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Before the

COMMITTEE ON
ARMED SERVICES

UNITED STATES SENATE

HEARING TO RECEIVE TESTIMONY ON
30 YEARS OF GOLDWATER-NICHOLS REFORM

Tuesday, November 10, 2015

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HEARING TO RECEIVE TESTIMONY ON
30 YEARS OF GOLDWATER-NICHOLS REFORM

Tuesday, November 10, 2015

U.S. Senate
Committee on Armed Services
Washington, D.C.

The committee met, pursuant to notice, at 9:04 a.m. in Room SD-G50, Dirksen Senate Office Building, Hon. John McCain, chairman of the committee, presiding.

Committee Members Present: Senators McCain [presiding], Wicker, Ayotte, Fischer, Rounds, Ernst, Tillis, Lee, Reed, Nelson, Manchin, Gillibrand, Blumenthal, Donnelly, Hirono, and King.

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

3 Chairman McCain: Good morning. The committee meets
4 today to continue our series of hearings focused on defense
5 reform.

6 This morning's hearing is critical -- is a critical
7 inflection point in our efforts. Our prior hearings have
8 sought to establish a broad context in which to consider
9 the question of defense reform. We have evaluated global
10 trends in threats and technology, their implications for
11 national security, and what the United States military and
12 the Department of Defense must do to succeed against these
13 complex and uncertain challenges.

14 Today, we begin to look more closely at our defense
15 organization, and we do so by revisiting the Goldwater-
16 Nichols Defense Reorganization Act of 1986. This landmark
17 legislation, which marks its 30th anniversary next year,
18 was the most consequential reform of the Department of
19 Defense since its creation. And this committee played a
20 critical role at every step of the way, from initial study
21 to first draft to final passage. Put simply, the
22 Goldwater-Nichols reforms would never have happened without
23 the leadership of the Senate Armed Services Committee. And
24 yet, to a large degree, the organization of the Department
25 still reflects those major decisions and changes made back

1 in 1986. On the whole, those reforms have served us well,
2 but much has happened in the past 30 years. We need a
3 defense organization that can meet our present and future
4 challenges. That is why we must ask, Has the time come to
5 reconsider, and potentially update, Goldwater-Nichols? And
6 if so, how and in what ways?

7 We're fortunate to have a distinguished group of
8 witnesses this morning to help us consider these questions.
9 Dr. John Hamre, President and CEO of the Center for
10 Strategic and International Studies, is one of our Nation's
11 finest defense thinkers and leaders. And it all started
12 right here on this committee, where he was a young staffer
13 at the time of the Goldwater-Nichols reforms. Mr. James
14 Locher, Distinguished Senior Fellow at the Joint Special
15 Operations University and also an old committee hand, he
16 was the lead staffer who helped bring Goldwater-Nichols
17 into being, and it's safe to say that no one contributed
18 more to these defense reforms than him. And finally, Mr.
19 Jim Thomas, Vice President and Director of Studies at the
20 Center for Strategic and Budgetary Assessments, is an
21 accomplished defense strategist and practitioner who spent
22 13 years recently working inside the defense organization
23 that Goldwater-Nichols created, including serving as a
24 principal author of the 2006 Quadrennial Defense Review.

25 I thank all of our witnesses for their testimony

1 today.

2 Goldwater-Nichols came about in response to a series
3 of military failures, from the Vietnam War and the failed
4 hostage rescue in Iran to difficulties during the invasion
5 of Granada. After years of study, this committee concluded
6 that these failures were largely due to the inability and
7 resistance of the military services to function as a more
8 unified force, especially on strategy and policy
9 development, resource allocation, acquisition and personnel
10 management, and the planning and conduct of military
11 operations.

12 In addition, the committee was concerned that the
13 Department of Defense had become excessively inefficient
14 and wasteful in its management and that civilian and
15 military staffs had grown too large. As a result,
16 Goldwater-Nichols fundamentally redrew the relationships
17 between the major actors in the Department. The Chairman
18 of the Joint Chiefs of Staff was strengthened, provided a
19 deputy given responsibility over the Joint Staff, and
20 assigned the role of Principal Military Advisor to the
21 President. Responsibility for planning conducting military
22 operations was vested in empowered operational elements,
23 which are now combatant commands reporting directly to the
24 Secretary of Defense. The service chiefs were focused more
25 narrowly on their roles as force providers, not on

1 overseeing day-to-day military operations. Major changes
2 were made to strengthen joint duty requirements for
3 military officers. And many of the Packard Commission's
4 recommendations were adopted to reform the acquisition
5 system, with an emphasis on strengthening the Office of the
6 Secretary of Defense.

7 The record and performance of the U.S. military over
8 the past 30 years has largely been of -- one of
9 unquestioned and unparalleled success, so the inevitable
10 question that many of us will ask is, Why change? There
11 are several factors to consider:

12 First, as our recent hearings have made clear, our
13 strategic environment today is radically different. The
14 Cold War is over, and we face a complex array of threats,
15 from ISIL and al-Qaeda to North Korea and Iran to Russia
16 and China. What all of these threats have in common is
17 that they are not confined to single regions of the world.
18 They span multiple regions and domains of military
19 activity. We must act whether our -- we must ask whether
20 our current organization, with its regional and functional
21 rigidity, is flexible and agile enough to address these
22 crosscutting national security missions.

23 A second factor is technology. The clear consensus in
24 our recent hearings is that significant technological
25 advancements are now transforming the nature and conduct of

1 war. Our adversaries are working to harness these new
2 technologies to their military benefit. If the United
3 States cannot do the same, and do it better, we will lose
4 our qualitative military edge, and, with it, much of our
5 security.

6 A scarcity of resources for defense is another reason
7 to consider change. We must spend more on defense. Reform
8 cannot take the place of sufficient funding. But, the fact
9 is, with budgets tight -- with budgets tight, as they are
10 and seem likely to remain, the Department of Defense must
11 make smarter and better use of its resources, to include
12 its people.

13 That said, the primary goal of reform must be to
14 improve effectiveness, not just efficiency. And there are
15 serious questions about the performance of the Department
16 of Defense. Our defense spending, in constant dollars, is
17 nearly the same as it was 30 years ago. But, today we are
18 getting 35 percent fewer combat brigades, 53 percent fewer
19 ships, and 63 percent fewer combat air squadrons. More and
20 more of our people and money are in overhead functions, not
21 operating forces. The acquisition system takes too long,
22 costs too much, and produces too little. And all too
23 often, we see instances where our senior leaders feel
24 compelled to work around the system, not through it, in
25 order to be successful, whether it is fielding critical and

1 urgently needed new weapons, establishing ad hoc joint task
2 forces to fight wars, or formulating a new strategy when we
3 were losing the war in Iraq.

4 As we consider these questions, Senator Reed and I
5 have identified six enduring principles that any defense
6 reform effort must sustain and strengthen. We will
7 consider each of these principles in the hearings that will
8 follow this one. They are: 1) providing for a more
9 efficient defense management; 2) strengthening the All-
10 Volunteer Joint Force; 3) enhancing innovation and
11 accountability in defense acquisition; 4) supporting the
12 warfighter of today and tomorrow; 5) improving the
13 development of policy, strategy, and plans; and 6)
14 increasing the effectiveness of military operations.

15 Let me say again, in closing, that this oversight
16 initiative is not a set of solutions in search of problems.
17 We will neither jump to conclusions nor tilt at the
18 symptoms of problems. We will follow Einstein's advice on
19 how to approach hard tasks: spend 95 percent of the time
20 defining the problem and 5 percent on solutions. We will
21 look deeply for the incentives and root causes that drive
22 behavior, and we will always, always be guided by that all-
23 important principle: first do not harm.

24 Finally, this must and will be a bipartisan endeavor.
25 Defense reform is not a partisan issue, and we will keep it

1 that way. We must seek to build a consensus about how to
2 improve the organization and operation of the Department of
3 Defense in ways that can and will be advanced by whomever
4 wins next year's elections. That is in keeping with the
5 best traditions of this committee. That's how Goldwater-
6 Nichols came about, three decades ago, and that is how
7 Senator Reed and I and all of us here will approach the
8 challenge of defense reform today.

9 Senator Reed.

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

3 Senator Reed: Well, thank you very much, Mr.
4 Chairman. And thank you for your very thoughtful and
5 bipartisan approach to a significant issue, the review and
6 reformation of the Goldwater-Nichols.

7 But, I'd like to thank you also for bringing together
8 this distinguished panel of witnesses. As you have pointed
9 out, Mr. Chairman, Dr. Hamre and Mr. Locher were key to the
10 original passage of Goldwater-Nichols, and Mr. Thomas is a
11 very, very thoughtful, perceptive analyst of these issues.
12 In fact, Jim was the committee's lead staffer for DOD
13 reorganization, and then later served as the Assistant
14 Secretary of Defense for Special Operations in Low-
15 Intensity Conflict. John Hamre, as you pointed out, is one
16 of the most astute observers of the Department of Defense,
17 having served as Deputy Secretary of Defense and
18 Comptroller in the '90s. So, thank you both. Of course,
19 Mr. Thomas is someone who continues to be a expert in
20 analysis of the Department of Defense and others, so --
21 Epicenter for Strategic and Budgetary Assessments.

22 Thank you, gentlemen.

23 Almost three decades after passage of Goldwater-
24 Nichols, I join the Chairman in the view that it is
25 appropriate that we take stock of what is and what is not

1 working with regard to the organization and processes of
2 the DOD, given today's dynamic security challenges,
3 particularly.

4 The 1986 defense reforms were made necessary by a
5 number of identified deficiencies at the time, including
6 operational failures, poor interservice coordination,
7 faulty acquisition processes, and inadequate strategic
8 guidance. Fortunately, our military has not experienced
9 any significant operational failures in recent times, and
10 remains the most effective fighting force in the world, in
11 no small part because of the reform put in place
12 approximately 30 years ago. Unfortunately, DOD does
13 continue to suffer from bureaucratic friction, acquisition
14 cost and schedule overruns, and difficulties in the
15 formulation and communication of strategy. Our task at
16 this juncture is to optimize the Department's organization
17 and processes and to shape our military to counter the
18 threats and other challenges they will face in the future
19 while preserving the important principles of jointness and
20 civilian control of the military enshrined in the
21 Goldwater-Nichols reforms.

22 To do so, we should consider smart reforms to the
23 structure and responsibility of the combatant commanders,
24 the alignment of roles and missions across the military
25 services, the manner in which civilian control of the

1 military is exercised, the size and number of defense
2 agencies and field activities, the development and
3 acquisition of required capabilities, the education and
4 compensation of military personnel, and other relevant
5 matters.

6 The 1985 staff report of this committee that
7 underpinned the Goldwater-Nichols Act and was authored by
8 Mr. Locher and Dr. Hamre, highlighted the challenges and
9 risks in seeking to reform the Department of Defense. It
10 said, "The Department of Defense is clearly the largest and
11 most complex organization in the free world. For this
12 reason, it is critically important that if changes are to
13 be made to DOD organizational arrangements or
14 decisionmaking procedures, the temptation to adopt simplest
15 -- simplistic yet attractive options must be avoided.
16 Change just for the sake of change would be a critical
17 mistake." Those words remain true today. And I would note
18 that possibly the most important factor in passing the
19 Goldwater-Nichols Act was the relentless bipartisan effort
20 of its sponsors over the course of nearly 5 years to
21 methodically study relevant issues and build consensus
22 reform, even in the face of strong opposition from the
23 Department.

24 The Chairman embodies this determination and
25 bipartisan approach, and I thank him for that. And I have

1 no doubt that your testimony and assistance will be very
2 valuable.

