our systems, that the issue of what is an appropriate response is an open issue. What is proportionate, for instance.

However, if another nation—if you know who the actor is, and if it is another nation and if its purpose is not espionage—which we conduct as well, not just other nations that conduct acts of espionage. We conduct acts of espionage. We have spies out there, too.

But if it is not an act—if we decide that the motive is not espionage or spying on us, but that the motive is to disrupt our systems, that then it may be that the issue we haven't sorted out is what is an appropriate response, but that the question of whether or not it is an act of war, it seems to me, is resolved by the way the question is framed.

If it is a purposeful, intentional effort on the part of another nation to disrupt some system of ours, putting aside the response and what is appropriate, that that does constitute an aggressive act of war against us.

Is that not the way you—and I know you are being cautious, and I admire that, and you should be. But I am trying to phrase a question in a way where it seems to me the issue becomes not how do you know. That is part of the question. It is the given. It is the assumption.

The question isn't how do you respond? Set that aside. It is an important question, and proportionality is critically important. But I am trying to put everything into the question in a way that, yes, that sure sounds like an act of war to me, which it does to me, by the way. Would it not sound like an act of war to you, the way I phrased the question?

Ms. CREEDON. Sir, yes. I think part of this is sort of understanding, and this is where I have trouble. I think this is where a lot of people have trouble is—so you start with, okay, is it possible that a cyber act could be an act of war? And I think that answer to that is absolutely yes. You know, just like any kinetic act could be an act of war.

The question then is, okay, let us assume that it was. It is a cyber attack, and we have determined that it is an act of war. That still gets you back to, well, what are we going to do about it?

Chairman LEVIN. No, but that is not the question.

Ms. CREEDON. But there is certainly a construct where an attack is an act of war. Whether it is a cyber attack or a kinetic attack, it can be determined an act of war.

Chairman LEVIN. And I am trying to construct an example. That is what I am trying to do is construct an example so we have a feel as to where you are.

And how would that not be? If the actor is known, it is a state actor. If the motive is known, its motive is to disrupt or destroy—disrupt or destroy. Why would that not—why would that not be an act of war?

Ms. CREEDON. Well, and as I say, I think I don't—it sure sounds like it is, but I don't know for sure that it is. And I think some of this—

Chairman LEVIN. Even with my givens and assumptions?

Ms. CREEDON. Yes, and I think some of this—

Chairman LEVIN. How could it not be?

Ms. CREEDON. Well, I think part of it, I have—we would have to go back and look at sort of what is—what is sort of understood international law as to what is an act of war. I mean, it is certainly a hostile act. It is certainly a hostile intent. And it is where does it become an act of war? That is where I think that there is some uncertainty.

Chairman LEVIN. And the word “disrupt” doesn't answer that question?

Ms. CREEDON. And I am not sure “disrupt” answers that. I am not sure “disrupt”—

Chairman LEVIN. If it is intentionally—

Ms. CREEDON. And maybe it is the size of the disruption. Maybe there is a proportionality.

Chairman LEVIN. Well, that is an issue of what the response is.

Ms. CREEDON. There is an intent—there is an intent as well.

Chairman LEVIN. I have given the intent in my question. The intent is disrupt.

Ms. CREEDON. And so, I think there is a point at which it probably—it could be. I think it probably could be. I think it is just really hard in the abstract to say, okay, that specific example is, in fact, an act of war because there is a danger, I think, also in laying out red lines.

And you know, so if there is—if you say, “Okay, this is it. You cross this line. It is an act of war.” There is a danger there because it sets us up for some act that we might not necessarily be prepared to take.

Chairman LEVIN. Well, I think we have got to sort that out pretty quick because it sounds to me with all of the qualifications that I put in there, that there is an intent to disrupt. It is not a side effect. It is not an unintentional consequence of an act of espionage. It is an intent to disrupt.

That seems to me to go to the heart of the matter. But if it isn't, we sure better find that out fast because we could give a false signal as well if we are ambiguous about considering that to be a hostile act or an act of war, and I think we better end that ambiguity fast.

The proportionality issue, that is always a problem. I mean, that is an issue after you have been attacked.

Ms. CREEDON. Yes, sir. And—

Chairman LEVIN. But if you know what the intent is, once you know that intent is to disrupt or destroy, it seems to me then the issue becomes what is the appropriate reaction. But it is not a question of whether there should be a response at that point.

But I think that your testimony indicates that there sure is a heck of a lot of work to do, and I think we better do some of the basic work quickly while we spend more time perhaps in trying to figure out how do we know and what do we do? Those are questions which may take a lot more time to figure out.

But the question of whether we respond to an intentional act to disrupt, seems to me, should not be difficult. It should not be difficult as to whether we respond.

We thank you both. And we thank your families, those who are here and those who are not here. And we look forward to a speedy confirmation.

The committee will stand adjourned.

[Whereupon, at 11:10 a.m., the committee adjourned.]