3 Thank you, Mr. Chairman.

4 Chairman McCain: Thank you.

5 I welcome the witnesses. And the statements of the
6 witnesses will be included in the record.

7 We'll begin with Dr. Hamre.

8 Dr. Hamre: Mr. Chairman, thank you. May I just ask
9 you to start with Jim Locher? He was the staff director,
10 and --

11 Chairman McCain: Well, I was --

12 Dr. Hamre: -- I work for him.

13 Chairman McCain: I would be more than pleased to
14 begin with Mr. Locher.

15 Welcome back, Mr. Locher.

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1 STATEMENT OF JAMES R. LOCHER III, DISTINGUISHED
2 SENIOR FELLOW, JOINT SPECIAL OPERATIONS UNIVERSITY

3 Mr. Locher: Thank you, Mr. Chairman. I'm delighted
4 --

5 Chairman McCain: And, by the way, for the record, the
6 two first -- Hamre and Locher are friends and acquaintances
7 for more than 30 years.

8 Mr. Locher.

9 Mr. Locher: Yes. Thank you, Mr. Chairman.

10 Mr. Chairman, I commend you and Senator Reed for
11 initiating this important and timely series of hearings.
12 It has been nearly 30 years since the Goldwater-Nichols Act
13 mandated the last major reorganization of the Pentagon.
14 That legislation, as you mentioned, Mr. Chairman,
15 profoundly shaped by this committee, has served the
16 Department of Defense and the Nation well. But, no
17 organizational blueprint lasts forever.

18 To be successful, organizations must be designed and
19 redesigned to enable effective interactions with their
20 external environment. And the world in which the Pentagon
21 must operate has changed dramatically over the last 30
22 years. Threats and opportunities are more numerous, more
23 varied, more complex, and more rapidly changing. The
24 changed environment demands Pentagon decisionmaking that is
25 faster, more collaborative, and more decentralized.

1 Mr. Chairman, all public and private organizations are
2 facing the challenges of a rapidly changing world. Those
3 that continue to thrive have transformed themselves with
4 innovative organizational approaches.

5 The Department of Defense has delayed organizational
6 change longer than advisable. John Kotter, a leading
7 business scholar, has observed the price of such delays,
8 and he said, "The typical 20th century organization has not
9 operated well in a rapidly changing environment.
10 Structure, systems, practices, and culture have often been
11 more of a drag on change than a facilitator. If
12 environmental volatility continues to increase, as most
13 people now predict, the standard organization of the 20th
14 century will likely become a dinosaur.

15 Unfortunately, the Pentagon remains a typical 20th
16 century organization. It has intelligent and experienced
17 leaders, but no organizational strategy for achieving
18 desired outcomes. It has deep bodies of functional
19 expertise, but cannot integrate them. It has clear
20 authoritative chains of command, but not the mechanisms to
21 ensure cross-organizational collaboration. It has
22 elaborate, slow processes that generate reams of data, but
23 not the ability to resolve conflicting views. It has a
24 large, hardworking staff with a mission-oriented ethos, but
25 not a culture that values information-sharing,

1 collaboration, and team results.

2 Mr. Chairman, reforming the Pentagon will require
3 visionary leadership -- I'm sorry -- visionary legislation
4 from this committee and its House counterpart. The
5 intellectual and political challenges of formulating this
6 legislation will be staggering. On the intellectual side,
7 modern organizational approaches differ significantly from
8 past practices. They require a new mindset and are
9 difficult to implement.

10 Before passing the Goldwater-Nichols Act, the two
11 Armed Services Committees worked for years to become
12 knowledgeable on defense organization and modern
13 organizational practice. A similar effort will again be
14 needed.

15 With the Pentagon swamped by multiple contingencies, a
16 full management agenda, and overhanging budget and staff
17 cuts, defense officials are likely to argue that now is not
18 the time to pile defense reform on top. Unfortunately,
19 there is never a good time to transition an outmoded and
20 overwhelmed bureaucracy to better, faster, more integrated
21 approaches. Fixing the Pentagon, Mr. Chairman, is much
22 more than a leadership issue. Dr. Deming, a systems
23 expert, observed, "A bad system will beat a good person
24 every time."

25 We have repeatedly seen organizational dysfunction

1 stymie good leaders. On occasion, good leaders have
2 prevailed. Secretary Robert Gates was often able to
3 overcome system limitations, such as with the MRAP program.
4 Similarly, General Stanley McChrystal created effective
5 high-value terrorist targeting teams in Iraq, despite vast
6 institutional obstacles. But, Gates and McChrystal did not
7 achieve these results using the system; they circumvented
8 it. These outcomes were personality-driven, and the
9 processes they used were not institutionalized. The system
10 Gates and McChrystal struggled against remained unchanged.
11 In any case, defense reform is not a matter of choosing
12 between good leaders and good organization. We must have
13 both.

14 If the committee is to succeed in this historic
15 undertaking, it must adopt and execute a rigorous
16 methodology for each of reform's two dimensions:
17 intellectual and political. Changing organizations is
18 difficult. The failure rate of change efforts in business
19 has remained constant, at 70 percent, over the last 30
20 years. It is even higher in government.

21 The intellectual dimension of this methodology
22 requires deep study of problems in DOD's performance to
23 enable precise identification of required reforms. Three
24 approaches are imperative:

25 First, identify symptoms, problems, their causes and

1 consequences. Goldwater-Nichols' historic success resulted
2 from a rigorous methodology focused on getting beyond
3 symptoms to identify problems and their root causes.

4 Second, examine all elements of organizational
5 effectiveness, such as shared values, processes, structure,
6 core competencies, staff, culture, and strategy.

7 Third, examine the entire system. A holistic
8 examination is critical to meaningful reform.

9 The methodology's political dimension involves gaining
10 solid congressional approval of needed reforms and
11 inspiring first-rate implementation by DOD. Foremost among
12 the components of a political strategy is creating a sense
13 of urgency.

14 To set the context for discussing today's problems, it
15 is useful to revisit the intended outcomes of the
16 Goldwater-Nichols Act. It sought to achieve nine
17 objectives: strengthen civilian authority, improve
18 military advice, place clear responsibility on combatant
19 commanders, ensure commensurate authority for the combatant
20 commanders, increase attention to strategy and contingency
21 planning, provide for more efficient use of resources,
22 improve joint officer management, enhance the effectiveness
23 of military operations, and improve DOD management.

24 The two Armed Services Committees, Mr. Chairman, gave
25 their highest priority to the five objectives dealing with

1 the operational chain of command. Not surprisingly, these
2 priority objectives have received the highest grades for
3 their degree of success. The four objectives addressing
4 administrative matters -- strategy and contingency
5 planning, use of resources, joint officer management, and
6 DOD management -- have received middling or poor grades.
7 These areas, among others, Mr. Chairman, need attention
8 now.

9 In addition, some reforms identified at the time of
10 Goldwater-Nichols were not enacted, either because of
11 opposition or as a result of compromises to gain higher-
12 priority objectives. Two unachieved reforms were
13 strengthening the mission orientation of DOD's Washington
14 headquarters, and, two, replacing the service secretariat
15 and military staff at the top of each military department
16 with a single integrated headquarters staff. Thirty years
17 later, these are pressing needs, with the weak mission
18 orientation ranking as the Pentagon's greatest
19 organizational shortcoming.

20 My written statement, Mr. Chairman, discusses six
21 additional problems: inadequate strategic direction -- a
22 problem that we cited at the time of Goldwater-Nichols;
23 inadequate decisionmaking capacity; absence of a mechanism
24 for rationally allocating resources to missions and
25 capabilities; weak civilian leadership at all levels;

1 outdated joint officer management system; and sporadic
2 guidance and limited oversight of the 17 defense agencies,
3 such as the Defense Logistics Agencies.

4 In conclusion, Mr. Chairman, these hearings represent
5 the beginning of a critical initiative by the committee.
6 Many voices will counsel against reform, insisting it is
7 impossible to do, or at least to do well. In truth,
8 meaningful reform will be difficult, and a hasty reform
9 without a deep appreciation for the origins of the
10 behaviors that have limited Pentagon effectiveness would be
11 a mistake. However, successful reform is both necessary
12 and possible.

13 For my part, I encourage the committee to stay the
14 course and complete the task it has undertaken. It's
15 important to recognize there are dangers to inaction as
16 well as misguided action. We would not have our world-
17 class military without the Goldwater-Nichols Act and the
18 service training revolutions of the 1970s and 1980s. If
19 the Senate Armed Services Committee puts forth the same
20 level of effort it mounted 30 years ago, it will succeed.
21 And the benefits to our servicemen and -women, to the
22 Department of Defense, and to the Nation will be historic.

23 Thank you, Mr. Chairman.

24 [The prepared statement of Mr. Locher follows:]

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1 Chairman McCain: Thank you.

2 Dr. Hamre.

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1 STATEMENT OF JOHN J. HAMRE, PRESIDENT AND CHIEF
2 EXECUTIVE OFFICER, CENTER FOR STRATEGIC AND INTERNATIONAL
3 STUDIES, AND CHAIRMAN, DEFENSE POLICY BOARD ADVISORY
4 COMMITTEE

5 Dr. Hamre: Thank you, Mr. Chairman, Senator Reed.
6 And may I just have 30 seconds on personal privilege?

7 I just have to say what an honor it is to be back to
8 -- in front of this committee. I spent 10 years working
9 for you, the best professional experience of my life. All
10 of us want to live a life where we know we're living a
11 bigger life than for our own personal well-being. And this
12 committee gave me a chance to do that. The grandeur of
13 service is unbelievable. And I want to say thank you for
14 letting me be here. And I hope all the young people that
15 are sitting behind you that are staffing you now appreciate
16 the enormous privilege in being on this committee staff.

17 Chairman McCain: Well, I thank you, Doctor, and I
18 thank Jim, also. And I'm sorry we have a level of
19 incompetence that is really just deplorable on the
20 committee now.

21 [Laughter.]

22 Chairman McCain: Dr. Hamre.

23 Dr. Hamre: I'm smart enough not to follow up that
24 sentence. So --

25 [Laughter.]

1 Dr. Hamre: I would like to, if I could, make just
2 three process comments and then maybe three
3 recommendations, if I may.

4 First, you're -- this is going to take a while.
5 You're -- this is a large issue. It's a complicated
6 problem. It'll take more than a year. Right now, we have
7 to get as much moving as possible in this year, but I hope
8 you'd also establish a process that will carry beyond,
9 because it is -- it's going to take a lot of work to get
10 the real problems worked through. You can do the very big
11 things now, I believe. And I hope that you'd think about
12 it as a process.

13 Second, if possible, make the Secretary of Defense
14 your partner. I think that it will make it so much easier
15 to get things implemented if he is wanting to work with you
16 to get shared reform moving. I've had a chance to speak
17 with him. I think he feels that this is just as important
18 as you do. He may have a different, you know, issue
19 alignment than you do, but he -- if the two of you can work
20 together -- or, I should say, the two institutions can work
21 together, you'll get a lot done in this first year. So, I
22 hope you would think of that.

23 And then, the last comment is, please be careful.
24 Bureaucracies are adaptive things. They will adapt to good
25 incentives, and they will also adapt in bad ways to

1 incentives. And you really do need to understand how
2 that's -- you know, bureaucracy is going to think about
3 this -- these new changes. And we have a marvelous officer
4 corps. We have a terrific ethic in the Department. You're
5 right, it's inefficient, but we need to make sure we don't
6 lose something along the way. And I think modeling the
7 impact of change would be very important.

8 Let me, if I may, just make three observations -- or
9 recommendations, I should say:

10 First, I think there are a few things that we need to
11 fix from the original legislation. There were some birth
12 defects, frankly. Now, I think you are fixing one of them
13 with the bill. And I hope, you know, the Authorization Act
14 passes today. When you've made these changes -- putting
15 the service chiefs back in the chain of command, that's a
16 very big thing, and I'm really glad that you've taken that
17 step. I think it's going to have enormous impact over the
18 next couple of years. It'll take a few years for it to
19 find its true power. But, I think that was a very
20 important thing, and I thank you for doing that.

21 Another -- it wasn't a birth defect, but we -- when we
22 created the Joint Duty Officer Assignment -- you know, you
23 can't become a flag officer unless you've been in a joint
24 duty billet -- well, we put that obligation on top of
25 DOPMA. You know, it's a -- DOPMA was a very complicated,

1 elaborate personnel management structure. Now we put
2 another layer on top of it. It's very hard to get through
3 the system now. And so, the personnelists have kind of
4 engineered pathways through this complexity, and it has
5 created an excessively large headquarters structure. They
6 need that headquarters structure to get joint duty billets
7 for everybody. There just are not enough jobs without it.
8 So, unfortunately, we've cut our forces -- in my view, too
9 deeply -- but, we haven't cut the officer corps very
10 deeply, and now we've got too many headquarters. Just pure
11 and simple. So, we've got to figure out -- we've got to go
12 back and look at that interplay of DOPMA and joint duty,
13 and find out, How do we take pressure out of the system so
14 we're not feeding big headquarters structures that are
15 really doing too much micromanagement? So, that would be
16 the first thing.

17 Second set of issues. And I think they revolve around
18 the unified combatant commanders. We used to call them
19 "unified CINCs" when -- on the committee. Back at the time
20 of Goldwater-Nichols, we thought that we were going to
21 fight wars through these unified combatant commands -- the
22 Pacific Command, the Central Command, the European Command
23 -- that we -- we thought they were going to be warfighting
24 headquarters. But, that's really not how we do it anymore.
25 We now fight through combined task forces, or joint task

1 forces. We organize a task force purpose-built for that
2 activity. And, frankly, the regional combatant commands
3 are supporting elements now to this activity. They're not
4 really fighting that war. It's the commander of that task
5 force that's fighting the war. But, if you go out and you
6 look at the unified combatant commands, they all have
7 pretty beefy structures built around warfighting. They've
8 got a J1, a J2, a J3, a J4 -- I mean, and they're not
9 really doing operational warfighting, they're supporting
10 warfighters.

11 So, I still think we need those unified commands, very
12 much, because they do strategic engagement with our
13 partners. The next 30 years, our central grand strategy is
14 to get stronger partnerships with friends around the world
15 that share our values and interests. Those combatant
16 command offices, that's what they do, that's their great
17 contribution to us. But, you don't need a J4, a
18 logistician. I mean, he -- what does he do every day? He
19 calls the guy who is really doing logistics, figuring out
20 what he's doing. You know, or a J6 or a J2. You know, you
21 -- what we need to do is, we really need to redefine those
22 commands so that they are streamlined and they're doing the
23 strategic role that we need to have them done on behalf of
24 the Department. That would be a second thing.

25 A third thing, we did -- you know, when we were

1 working on Goldwater-Nichols, at -- running at the same
2 time was the Packard Commission. And so, all of the back-
3 office stuff -- the logistics, support, all that -- was
4 being handled in a different process, and we really didn't
5 handle it inside Goldwater-Nichols. We can't afford to
6 keep cutting operating forces and not deal with the support
7 structure. The support structure is too large, it's too
8 inefficient. And, you know, every corporation in America
9 long ago got rid of separate warehousing functions and
10 transportation functions. They merged that so it could be
11 managed efficiently. We haven't done that in the
12 Department. I mean, we need to start taking on those back-
13 office activities. And that's a very -- a couple of
14 simple, very direct things could make a huge difference.

15 Finally, one last thing -- I apologize for going so
16 long -- but, there are some things that we didn't know
17 about when we worked on Goldwater-Nichols, primarily
18 cyberwarfare. That was not in our consciousness at the
19 time. And we now have to think about this in a very
20 different way. We're very fractured as a Defense
21 Department when it comes to command and control. The
22 services buy the systems, the -- they operate in a regional
23 command theater when we've got a centralized Cyber Command
24 -- you know, we're hopefully going to have that here. So,
25 we're very fractured. And I think it comes down to a

1 fundamental issue. That is that the services still buy
2 their own command and control. And it -- while I think
3 they should be the ones that buy military hardware, I
4 personally am of the view that we now have to buy command-
5 and-control equipment on a centralized basis. It's the
6 only way we'll get interoperability. It's the only way
7 we're going to get our arms around cyber vulnerability in
8 the Department. Very complicated problem, but I think
9 we're -- it's almost inevitable we'll have to do something
10 like that.

11 Let me stop here. I'm obviously very flattered to be
12 invited. I'll be glad to help in any way.

13 Thank you, Mr. Chairman.

14 [The prepared statement of Dr. Hamre follows:]

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1 Chairman McCain: thank you.

2 Mr. Thomas.

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1 STATEMENT OF JIM THOMAS, VICE PRESIDENT AND DIRECTOR
2 OF STUDIES, THE CENTER FOR STRATEGIC AND BUDGETARY
3 ASSESSMENTS

4 Mr. Thomas: Thank you, Mr. Chairman.

5 It's a real personal privilege for me to testify
6 before you today and alongside John Hamre and Jim Locher,
7 who, in the field of defense, are both enormous figures who
8 have made incredible contributions over many decades to our
9 national security.

10 I also want to commend you for holding these hearings
11 and your leadership, foresight, and spirit of bipartisan in
12 addressing these very important issues.

13 In my testimony today, I'd like to highlight some of
14 the problems with our current organization, consider how
15 those problems might be -- might have emerged over time,
16 and offer some ideas for how they might be fixed or
17 addressed.

18 As you are all too aware, DOD has trouble producing
19 good strategies and plans. Its headquarters staffs have
20 grown too large. Its processes are too cumbersome and
21 time-consuming. The pace of change on many issues is just
22 simply glacial. Decisions often cannot take place until
23 every one has occurred, and this frequently results in
24 lowest-common-denominator outcomes that everyone can live
25 with.

1 How did we get to this place? Many of these problems,
2 I'd argue, are the unintended consequences of Goldwater-
3 Nichols. To be sure, that legislative watershed solved a
4 very big problem for the United States: how to improve the
5 ability of the military services to operate together more
6 effectively in combat. But, the legislation altered the
7 Pentagon's internal balance of power between the Secretary,
8 the Chairman, the service chiefs, while also elevating the
9 COCOMs and making them direct-reports to the Secretary.
10 And it did so in ways that would leave all of the main
11 actors just short of being able to decide anything alone,
12 thus driving the need for excessive coordination and
13 concurrence between them. By making the Chairman principal
14 military advisor to the President, the legislation intended
15 to create a nonparochial ally for the Secretary of Defense.
16 But, in fact, it also elevated the status of the Joint
17 Staff to that of OSD, essentially creating a second, highly
18 duplicative central headquarters staff. And, while the
19 legislation improved considerably the quality of officers
20 serving on that Joint Staff, it did not result in a cadre
21 of staff offers -- officers particularly trained as such or
22 shift control over their career advancement to the
23 Chairman.

24 By taking the Chairman out of the chain of command, it
25 fell short of creating an effective central control entity.

1 In our current system, combatant commands and service
2 chiefs do not work for the Chairman, but for the Secretary
3 of Defense and the service secretaries, respectively.
4 Thus, the Chairman has to rely on his convening powers and
5 ability to control -- cajole and persuade to get things
6 done, because he lacks directing authority. Consequently,
7 no military leader in our current system is empowered to
8 prioritize efforts across regions and produce something
9 analogous to the very simple, but highly effective,
10 strategy General George Marshall articulated for dealing
11 with Nazi Germany and imperial Japan, upon U.S. entry into
12 World War II: win in Europe, hold in the Pacific.

13 Lastly, Goldwater-Nichols strengthened the regional
14 combatant commanders and gave them almost exclusive control
15 over war planning, but did not foresee, as Dr. Hamre
16 mentioned earlier, how, over several decades, they would be
17 consumed by their peacetime roles as de facto regional
18 superambassadors, at the expense of time and attention
19 needed for operational planning in the prosecution of wars.
20 The reality now is that combatant commanders often make
21 only cameo appearances in actual wars before DOD
22 establishes new ad hoc commands and joint task forces
23 devoted to warfighting, as was done in Iraq and
24 Afghanistan.

25 Mr. Chairman, as you and members of this committee

1 deliberate on possible changes in DOD reorganization, I
2 would offer several interrelated reform ideas that could
3 help to address the problems I've outlined:

4 First, I think it's time to rethink the combatant
5 commands. The regional combatant command headquarters
6 should be considered for consolidation, at the very
7 minimum, and to consider replacing the service component
8 commands that are part of them with joint task forces
9 focused on planning and fighting wars.

10 Second, I think the time's come to power up the
11 Chairman by placing him in the chain of command and giving
12 him directive authority on behalf of the Secretary of
13 Defense. He should have greater authority to decide
14 between the competing demands of the regional commands and
15 to develop global strategy.

16 And third, an idea that was considered too
17 controversial and taboo in the 1980s is one that perhaps
18 you would reconsider, and that is to create a true general
19 staff composed of the very best strategists, planners, and
20 staff officers from across the services who would compete
21 to competitively serve on this staff and would remain with
22 the general staff for the remainder of their military
23 careers, with their promotion tracks controlled and
24 determined by the Chairman or the chief of the general
25 staff.

1 I believe that, to deal with the diverse range of
2 threats we face today and are likely to face for the
3 foreseeable future, we will need to make major
4 reorganizational changes, not modest, ineffective tweaks to
5 the current system. It will be difficult, if not
6 impossible, for the executive branch to reform itself. If
7 change is going to happen, it will need to come from the
8 Congress, just as it did with Goldwater-Nichols 30 years
9 ago.

10 Thank you.

11 [The prepared statement of Mr. Thomas follows:]

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1 Chairman McCain: Well, I thank the witnesses. And we
2 have, obviously, a lot of issues to discuss.

3 I guess one of my first questions is -- and I'd --
4 I'll ask two at the same time. One is the results that
5 would entail if we did nothing, if we just leave the status
6 quo. And I guess my second question is, Is -- I don't
7 think there's any doubt about the proliferation of COCOMs.
8 Seems to me that every time there's some issue or area, we
9 create a command, whether it be African Command or AFRICOM
10 or what -- now we have Cyber Command, and all is -- and all
11 of those, of course, includes large staffs and support
12 activities that continue to contribute to the reduction in
13 actual warfighting when we look at the reduction of brigade
14 combat teams and the commensurate increases in size and
15 numbers of COCOMs and staffs.

16 So, maybe we could begin with you, Jim, and maybe
17 discuss those two issues.

18 Mr. Locher: Absolutely. Mr. Chairman, there would be
19 a high price for doing nothing. The organizational
20 arrangements in the Pentagon are not well matched to the
21 external environment. We're going to have increased
22 ineffectiveness and increased inefficiency. This is not a
23 modern organization at the Department of Defense. It's
24 filled with lots of talented people who are incredibly
25 dedicated to what they are doing, but they have an outmoded

1 approach. There are also some cultural obstacles. So, I
2 would encourage the committee to take action in this area.
3 The -- as Mr. Thomas mentioned, the Pentagon is not going
4 to reform itself. It's going to need external help to do
5 so.

6 The -- on the second question, on the proliferation of
7 combatant commands, this is an age of specialization in
8 which we need people who can get focused either on a region
9 or a particular topic, like cyber. And if we have a
10 problem with these commands being too large, I think some
11 of the ideas that Dr. Hamre mentioned, in terms of making
12 them much smaller, not having large headquarters -- but, if
13 we consolidate them, as Mr. Thomas had mentioned, we dilute
14 that specialization, but we also begin to layer. And
15 layering is not good in a world that moves so fast. So, I
16 would look for other ways to reduce the burden of combatant
17 commands to figure out how we can centralize some functions
18 for the combatant commands to reduce their cost. But, I
19 think that they serve a very useful purpose, and I would
20 not consolidate them. And I'd be very careful on
21 eliminating some of them.

22 Dr. Hamre: Mr. Chairman, when I came on this
23 committee, working for you, I remember it so distinctly.
24 This was -- you said in your statement that the purchasing
25 power of the budget we have today was roughly the same as

1 we had 30 years ago. But, 30 years ago -- and I remember
2 this -- we bought over 950 combat aircraft, we bought 21
3 surface combatants, we bought 50 ICBMs, 1,200 M1 tanks,
4 1,800 Bradley fighting vehicles. We had 300,000 troops in
5 Europe. We had 2.2 million people in uniform. We have a
6 fraction of that today, and we're spending the same amount
7 of money. And you look to see the size of the overhead
8 structure and interference that comes from too many
9 headquarters and too much micromanagement, it is choking
10 this Department.

11 So, I think this is crucial. Doing nothing would be
12 very damaging, so I really hope that you take this with
13 full energy. We have to do it.

14 Chairman McCain: And the second question.

15 Dr. Hamre: Sir, I think the -- in general, we have --
16 we've had a pattern -- during the Vietnam War, the average
17 person that testified in front of the Congress was a
18 colonel. By the end of the war, they were generals. And
19 now you hardly ever have anybody but a four-star general
20 coming up here. I mean, we've got too much topheavy focus.
21 The people that run this Department really are the O6s. We
22 should be giving them much more of that responsibility
23 back.

24 And I think we have too many commands. We've got
25 commands -- every command looks the same way Julius Caesar

1 would have created it, you know, personnel, operations,
2 intelligence, logistics. I mean, this -- we have got to be
3 smarter than just simply cookie-cutter -- doing a cookie-
4 cutter model for every command headquarters that we set up.
5 It just -- this -- we're too smart. I mean, we don't have
6 to be as rigid and structured as we are. So, I think going
7 back and forcing a massive streamlining of this command
8 structure would be very important.

9 Chairman McCain: Mr. Thomas?

10 Mr. Thomas: Well, I agree with the points. I think
11 Mr. Locher is -- a good issue, in terms of -- we want to
12 avoid adding duplicative layers. But, I also think Dr.
13 Hamre made a good point earlier, which was, the role that's
14 played by the regional combatant commands is an important
15 one, in terms of engagement and partnership and all of
16 that, but I think we have to divide them out. I mean, the
17 reality today is that we are warfighting with joint task
18 forces. We're not warfighting with those combatant
19 commands. So, I think the real choices are between: Do
20 you want to just eliminate that layer of what we call
21 combatant commands today and have joint task forces that
22 report directly to the center, which I think is the
23 solution to that problem, or is perhaps, for span of
24 control and also to conduct some of these political,
25 military, international activities, do you want that

1 command layer there? And I think that's a question that we
2 need to address.

3 Overall, I think our fundamental problem is that we
4 are losing the command-and-control competitions against all
5 of our adversaries today. All of our adversaries, from
6 great powers, like Russia and China, to nonstate actors,
7 like al-Qaeda and quasi-states like ISIL, are inside our
8 OODA Loop, they are moving faster and making decisions
9 faster than we can possibly keep up with our outdated
10 processes and organizations. So, I absolutely agree, part
11 of the answer has to be reducing headquarter staffs. In
12 part, you do it maybe to save money, but I think the bigger
13 reason is, you do it to gain back your agility as an
14 organization.

15 Senator Reed: Thank you very much, gentlemen. It's
16 very, very thoughtful testimony.

17 And just let me follow up on a point that Mr. Locher
18 made, and ask the whole panel to -- you urged us to take a
19 holistic look, which would, I think, also include the
20 connections between the Department of Defense and every
21 other agency it works with. I don't want to make our task
22 more difficult, but that world needs some attention, too.
23 But, could you give us a sense of the relative importance
24 of reform of not just the DOD system, but the interagency
25 system? And I'd ask everyone to comment.

1 Mr. Locher.

2 Mr. Locher: If it were possible, I would urge this
3 committee to take on the interagency issues first, because
4 they are much more troubling. But, that's not within the
5 committee's jurisdiction. But, I think it's important to
6 note that, no matter how well you transform the Department
7 of Defense, it is still going to be troubled by an
8 interagency system that is quite broken. And the problems
9 that confront this Nation and national security require an
10 interagency response. The days of the Department of
11 Defense being able to execute a national security mission
12 by itself are long gone. And we do not have the ability to
13 integrate the expertise and capacities of all of the
14 government agencies that are necessary.

15 As you know, Senator Reed, I headed the project on
16 national security reform for 6 years, trying to bring a
17 Goldwater-Nichols to the interagency. We did not succeed.
18 But, that is a major, major problem.

19 Senator Reed: Thank you.

20 Dr. Hamre, your comments, and then Mr. Thomas.

21 Dr. Hamre: Well, I agree it's a major problem. The
22 problem is, it's a faultline in American constitutional
23 government. There's no question that Congress has the
24 right to oversee and fund the executive branch departments,
25 and you have a right to demand that they come and talk to

1 you about what they're doing. There's also no question
2 that the President has a right of confidentiality in how he
3 runs the executive branch. And that nexus is at that
4 interagency process. We have not been able to solve this
5 constitutional dilemma. So, what we do is, we try to
6 improve everybody's functioning and then hector everybody
7 to do a better job of getting together on it.

8 It really comes together with the President. The
9 President has to have the kind of vision for what the
10 interagency process should look like. And the person who
11 did it best was Dwight Eisenhower. Dwight Eisenhower had a
12 J5 and he had a J3 in his NCS -- I mean, the equivalent of
13 that. And that's when it worked best. That's when they
14 did strategic planning. Right now, everything is what's on
15 fire in the inbox.

16 Senator Reed: Thank you very much.

17 Mr. Thomas, please.

18 Mr. Thomas: I agree with Dr. Hamre in his
19 formulation. The one concrete thing that the committee
20 might consider is, there is a legislative requirement for
21 the President to prepare a national security strategy every
22 several years. And this is an ad hoc -- this is a
23 unclassified document that, over the years, has really
24 generated pablum. We rarely have anything that would --
25 truly looks like a strategy when you look at this. It

1 looks like a marketing brochure for the executive branch in
2 a lot of ways.

3 What we need is a hardhitting classified national
4 security strategy. And that strategy should be coordinated
5 with the fiscal guidance that the President sends to each
6 of the executive departments. This, I think, would help to
7 improve the national security coordination and achieve
8 greater unity of effort across the government.

9 Senator Reed: Mr. Locher, you mentioned weak mission
10 orientation, and -- can you give us an example on what --
11 the panel, an example. Because sometimes it helps us to
12 sort of put a specific anecdote or a specific example to a
13 concept.

14 Mr. Locher: Certainly. You know, as -- when you're
15 at the level of the Secretary and the Deputy Secretary, you
16 have that ability to focus on missions. But, the moment
17 you go below the Secretary and the Deputy Secretary, you're
18 going into functional areas: manpower, health affairs,
19 intelligence, acquisition. But, what we really need, to
20 move quickly, is to be able to focus on missions, missions
21 such as counterterrorism or countering weapons of mass
22 destruction or some of our activities in the Middle East.
23 There is no place in the headquarters of the Department of
24 Defense where the Secretary and the Deputy Secretary could
25 go and have all of that functional expertise integrated

1 into what I would call a "mission team." In the business
2 world, beginning in the mid- to late-1980s, businesses went
3 to what they called "cross-functional teams," where they
4 could get all of the expertise of a corporation together on
5 one team to solve a problem quickly. We need to be able to
6 do that in the Department of Defense.

7 When Toyota started the cross-functional teams, they
8 ended up being able to design an automobile with 30 percent
9 of the effort. The Department of Defense could do the same
10 thing. You've heard both Dr. Hamre and Mr. Thomas talk
11 about the slow, ponderous process in the Pentagon. In
12 part, that's because we are dominated by those functional
13 structures, the boundaries between them are very rigid, and
14 what we need to do is to adopt more modern organizational
15 practices, mirror what's been done in business to create
16 teams that are focused on mission areas.

17 Senator Reed: Thank you very much.

18 Thank you, gentlemen.

19 Dr. Hamre: Could I just react to say one thing,
20 though? So much of the rigidity in our system is really
21 driven because of the way we get money from the Congress.
22 I mean, it comes in in these buckets. We have to stay
23 inside those buckets. People have to be advocates for
24 those buckets. That is the -- that's the structure that's,
25 frankly, locking us in. You know, we do two things very

1 well: win wars and get money from Congress. And to get
2 money from Congress, we are very dutiful about taking your
3 direction. We're going to have to tackle that problem.

4 Senator Reed: Thank you.

5 Thank you, Mr. Chairman.

6 Chairman McCain: Senator Fischer.

7 Senator Fischer: Thank you, Mr. Chairman.

8 I understand that the Goldwater-Nichols Act -- it was
9 the product of years of deliberation, and today we're
10 hearing you talk about a holistic approach, we're hearing
11 about the dangers of hasty reform or misguided actions. Is
12 there anything that you think Congress can do immediately?
13 Are there small changes that we can make? Or do you
14 propose that more holistic, big approach? And are we able
15 to do that? You know, there's a sense of urgency out
16 there. We just heard that there's a slow, ponderous
17 process in the Pentagon. How do we get by that? Can we do
18 it by taking some incremental steps there? And, if so,
19 what would you all suggest?

20 Dr. Locher.

21 Mr. Locher: Well, I don't think there's -- if you
22 really want to see a seed -- if this committee wants to
23 transform the Department of Defense from a 20th century
24 organization to a 21st century organization, it's going to
25 take -- have to take that holistic approach and work very

1 carefully through the issues. That does not mean that, as
2 part of this process, you won't identify ideas in the
3 beginning that are clearly needed. And actually, during
4 Goldwater-Nichols, there were four or five provisions that
5 were passed early on, at the insistence of the House,
6 focused on the Joint Chiefs of Staff organization, where
7 enough study had been done by the two committees to see
8 that those ideas really made sense. But, the larger
9 reforms are going to be quite difficult.

10 My view is that the work that this committee will have
11 to do will be more difficult than the work that was done as
12 part of Goldwater-Nichols, because lots of the things, such
13 as the cultural impediments in the Department of Defense,
14 take a long time to really understand and figure out how to
15 get over them. But, there could be a number of things that
16 could be acted upon quickly because they become so obvious
17 that they would be useful.

18 Dr. Hamre: Ma'am, I would -- two things. I think
19 the -- one of the greatest things that needs to be done is
20 to rationalize DOPMA, the Defense Officer Personnel
21 Management Act, and reconcile it with joint duty. But, I
22 don't think that could be done by a committee. I think you
23 should create a task force that supports this, gives you
24 some recommendations. It's very elaborate how personnel
25 management is conducted and what it does to patterns of

1 officer recruiting and retention and all that. So, I think
2 you should have a -- create a commission that helps you
3 with that.

4 The one thing I would ask you to focus this next year
5 on is the relationship of the Joint Staff and the unified
6 combatant commands. Overwhelmingly, that's going to be the
7 -- where you'll get the biggest bang for the buck. It's
8 the biggest force -- biggest factor that's going to make
9 big structural changes in the Department. And that's
10 something that you could easily get your arms around in one
11 year.

12 Senator Fischer: Thank you.

13 Mr. Thomas.

14 Mr. Thomas: I would just second that and that I think
15 it is really about the role of the Chairman and the Joint
16 Staff that might be the most discrete, but all of these
17 issues really are intertwined. But, there are several
18 things. One is improving the training of officers who are
19 going to serve on the Joint Staff, in terms of their
20 ability to do strategic and operational planning. The
21 other is really the role of the Chairman, and considering
22 perhaps placing him into the chain of command and, at the
23 same time, rethinking his role as principal military
24 advisor to the President, and how that could evolve in the
25 future.

1 Senator Fischer: Okay, thank you.

2 You also spoke of strategy and planning and a -- the
3 weak civilian leadership, yet -- how successful can the
4 Department be, when much of the strategic direction comes
5 from active participation by that civilian leadership?

6 Mr. Locher: Well, let me talk about that. I think
7 that's a little bit of a challenge in the Department. Many
8 professional organizations, whether they're medical, law,
9 accounting, have a tendency to promote people based upon
10 their technical competence. And for a long period of time,
11 we've done that on the civilian side of the Department of
12 Defense, that we have our greatest policies specialists who
13 rise to the top of the organization. And for a long time,
14 that was fine, but, as the world accelerated and the
15 demands of leadership became greater, we ended up with a
16 vulnerability. We're not, in the Department of Defense,
17 preparing people well enough -- civilians -- for the
18 leadership responsibilities they have. And that leads to
19 lots of inefficiency, inability to produce quality products
20 on time, inability to recruit, to mentor the next
21 generation of leaders. And so, it's a topic that needs
22 some attention, but would have to be a long-term process
23 with all of the right incentives.

24 Senator Fischer: Thank you very much.

25 Thank you, Mr. Chairman.

1 Chairman McCain: Senator Manchin.

2 Senator Manchin: Thank you, Mr. Chairman.

3 And thank you all. I appreciate very much your giving
4 us all this insight.

5 As I look at the organization of the Department of
6 Defense, I have a hard time figuring out who's in charge.
7 And I would ask you all -- I know the Department of
8 Defense, Secretary at the top. I always -- and you're
9 right about all the generals that come -- four-stars
10 generals. We see very few below that level. But, I've
11 always felt the Joint Chiefs of Staff, in my mind, before I
12 knew the -- what the chart looked like -- the Joint Chiefs
13 of Staff would have been representing, but working together
14 to defend our country and make sure that we were -- the
15 homeland was safe, and then they would have answered
16 directly to the Secretary of Defense for the
17 responsibilities of each branch, seeing that they were
18 coordinating. When you look at the chart, it's not that at
19 all. The chart basically -- the Joint Chiefs of Staff have
20 no more input than the Department of Army, Department of
21 Navy, Department of Air Force. It doesn't make any sense.
22 I mean -- so, I don't know how you get a decision being
23 made, or how the Secretary is getting the information, when
24 they're supposed to be thinking as all-in-one versus just
25 individually. Is that the problem you all have been

1 identifying? Or --

2 Dr. Hamre: Well, yes, sir. Mr. Thomas had brought
3 this up. You know, the hottest debates we had 30 years ago
4 on the committee when they were deciding Goldwater-Nichols
5 was this question about creating a general staff. And
6 there was great fear --

7 Senator Manchin: Joint -- you're talking about the
8 Joints.

9 Dr. Hamre: The Joint Staff evolving into a general
10 staff like --

11 Senator Manchin: I gotcha.

12 Dr. Hamre: -- the Bundeswehr used to have, you know,
13 where there was a dedicated cadre of staff officers that
14 ran --

15 Senator Manchin: Okay.

16 Dr. Hamre: -- you know, the Ministry. And there was
17 great fear that we would do that. And the reason you see
18 the structure of Goldwater-Nichols today was, in no small
19 part, because of that fear of the general staff. And part
20 of it was parochial, to be honest. I think there was a
21 fear on the part of the Navy and the Marine Corps that the
22 Army would dominate the -- a general staff, as it did in
23 Germany. And so, it was kind of a backdrop argument why we
24 shouldn't have a general staff. But, we have always been
25 deeply ambivalent about having a very strong uniformed body

1 in Washington, because -- look, the average Secretary of
2 Defense serves 26 months; the Deputy Secretary, about 22
3 months.

4 Senator Manchin: Who's the most powerful after the
5 Secretary of Defense? What -- which layer does it go to?

6 Dr. Hamre: Well, I mean, it's -- when -- if it's a
7 matter of resource allocation, it's the service secretaries
8 and the service chiefs. Service chiefs are, by far, the
9 most important people in the building when it comes to
10 physical things, real things --

11 Senator Manchin: Okay.

12 Dr. Hamre: -- people, equipment, training, et cetera.
13 Service chiefs are all-powerful. When it comes to
14 operations in the field, they're not in the game. That's
15 -- it's the Secretary to the unified commander, actually,
16 even though the unified commander isn't doing much anymore,
17 to a task force. So, we've got two different channels
18 where power is exercised, but it only comes together at the
19 Secretary. And, honestly, you know, every one of us that's
20 served in public life were accountable to the people -- the
21 American public through the chain of command through the
22 President. So, I don't think that part is bad. But,
23 what's -- where we get clogged up is when we have ambiguous
24 command and ambiguous --

25 Senator Manchin: I've got one final question. Time

1 is precious here. I want to ask all three of you this.

2 And, Mr. Locher, you can start, and then Mr. Thomas, and,

3 Mr. Hamre, you finish up.

4 Do you all believe there's enough money in the defense
5 budget to defend our country to continue to be the
6 superpower of the world? Do you believe there's enough
7 money right now -- I heard a little bit -- I need an --
8 your thoughts on that.

9 Mr. Locher: You know, I -- this is not an area of my
10 expertise currently. I've not been involved in the defense
11 budget. I do think that there are lots of improvements in
12 effectiveness that'll lead to considerable efficiency,
13 which would free up more money --

14 Senator Manchin: Well, you know our budget, in the
15 600 range, versus the rest of the emerging world, if you
16 will --

17 Mr. Locher: I think my -- the -- my two colleagues
18 here are better --

19 Senator Manchin: Okay.

20 Mr. Locher: -- able to answer this question for you,
21 Senator.

22 Senator Manchin: Thank you.

23 Mr. Thomas, real quick, and then Mr. Hamre.

24 Mr. Thomas: Senator, if I could just comment on your
25 first question and just maybe add -- very quickly -- and

1 then add -- and address the funding question.

2 I think --

3 Chairman McCain: If we need additional time, please
4 go ahead. This is an important line of questioning. Go
5 ahead.

6 Senator Manchin: Thank you.

7 Mr. Thomas: Thank you very much, Chairman.

8 The way we do command and control in the American
9 military is exceptional. It is unlike the command and
10 control for any other country in the world. And we have
11 had a tension, since the founding of the Republic, between
12 a Jeffersonian aversion to a -- the concentration of power
13 in any military officer versus the Hamiltonian impulse
14 toward centralization and effectiveness. And I think
15 that's really what we're struggling with today, is that, if
16 anything, we understand that either extreme is going too
17 far, but where we are on that pendulum swing maybe is too
18 far in the Jeffersonian direction today. And I think if
19 we're frustrated with how much -- the byzantine
20 coordination process, and everyone has to concur, and you
21 can't figure out, on the process, who's responsible for
22 what -- those are all symptoms of that. And so, I think
23 that that's something we would consider. And I think that
24 really gets to this fundamental point of thinking about the
25 role of the Chairman. Is he or is he not in the chain of

1 command? And should we have a general staff? And it's a
2 part of the issue.

3 With respect to funding, I think that our funding
4 today is inadequate, given our level of strategic appetite,
5 that, for all the things we want to do in the world and
6 that we perhaps are required to do in the world, we simply
7 don't have the resources to do it all. And I think the
8 other part of this problem, again, is that there's a lack
9 of global prioritization, there's a lack of an ability to
10 determine where we're going to take risks -- below the
11 level of the Secretary.

12 Senator Manchin: Mr. Hamre.

13 Chairman McCain: Does that respond, Mr. Thomas, to
14 Senator Manchin's question about sufficient funding?

15 Mr. Thomas: I'm sorry, Mr. Chairman?

16 Chairman McCain: One of Senator Manchin's questions
17 was, Do you believe there is sufficient funding for
18 defense?

19 Mr. Thomas: No, sir, I do not. I think that -- I
20 think we are underfunded, given our strategic appetite and
21 what we want to accomplish. I think improvements in
22 organization could help us more efficiently allocate
23 resources across the Department, but reorganization is no
24 substitute for adequate funding for defense.

25 Senator Manchin: Gotcha.

1 Mr. Hamre.

2 Dr. Hamre: Sir, we have too small a fighting force,
3 and we've got too big a supporting force, and we have
4 inefficient supporting -- I personally think we can live
5 with the budget that you've outlined if we were to do
6 fundamental changes in how we support this force.

7 I'll give you just a little example. You go to the
8 headquarters that are operating and supporting satellites
9 for the United States Government. I won't say -- I'll just
10 say the Air Force.

11 Senator Manchin: Yes.

12 Dr. Hamre: They'll have 5- and 6- and 700 people in
13 that office. If you go to a commercial satellite operating
14 company, they're going to have 10. I mean, the scale is so
15 off. So, I mean, we have so much we could do by becoming
16 more efficient. I think that there are -- I think it's the
17 case. There are more people in the Army with their fingers
18 on the keyboard every day than on a trigger. This is what
19 has to change. We can live with the money you've given us
20 if we can make real changes.

21 Senator Manchin: Thank you, Mr. Chairman.

22 Chairman McCain: Senator Rounds.

23 Senator Rounds: Thank you, Mr. Chairman.

24 In listening to the testimony of all three of you,
25 there seems to be a common thread. And that is, number one

1 -- and I would ask your comment -- Goldwater-Nichols did
2 not design the Pentagon to fix itself, but, rather,
3 expected an outside entity to provide that. At the same
4 time, I think the suggestion by Mr. Thomas that the Senate
5 having the opportunity to fix and then laying out the
6 challenges you find within the Pentagon, it is slow to
7 adapt, it is slow to respond. It has an archaic system,
8 which, basically, feeds upon itself. It sounds a lot like
9 the United States Senate, in many ways. Would you care to
10 comment, in terms of: Should we be looking at -- in terms
11 of how we fix, or if we fix -- how do we put together a
12 system that may very well have the ability to make changes
13 within itself to keep up with an ever-changing environment?

14 Mr. Locher: Senator, if I might start on that topic.

15 At the time of Goldwater-Nichols, there was a great
16 interest in having the Department of Defense renew itself.
17 You know, the Defense Business Board was created, and it
18 generated some ideas for changes that need to occur. But,
19 all large organizations, even in the business world, have a
20 great difficulty in reforming themselves. Often, a leader
21 in a business sees that things are not working well, but
22 his institution is very interested in maintaining the
23 status quo, and so they often go to an outside consulting
24 firm, where they can get a fresh perspective. And the
25 Department of Defense is a large organization. It's

1 overwhelmed with its day-to-day responsibilities. It's
2 hard for the senior leadership to find time to take -- to
3 look at these issues in the depth that are required. And
4 so, I think the Congress, the two Armed Services Committees
5 are always going to have play a role, in terms of thinking
6 the -- about the changes that will have to occur in the
7 Defense Department next.

8 You know, in addition to doing Goldwater-Nichols, the
9 Congress also passed the Cohen-Nunn Amendment that created
10 the U.S. Special Operations Command, another piece of
11 legislation that's been highly successful, and it was done
12 over the opposition of the Department of Defense.

13 Dr. Hamre: A friend of mine once said, "Candlemaker
14 will never invent electricity." And so, you're going to
15 have to create a reform impetus from outside of the system.
16 This is what corporations do. I mean, it -- reform comes
17 from cuts. Cuts don't lead to reform. I mean, you -- or
18 cuts lead to reform. You don't get savings by starting
19 with a reform agenda. You have to just impose some
20 changes. And I -- this is where I think you have to do it,
21 if possible, in partnership with the Secretary. I mean,
22 the two of you have the same goal right now. And trying to
23 find a way where you can -- in this -- you're ahead.
24 You've got 1 year where you can make some very large
25 changes. I think there's real opportunities here.

1 Mr. Thomas: I would agree with that point, that one
2 of the things, thinking back to the history of Goldwater-
3 Nichols, was the staunch opposition, not only of the
4 services, but the Secretary of Defense at the time, Casper
5 Weinberger. And I think you have an opportunity to
6 establish that dialogue today, and perhaps a partnership to
7 address some of these problems. But, it is absolutely
8 right that the organization simply cannot reform itself,
9 that there are too many conflicting interests and
10 priorities and parochial interests that just can't be
11 overcome from within. They're going to have to be
12 addressed from an external source.

13 I think, as much as the Department resisted Goldwater-
14 Nichols 30 years ago, that now has become the status quo in
15 a lot of ways. And I think, actually, there would be
16 strong defense for maintaining many of the edifices and
17 processes that it created. And so, we'll have a -- the
18 same sort of tension that existed then, today. But, one
19 way I think that could be ameliorated is by early dialogue
20 with the Secretary.

21 Senator Rounds: The cyberthreat seems to be all-
22 encompassing, in terms of where it hits. How do you begin
23 the process of looking at a system that includes cyber?
24 And where do you put in at? Where in the system does cyber
25 fit when we talk about redoing or revamping the Pentagon

1 operations?

2 Dr. Hamre: Well, I have -- sir, I have my own
3 personal view, here, which is not -- is rather different.
4 In my view, you've got two separate, parallel staffs that
5 work for the Secretary of Defense. We've got the Joint
6 staff -- I mean, they report through the Chairman, but the
7 Joint Staff works for the Secretary, as does OSD. OSD's C-
8 cubed part is weak. I think the -- that the J6, you know,
9 ought to become the direct guy watching over cyber and all
10 C-cubed stuff for the Secretary. And personally, I believe
11 that we stood -- should migrate towards Title -- take Title
12 10 authority away when it comes to command-and-control
13 systems, from the services. We're going to have to do that
14 on a centralized basis. It'll take a long time to get
15 there, but we're never going to get interoperability and
16 we're never going to get an efficient system to protect
17 cyber -- cyberdefenses with this very, very fractured
18 landscape that we have. It's the only area that I would
19 change Title 10.

20 Senator Rounds: Thank you, Mr. Chairman.

21 Chairman McCain: Senator Donnelly.

22 Senator Donnelly: Thank you, Mr. Chairman.

23 I'd just like to briefly say I was with the sailors of
24 the U.S.S. Kentucky this weekend. They passed on their
25 best wishes to the Chairman and Ranking Member. And you

1 would be very proud of the extraordinary job they're doing.

2 Chairman McCain: The sailors, to senator Reed?

3 Senator Donnelly: He's from Rhode Island. He's seen
4 a sailboat every now and then.

5 Senator Reed: Submarines.

6 [Laughter.]

7 Senator Donnelly: Dr. Hamre, you gave us an example
8 of where you thought you could see significant change. Do
9 you have another example or two that you can give us? And
10 then the rest of the panel, as well.

11 Dr. Hamre: Yeah, this is a real pet rock of mine, but
12 our -- the way we -- we spend over a billion dollars a year
13 on security clearances. Now, let me just tell you, this is
14 the only system in the world where the spy fills out his
15 own form, and then we give it to a GS7 to try to figure out
16 if he lied or not. This is the dumbest system in the world
17 that we have. We spend a billion dollars on it. You could
18 easily ask somebody to fill out a 1040EZ security form,
19 where you put down your name, your Social Security number,
20 and your mother's maiden name, and I can generate a dossier
21 on you for \$25 that's better than anything an
22 investigator's going to come up with. I could save you
23 \$700 million tomorrow, and give you a better security
24 system.

25 Senator Donnelly: And do you have a second one?

1 Dr. Hamre: Yeah, I -- we have to consolidate DLA and
2 the -- and TRANSCOM. I mean, we -- it doesn't make any
3 sense to have separate transportation function and
4 warehousing function for the Defense Department. I mean,
5 that has to change. There -- I'd be glad to come up to
6 your office --

7 Senator Donnelly: That would --

8 Dr. Hamre: -- and bore you --

9 Senator Donnelly: -- be terrific.

10 Dr. Hamre: -- to death.

11 Senator Donnelly: I'd enjoy that.

12 Mr. Locher?

13 Mr. Locher: What I'd like to talk about is the
14 bureaucratic bloat that has occurred in the headquarters --
15 in the Washington headquarters of the Department of
16 Defense. As you may know, the workload in the Pentagon is
17 crushing. People are working as hard as they possibly can,
18 with incredible dedication. When I was the ASD SO/LIC,
19 some of my people were working so hard that I actually had
20 to limit the amount of time that they could come to work,
21 because they were burning themselves out completely.

22 Now, we've added more manpower to try to make this
23 system work. But, if we went to sort of modern practices,
24 things that have been proven in business, these horizontal
25 process teams, we could be incredibly more efficient. We

1 could serve the Secretary and the Deputy Secretary. We
2 could have integrated decision packages sent up to them.
3 And we could do it with a lot fewer people that we're --
4 than we're currently using.

5 One of the things I had mentioned is, we have two
6 headquarters staffs, at the top of the Department of the
7 Army and in the Air Force, and three in the Navy. That's a
8 holdover from World War II. They ought to be integrated.
9 The Secretary and the Chief ought to have --

10 Senator Donnelly: Great. Thank you.

11 Mr. Thomas?

12 Mr. Thomas: The Department of Defense is a lot better
13 at adding new functions and organizations over time than it
14 has been in abolishing old ones that may not be as relevant
15 in the world we're living in. That's for sure.

16 I think headquarters reductions across the board,
17 starting at the very top, with the Office of the Secretary
18 of Defense and the Joint Staff, as well as in the service
19 staffs and the combatant commands, would not just be,
20 again, a cost savings, but could increase the effectiveness
21 of those organizations and their agility. Large staffs
22 lead to overcoordination of a lot of issues.

23 Senator Donnelly: If -- I'll let you finish, but I'm
24 running out of time, so I wanted to ask you one other
25 thing. One of the things we do at Crane Naval Warfare

1 Center in Indiana is try to figure out how to do some
2 commonality for the Navy, the Air Force, the Army so that,
3 instead of three different stovepipes going up, that they
4 work together on one project, one type of weapon, one type
5 of process. Does this seem to be a path that makes sense
6 to all of you?

7 Mr. Locher?

8 Mr. Locher: I would agree. You know, this -- the
9 21st century is the century of collaboration, that we need
10 to be able to work across organizational boundaries. And
11 the work that you're talking about being done across the
12 three services is exactly what we need to do. The problems
13 we face are so complex that we need lots of expertise that
14 comes from different functional areas. And so, they need
15 to figure out how they are going to collaborate in highly
16 effective ways.

17 Senator Donnelly: Thank you.

18 Mr. Thomas, I had cut you off when you were finishing
19 your answer.

20 Mr. Thomas: Just on that last point, I think we need
21 to empower the services more to make some of those
22 decisions. I think sometimes we impose joint solutions
23 across the services in areas where it may not make sense,
24 because the issues are very complicated. I think when
25 services come together and decide they're going to design a

1 common weapon system or a common airframe, that has led to
2 some good results. I think when we try to impose it and
3 say we will have a one-size-fits-all solution for our next
4 combat aircraft or for a weapon, sometimes the results have
5 been disastrous, because they just layer more and more
6 requirements on a system that's overburdened and ends up
7 being behind on schedule, over on cost, and doesn't perform
8 as well as we'd like for any of the services.

9 Senator Donnelly: Thank you, Mr. Chairman.

10 Chairman McCain: Senator Tillis.

11 Senator Tillis: Thank you, Mr. Chairman.

12 Gentlemen, thank you for being here.

13 Mr. Locher, I want to start with you. You've made
14 references a couple of times to examples in the private
15 sector that have worked. And I think you talked about
16 Toyota. If you take a look at a lot of those private-
17 sector transformations, they -- the successful ones -- and
18 there have been many failures -- had a lot in common. They
19 did have CEO commitment, they had the commitment of what
20 would be the CEO, the board, and the senior management team
21 saying, "We're going to change this organization." Given
22 what we've said about the separation issues that we have
23 here, how do we actually apply that model? Unless there's
24 a different operating construct and you have all the
25 partners at the table, how are we going to be any different

1 35 years from now than the recommendations that were made
2 about 35 years ago between the Packard Commission and the
3 resulting legislation in Goldwater-Nichols?

4 Mr. Locher: Well, you're correct. You -- in
5 successful reforms, you have to have a guiding coalition, a
6 powerful guiding coalition. And, you know, at the time of
7 Goldwater-Nichols, most of the people in the Pentagon in
8 senior positions were dead set against it, and that's why
9 it took the two Armed Services Committees so long to work
10 their way through it to mandate these reforms.

11 The suggestions of trying to work with the Department
12 -- and Senator Goldwater and Senator Nunn never gave up in
13 trying to work with the Department of Defense -- I think
14 those are important ideas. But, this committee can form
15 that powerful coalition. You can get people from outside
16 of government, some business experts to join your efforts
17 and provide a convincing case, even to people in the
18 Department of Defense, that these ideas are things that do
19 need to occur, would be beneficial for the Department. You
20 know, as the committee develops a vision of what a future
21 Department would look like, that could be useful, as well.

22 Senator Tillis: Well, thank you. You know, we
23 remember the stories of the \$435 hammer and the \$600 toilet
24 seat, and the \$7,000 coffeepot. And now we've got more
25 generals in Europe than we have rifle commanders. We've

1 got a lot of problems out there. And it's a big -- going
2 back to the private-sector models, it costs a lot of money
3 to transform an organization. We're in a resource-
4 constrained environment, where there almost invariably --
5 if you look at Toyota, you look at GE, look at any of the
6 major companies that truly transform and produce
7 transformative results, they had to spend money to actually
8 save money. And one of the ways they did that is, they
9 identified so-called low-hanging fruit or quick hits to do
10 that.

11 Mr. Hamre, you talked about security clearances.
12 Where do we look for opportunities to try and create the
13 resources that we need if we're going to continue to be in
14 a resource-constrained environment to really accelerate the
15 transformation? And, Mr. Hamre, I'll start with you, since
16 you've already offered to do security clearances for \$25
17 each.

18 [Laughter.]

19 Dr. Hamre: I offered to do the background
20 investigation for \$25 each.

21 Senator Tillis: Okay. Fair enough.

22 Dr. Hamre: That's -- that would save three-quarters
23 of a billion.

24 We are very poor at real property maintenance. You
25 know, we don't have a purple property book. You know,

1 every bit of real property is owned by a military service.
2 It's not a well -- they're not well managed, they're not
3 well run. We could easily consolidate that and bring that
4 under some broad-scale professional management. Property
5 disposal -- we've got a 450-person property disposal
6 operation, and they've got eBay. I mean, you know, we have
7 450 people who are going to work every day doing what eBay
8 does. I mean, so we could easily be -- there are changes
9 all over we could do stuff like that. So -- and that would
10 save money almost right away.

11 Senator Tillis: And how do you -- and I was Speaker
12 of the House down in North Carolina, and we ended up having
13 a fiscal crisis. We had to find a way to save about \$2 and
14 a half billion or fix a deficit, by no means scale here.
15 But, one of the things that we found is that we need to
16 incent good behaviors for a lot of good people that are
17 working in DOD. And we created this concept of "finders,
18 keepers." And the way it worked is that, if we found it,
19 we kept it. If they found it, brought it to us, in terms
20 of savings, things that could be reinvested, then we would
21 reward them. I think one of the dangers that we'll have in
22 this transformation is that we'll find waste, we'll say you
23 can no -- or inefficiencies, or we'll identify some
24 productivity improvements. We sweep all that back for
25 spending based on our priorities rather than looking at

1 ways to incent good behavior and strategic investment to
2 foster an ongoing process of transformation versus -- let's
3 say we get this right. And I believe Senator McCain is
4 best suited to lead us in this job. But, if it's once and
5 done, we'll be back here, in 10 years or 15 years or 20
6 years, lamenting the fact that it was a great -- it was a
7 great meeting, great recommendations, a few things got
8 done, and we're no better off 25 years from now than we are
9 today than we were 35 years from now. So, how do you -- in
10 terms of looking at the good things going on in the
11 Department, how do you create a construct that actually has
12 a lot of the best ideas, like came out of Toyota, like came
13 out of GE, are rooted in the minds of people down in the
14 trenches trying to do the jobs, knowing that there's a more
15 efficient, better way to do it?

16 And, Mr. Thomas, I'll start with you since I haven't
17 asked you a question, and then we'll go to Mr. Locher if
18 the Chair allows.

19 Mr. Thomas: Thank you, Senator.

20 I think you raise a good issue, in terms of looking
21 across the Department for ways where we can find
22 efficiencies. And this certainly is something that both, I
23 think, the Secretary and the services are probably looking
24 at on a constant basis. I mean, they've booked -- both
25 Secretary Gates and his successors made finding

1 efficiencies a big part of their remit, in terms of trying
2 to find some economies within the Department of Defense.

3 But, I think we have to ask ourselves, How effective or how
4 well have we done, in terms of finding these efficiencies?

5 Senator Tillis: Not well.

6 Mr. Thomas: And I worry that, without really thinking
7 through a reorganization, I'm skeptical that we're going to
8 find that much, that I think you're going to have to
9 actually take some bolder steps, in terms of
10 reorganization. And those reorganizational steps, in turn,
11 I really think should be driven by considerations of
12 strategic and operational effectiveness first, not for
13 efficiencies. I think, in the process, that they could
14 generate some.

15 Mr. Locher: Sir, your discussion of incentives is
16 hugely important, because we need to build some new
17 behavior, some new approaches, and so you need to be
18 thinking, you know, What are the incentives we have now
19 that are not serving us well? And what incentives do we
20 need to create both for individuals and for organizations?

21 And to give you an example, at the time of Goldwater-
22 Nichols, nobody -- no military officer wanted to serve in a
23 joint duty assignments. And -- but, our most important
24 staffs were the Joint Staff and the combatant command
25 headquarters staffs. So, the Congress saw that as an

1 intolerable situation, so they created incentives in the
2 Joint Officer Personnel System for people to want to go to
3 serve in joint assignments and to do so serving the joint
4 need, not beholden to their service. And out of that, they
5 built a joint culture which served as -- very, very well.

6 So, as we're -- as the committee is thinking about how
7 it's going to reform the Department of Defense, one of the
8 things it needs to figure out are, What are the incentives
9 that are producing dysfunctional behavior, and what
10 incentives does the committee need to put in place that'll
11 move us in the right direction?

12 Senator Tillis: Thank you.

13 Chairman McCain: Senator Hirono.

14 Senator Hirono: Thank you very much.

15 And thank you, to the panel.

16 Goldwater-Nichols, I understand, was as big change to
17 how the Department of Defense operated. Correct? And you
18 are the -- all of the -- you panel members are looking to
19 Congress to make the -- a big change to how DOD operates,
20 because you have said that the Pentagon cannot reform
21 itself.

22 Now, Goldwater-Nichols, you've said -- testified that
23 it was passed, over the objections of the defense -- people
24 from the Department of Defense and others. So, I'm
25 wondering whether, in the time of Goldwater-Nichols passing

1 and where we are now with this committee, are there some
2 significant limitations on the ability of this committee to
3 push through the kinds of significant changes that
4 Goldwater-Nichols represented?

5 Mr. Locher: My honest answer is, I don't see any
6 limitations upon this committee. It -- the Congress has
7 the authority to provide for the rules and regulations of
8 the military. And I think, at this point in time, this
9 committee and its counterpart in the House are best
10 prepared to take on the intellectual and political
11 challenges of setting some new directions for the
12 Department of Defense.

13 Senator Hirono: I wonder about that, because, for
14 example, on the issue of things such as base closures, it
15 is really hard for us. Most of us have very significant
16 military constituencies. And so, we are part of the
17 environment of the -- I would say, the difficulties in
18 moving us forward to modernize our military. So, BRAC is
19 one example. You know, I have Pacific Command, which is a
20 huge area of responsibility. So, we all have these
21 constituencies that I think make it pretty challenging for
22 us to remove ourselves from the priorities and the input
23 from our military constituencies to move us forward. So, I
24 think that -- I don't know if that -- that this situation
25 is more pronounced now because of the complexities.

1 So, I'm world wondering, from a realistic standpoint
2 -- yes, we can get to some of the low-hanging fruit, but
3 the kind of wholesale, large changes that you all are
4 recommending, I -- if there are any suggestions on how we
5 can move forward -- do we create a commission, do we -- you
6 know, how do we move forward, knowing I -- as I said, that
7 we have our own huge military constituencies in Congress --
8 as Members of Congress?

9 Mr. Locher: Well, at the time of Goldwater-Nichols,
10 you had very strong ties between members of the committee
11 and the services. Almost everybody on the committee at
12 that time had served in the military, many of them during
13 World War II. And so, when the committee began the work,
14 you had that pool of those service loyalties, and
15 eventually that was overcome as the committee worked its
16 way through the issues and came -- became convinced that
17 there were fundamental changes that needed to be made. As
18 it turns out, this is a good-government effort. And the
19 committee was able to free itself up from its ties to the
20 various services and look at this from a whole --
21 Department of Defense -- a whole-of-Department-of-Defense
22 perspective.

23 Senator Hirono: Do the other two panel members want
24 to chime in?

25 Dr. Hamre: Well, just -- I'd just say, there's no

1 low-hanging fruit. I mean, everything's hard now. I mean
2 --

3 Senator Hirono: Yes

4 Dr. Hamre: -- we've had 15 years of picking low-
5 hanging fruit. I mean, there is no low-hanging fruit. So,
6 we now have to make hard choices.

7 I just would argue, your best chance of finding
8 meaningful changes is in the support side, not on the
9 combat side. We've cut the combat force too deeply.

10 Mr. Thomas: I would just add, in an era that
11 sometimes is seen by American taxpayers and voters is
12 overcharged politically, I can't think of a better
13 bipartisan issue that Congress could be taking up right
14 now. This is not one that divides cleanly along partisan
15 lines. It's an issue where there's going to be acrimony,
16 and there will be huge debates on lots of issues, and we
17 would have disagreements amongst ourselves in terms of
18 thinking through these organizational issues, but they're
19 not going to break down along partisan lines. And I think
20 that's a -- both an opportunity for this committee and for
21 the Congress as a whole, and I think it's something that
22 would just do tremendous good.

23 Senator Hirono: Usually an organization can move
24 forward if there is a guiding overriding goal. So, for
25 example, for our committee to move forward, what do you

1 think should be a organizing goal? Would it be something
2 as broad as the need to modernize our military, modernize
3 DOD? Would that be a unifying goal for us to proceed
4 under?

5 Mr. Locher: Well, in his opening statement, the
6 Chairman mentioned six guiding principles for this work.
7 And I think that those provide, really, goals for the work
8 of the committee. Some of that is, as you've mentioned, to
9 modernize the management of the Department, but he listed
10 some others, as well.

11 Senator Hirono: Thank you. My time is up.

12 Chairman McCain: Senator Blumenthal.

13 Senator Blumenthal: Thanks, Mr. Chairman.

14 In light of the increasing reliance and importance of
15 the Reserve components and the National Guard, do you have
16 any suggestions as to whether there ought to be additional
17 reorganization changes that take account of their
18 increasing significance in our force?

19 Dr. Hamre: Well, it -- I think we have to separate
20 the National Guard from the Reserves. I mean, the National
21 Guard, it's very hard because, of course, it's a federated
22 -- it's a Federal structure. I mean, they work for
23 Governors, and then they're mobilized at a national level.
24 So, there's no real way around that central dilemma. I
25 mean, we've -- what we've done is, we've create the

1 National Guard Bureau, the -- we have a four-star Guard
2 officer who now sits on the Joint Chiefs. I mean, I think
3 that -- I think we've captured about everything we can on
4 the National Guard side.

5 I think, on the Reserves -- I think there's a deeper
6 question, frankly, on the Reserves. And that is, for the
7 last 10 years, 12 years, we've fought wars where we wanted
8 to minimize the number of soldiers' boots on the ground,
9 and so we used contractors to provide support.

10 Historically, the Reserve component was very heavy in doing
11 that combat service support in theater. And we didn't use
12 them, because we were afraid of having to make a military
13 headcount.

14 I think we have to sit down and do some fundamental
15 thinking. If we're going to continue to fight wars like
16 that, where we use contractors, you know, to augment and
17 support the force in the field, we need to rethink what
18 we're going to do with the Reserve component, with the Army
19 and Air Force Reserves. The -- you know, the Navy has a
20 Reserve, but it isn't -- it's very different, you know.

21 So, I mean, I think there is a -- I think that's
22 worthy of a real deep dive, actually, but I don't have a
23 recommendation for you, though.

24 Mr. Thomas: Senator, I might just add. I think there
25 are some new opportunities for how we think about

1 leveraging both the Guard and the Reserve components across
2 the services. One issue we've talked about already this
3 morning is cyberwarfare. And this may be one where it may
4 be very well suited for Reserve components, both in terms
5 of how we tap expertise that comes from the private sector
6 and where, in fact, they may be some of the key drivers in
7 the areas of how we think about networks in the future.

8 Another may be in terms of unmanned systems and
9 unmanned system operation, where this can be done in a
10 distributed fashion that you don't actually necessarily
11 have to be at the point of attack.

12 And lastly, I'd say we're now well over 40 years on
13 from the Abrams Doctrine and coming out of our experience
14 in Vietnam and how we thought employing the Guard and the
15 Reserve, and this idea that -- we wanted to actually make
16 it very difficult to mobilize the Guard and Reserve to go
17 to war. And we may want to go back and rethink some of
18 that, in terms of making it easier to tap the resources of
19 the Guard and the Reserve in the future for various
20 military operations and activities.

21 Senator Blumenthal: I couldn't agree more that the
22 role of the Guard and Reserve -- and I recognize that the
23 National Guard, in peacetime, unless it's mobilized, is
24 under the jurisdiction of State officials, but both the
25 National Guard and Reserve reflect resources that are used

1 increasingly without, necessarily, the kind of rethinking
2 or deep dive that you've suggested be given to that role.
3 And so, I'm hopeful that this conversation may lead, not
4 necessarily to drastic changes, but at least to an
5 appreciation for the tremendous resource that our National
6 Guard and Reserve represent.

7 And talking about outside contractors, just a last
8 question. We haven't talked much about the acquisition
9 process. And we probably don't have time, in this setting
10 this morning, to reach any thorough recommendations, but I
11 would just suggest that the size of contracting, the time
12 that is taken for delivery of weapon systems -- taking the
13 Ohio replacement program, for example, a submarine that's
14 going to be delivered well into the remainder of this
15 century, and we're contracting for it now, using a process
16 that many of us have found frustrating and disappointing,
17 in some ways. I think there is a need to think about the
18 Department of Defense as a major contractor and buyer and
19 purchaser of both services and hardware in capital
20 investments.

21 So, thank you for your testimony this morning.

22 Chairman McCain: Senator Gillibrand.

23 Senator Gillibrand: Thank you, Mr. Chairman.

24 Chairman McCain: I'd just like to announce to the
25 committee, after Senator King, we will be adjourning,

1 because we have a vote at 11:00.

2 Senator Gillibrand.

3 Senator Gillibrand: Mr. Thomas, in the open letter on
4 defense reform, you and your colleagues wrote, quote, "It's
5 time for a comprehensive modernization of the military
6 compensation system. America's highly mobile youth have
7 different expectations about compensation and attach
8 different values to its various forms than did earlier
9 generations." What types of compensation do you think will
10 attract modern, tech-savvy youth to the military? And what
11 lessons can we learn from the private sector about
12 employing a modern workforce? And how does this affect
13 National Guard and Reserve?

14 Mr. Thomas: Thank you, Senator.

15 I think one of the concerns -- and maybe sometimes
16 it's not so appreciated -- is that it's only really a small
17 minority of servicemen and -women across the U.S. military
18 that actually will end up collecting any sort of retirement
19 pension for their service. It's really an all-or-nothing
20 system today. And -- whereas most folks who serve in the
21 U.S. military are not going to serve for 20-year careers,
22 or longer, they're going to serve only for probably a
23 handful of years. And so, just as we've done in the
24 private sector, where we've moved away from defined pension
25 schemes towards 401k's and contributory plans, perhaps this

1 is something we should be thinking more about for the
2 Department of Defense: more flexible compensation and
3 benefits that people can take with them as they move, not
4 only from the military out into the private sector, but
5 increasingly as we think more creatively about how we can
6 also at various points in -- over the course of a career
7 bring people from the private sector and from the civilian
8 world into the military for various stints of time. This
9 is something that's so foreign to our concept of how we
10 think about the military. And I think this really
11 impresses on the importance of the Guard and the Reserve
12 and how people can move, over the course of a career, from
13 serving on Active Duty to moving back into the Reserve
14 Force, making taking a few years off while raising a child
15 or pursuing educational opportunities, and then being able
16 to return again at a later point.

17 Senator Gillibrand: I thought your comment about
18 cyber was really important, because we've been trying to
19 have that discussion in this committee about using the
20 Guard and Reserve to create cyber warriors, since they have
21 expertise. They might work at Google during the day, but
22 they have great abilities that could be used by the
23 Department of Defense. And so, I think your testimony
24 there is very interesting.

25 Mr. Locher, one of the fears of opponents of

1 Goldwater-Nichols was that it would decrease civilian
2 control of the military. What's your assessment on how the
3 reforms have impacted civilian control of the military?
4 And do you think we have achieved a good balance? And do
5 you believe there is sufficient civilian oversight of the
6 combatant commanders?

7 Mr. Locher: Well, I don't -- I -- the fears of loss
8 of civilian control were misstated. I think the --
9 Goldwater-Nichols made it absolutely clear that the
10 Secretary of Defense was in control of the Department of
11 Defense. In the past, you know, the Congress had weakened
12 the Secretary, in part for its own interest in the
13 Department, but now I think the Secretary's role is
14 absolute in the Department, and we do have effective
15 civilian control.

16 At the time of Goldwater-Nichols, the attention of the
17 Congress, in terms of confirming officers, was focused on
18 the service chiefs. And we ended up putting much more
19 emphasis on the combatant commanders, because those are the
20 people on the front line who are -- who could actually get
21 the United States involved in some action in their various
22 regions. And so, I think that having the combatant
23 commanders work for the Secretary of Defense and having
24 those efforts to review their contingency plans by civilian
25 officials, all of those have helped to provide for

1 effective civilian control of those operational commands.

2 Senator Gillibrand: You also said that the Pentagon's
3 change-resistant culture represents its greatest
4 organizational weakness. Do you think that's still true
5 today?

6 Mr. Locher: Absolutely. You know, we've gone 30
7 years without major changes in the Department of Defense at
8 a time in which the world has changed tremendously.
9 Organizational practice has changed in lots of private
10 organizations. We've not seen that mirrored in the
11 Department of Defense. And all sorts of inefficiencies
12 have come from that.

13 Senator Gillibrand: Where do you see the greatest
14 overlap and redundancy now in our current system?

15 Mr. Locher: Well, I think the greatest overlap and
16 redundancy is in the headquarters of the military
17 departments, where we have a service secretariat and a
18 military headquarters staff. They have one common mission.
19 And I think we -- lots of manpower is wasted there.

20 There has also been some concern about -- between the
21 Office of the Secretary of Defense and the Joint Staff,
22 whether there are functions there that are being performed
23 by both organizations that could either be eliminated in
24 one of those two offices, or reduced. And so, I think
25 that's another question for examination.

1 Senator Gillibrand: Thank you.

2 Thank you, Mr. Chairman.

3 Chairman McCain: Senator King.

4 Senator King: Dr. Hamre -- if you fellows also want
5 to chime in on this -- a lot of people talking about
6 national security today are talking about whole-of-
7 government approaches to dealing with some of these issues.
8 Do we need to rethink or think about how better to
9 coordinate the activities and work of the Department of
10 Defense, Department of State, intelligence agencies? Is
11 there duplication, overlap, inefficiency in trying to do a
12 whole-of-government approach with the combatant-commander
13 structure?

14 Mr. Locher: Sir, we -- this is -- we -- this is a
15 very tough problem, because it's a constitutional problem.
16 The Congress oversees the branches -- the departments of
17 the executive branch. But, it has no responsibility to
18 oversee the coordination of them. That's the President's
19 responsibility.

20 Senator King: Right. That's the Commander in Chief.

21 Dr. Hamre: Commander in Chief. And so, you're
22 dealing with the central ambiguity of the Constitution.
23 The President chooses how he wants to organize and
24 coordinate them. Now, I think there are things that could
25 be done, especially as we think about transitions of

1 government. For example, I think we should be -- when you
2 come to a seam in the government like this, we should be
3 strengthening the executive secretariats. That's a case
4 where the Defense Department could make a contribution --
5 the executive secretariat's like the lymphatic system that
6 parallels the blood system, you know, in the body. And we
7 put military officers with senior elected officials -- or
8 appointed officials. And it gets the -- the government
9 functions, even when the new people that are coming in
10 don't know how it works and the people who are leaving have
11 lost interest. You know, and so you can at least have --
12 you can do some things like that. But, it's a very hard
13 problem to solve.

14 Senator King: Mr. Locher, do you have comments?

15 Mr. Locher: I do. This is an area that I spent 6
16 years working on, trying to produce a whole-of-government
17 effort. Today, national security missions require the
18 expertise and capacities of many, many departments. And
19 right now, the only person who can integrate all of that is
20 the President. And it -- that's not possible for him to
21 do. He has a small National Security Council staff, and
22 it's been drawn into management of day-to-day issues, and
23 it's completely overwhelmed. So, we need to figure out a
24 different system for integrating all of this capacity
25 across the government.

1 Now, the -- inside the Executive Office of the
2 President, there's no oversight by the Congress of that,
3 but there are other things that could be done. The Office
4 of Management and Budget is inside the Executive Office of
5 the President, but it is overseen by the Congress, and
6 three of its officials are confirmed by the Senate.

7 Senator King: But, the -- there's a contrary problem,
8 where if you concentrate all power in the White House, you
9 end up neutering the State Department and the Secretary of
10 Defense, and everything gets -- the calls all come from the
11 National Security Council. So, I take it there's a tension
12 there.

13 Mr. Locher: Well, you want the Departments of State
14 and Defense to provide their expertise. You don't want
15 that duplicated up at the National Security Council level.
16 But, all of that has to be integrated some way, and it's,
17 you know, sort of the integration we did in the Department
18 of Defense at the time of Goldwater-Nichols. We don't have
19 mechanisms for doing that. It would require some new
20 legislation. But, right now, our ability to pull together
21 our government to tackle these tasks is very, very poor,
22 and something will have to be done about it.

23 Senator King: That question is, Is it legislative or
24 is it presidential management and leadership?

25 Mr. Locher: Well, there's a lot that the President

1 could do within his own authority. You know, we have no
2 executive order for the national security system. The
3 National Security Advisor, there's no presidential
4 directive for that. You don't have any guidance from the
5 President to the departments and agencies as they put
6 together their budgets. There are lots of things that
7 could be done, but there's not much capacity for doing
8 that. But, there are also some things that will require
9 legislation to enable the President to delegate his
10 authority to lesser officials.

11 Senator King: I'm running out of time, but I'm very
12 interested in this issue. And, to the extent you could
13 supply written comments for the record, giving us some
14 suggestions as to how we can tackle this issue.

15 [INFORMATION]

16 Senator King: Because I think this is going to be a
17 major issue, going forward. We're not -- we're no longer
18 going to be engaged in strictly military conflicts, they're
19 going to have other dimensions. So, I look forward --

20 Yes, sir, you wanted to -- thank you.

21 Very quickly -- and perhaps this is for the record --
22 Packard Commission identified accountability as an
23 essential element. The Chairman has really focused very
24 diligently on acquisition. Are there other areas of the
25 Defense Department that are lacking in accountability or

1 that we should raise the accountability analysis level?

2 Dr. Hamre: Well, I think the action of your committee
3 to put the service chiefs back in the chain of command
4 probably fixes the biggest one. I think that was really
5 important.

6 I think that probably looking at how we manage defense
7 agencies -- defense agencies are very large enterprises
8 now, and I -- there's not a great oversight system for the
9 defense agencies, how they perform, accountability to the
10 Secretary --

11 Senator King: When you say "defense agencies" --

12 Dr. Hamre: This would be the Defense Logistics
13 Agency, Defense Commissary Agency, the --

14 Senator King: Okay.

15 Dr. Hamre: -- the Defense Finance and Accounting
16 Service.

17 Senator King: Principally civilian.

18 Dr. Hamre: Yes, sir. They have a thin veneer of
19 military, but they're largely civilian enterprises and big
20 business. I mean, this is probably \$85 to \$90 billion
21 every year. I mean, these are big operations. And there's
22 not a great system of oversight for their activity.

23 Senator King: Thank you.

24 Thank you, Mr. Chairman.

25 Chairman McCain: Well, I thank the witnesses. It's

1 been very helpful and certainly is, I think, an important
2 basis for us moving forward. We will be making sure as
3 many people as possible are able to see your written
4 testimony. I think they're very comprehensive and very
5 important. And we will be calling on you as we move
6 forward.

7 And I do take your advice seriously about working with
8 the Secretary of Defense. We do have a bipartisan approach
9 to these issues, as we have in -- as the bill we are about
10 to vote on. But, this has been, I think, very helpful to
11 the committee. And it is our mission to try to get as much
12 done, this coming year, as possible, recognizing that we
13 aren't going to get everything done.

14 But, I also might make what seem to be self-serving,
15 but some of the things that we have in this legislation,
16 such as retirement reform, such as many others, they're not
17 necessarily low-hanging fruit, but they certainly are
18 issues that we could address in a bipartisan fashion. For
19 example, the retirement system. The predicate for that was
20 laid by a committee -- a commission that was appointed,
21 that testified before this committee, that I don't think we
22 would have acted if it hadn't been for that. So, it's also
23 helpful to have your advice and counsel.

24 Senator Reed, did you want --

25 Senator Reed: No, Mr. Chairman. I just wanted to

1 second your comments and thank the witnesses' extraordinary
2 insights, and look forward to working with them.

3 Chairman McCain: This hearing is adjourned. Thank
4 you.

5 [Whereupon, at 10:53 a.m., the hearing was adjourned.]

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