HEARING TO RECEIVE TESTIMONY ON

CHINA AND RUSSIA

Tuesday, January 29, 2019

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

The committee met, pursuant to notice, at 10:00 a.m. in Room SD-G50, Dirksen Senate Office Building, Hon. James M. Inhofe, chairman of the committee, presiding.

Committee Members Present: Senators Inhofe [presiding], Wicker, Fischer, Rounds, Ernst, Tillis, Sullivan, Cramer, McSally, Scott, Blackburn, Hawley, Reed, Shaheen, Gillibrand, Blumenthal, Kaine, King, Warren, Peters, Manchin, Duckworth, and Jones.
Chairman Inhofe: The hearing will come to order. The committee meets today to receive testimony on strategic competition with China and Russia.

I would like to welcome our witnesses. We have the right witnesses this time. We appreciate your attendance.

We have Elbridge Colby. He is the former Deputy Assistant Secretary of Defense for Strategy and Force Development. He is what I consider to be probably one of the or maybe the key person in developing the National Defense Strategy.

Ely Ratner, a China expert, co-author of a major article, “The China Reckoning: How Beijing Defied American Expectations.” It is well worth your time to read that.

Damon Wilson is a Russian expert, as well as an expert on NATO and going all the way into East Europe and the Balkans.

And so I welcome all of you here for this hearing. I had a chance to talk to the three of you and kind of explained my concern. One of the problems that I have -- and it is a problem that we all have but we do not talk very much about it -- and that is the threats that we are facing, the seriousness of the threats. There is this euphoric attitude that people have had since World War II that
somehow we have the best of everything. We were listing
some of the things -- General Milley talking about how we
are outgunned and outranged with our Chairman of the Joint
Chiefs of Staff, was talking about how our quantitative and
qualitative advantages have eroded. Nuclear modernization
-- we were out of business for a long period of time. All
of a sudden now we have even China with a triad system. It
is working on hypersonics. You know, the average man on the
street does not know what we are talking about, but that is
something that is entirely new. And I am convinced that
both China and Russia are ahead of us.
And so I see this hearing as a way to maybe give us
some credibility up here because you are all three
recognized experts in this area.
And we are also right now having another good thing.
We have had hearings to this effect to show and demonstrate
very clearly that our people in uniform are willing to talk
about these things that they were not willing to talk about
before.
So that which we all remember so well that was so
successful in the Cold War is something that perhaps is not
as successful right now. Peace through strength is really
something we need to be doing and emphasizing and telling
the American people where we are right now.
And the reason it is important -- we are going to be
looking at the budget that it takes to run this thing. We know what happened just a few years ago, and we know that we were down inadequately. You have to get the support of the American people before you can do a good job of defending America. And that is what this is all about.

So I appreciate very much all of you being here today. Senator Reed?
Senator Reed: Well, thank you very much, Mr. Chairman, for holding this very important hearing on the strategic security challenges posed by Russia and China. I also want to join you in welcoming the witnesses who are distinguished experts. Thank you, gentlemen.

Revisionist powers Russia and China are actively working to undermine the rules-based international order that has been the cornerstone of peace for decades. As the recent National Intelligence Strategy states, “Traditional adversaries will continue to gain and assert influence, taking advantage of changing conditions, in the international environment, including the weakening of the post-World War II international order and dominance of Western democratic ideals, increasingly isolationist tendencies in the West, and shifts in the global economy.”

Moscow and Beijing are using all tools of national power to challenge the international order and advance their own strategic interests at the expense of others.

This morning’s hearing is an opportunity to hear from our witnesses regarding their assessments of the emerging strategic competition with these near-peer rivals and their recommendations for ensuring that the United States is able to deter aggression and deploy the right elements of
national power, both military and non-military elements, to prevail in the competition with Russia and China.

In the case of Russia, President Putin has rejected U.S.-led international order that he considers incompatible with his strategic objective of returning to great power status. Russia’s military modernization, nuclear saber-rattling, and violations of its arms control and other international obligations threaten to undermine the strategic security architecture that has prevented high-end conflict. Putin also seeks to operate unconstrained in the “near abroad” countries of the former Soviet Union and has shown his willingness to use military force to violate the sovereignty of his neighbors if not deterred.

Russia is also conducting a campaign of hybrid warfare below the level of direct military conflict to harm Western nations without firing a single shot. Our democracy was attacked in 2016 and such attacks continue to this day with increasing sophistication. Russia has used political, military, diplomatic, economic, informational, cyber, and other tools of national power to try to divide us from our allies and paralyze our ability to unite in our common defense. These Russian operations are no less a threat to our national security than a military attack would be, yet we have failed to respond to them with the same level of seriousness and resolve. I am interested in hearing our
witnesses’ assessment of the national security threat posed by Russia’s hybrid warfare campaign and their recommendations for how we should prioritize our resources to counter Russia’s malign aggression.

China is engaging in a global economic and military expansion that will challenge U.S. primacy and influence in the decades to come. President Xi’s determination to undermine international norms, engage in coercive and predatory policies toward smaller and weaker countries, and undermine the national security of the United States and its allies and partners makes this expansion particularly concerning. We are now in a long-term strategic competition with an autocratic regime that has the resources and the intent to challenge and potentially supplant U.S. leadership. How we respond to this challenge will be critical for our national security and the security of our partners and allies in the region.

I am interested in hearing from the witnesses how we should be meeting this challenge across all domains, diplomatic, military, economic, and trade. I am especially concerned about China’s Belt and Road Initiative, which has left several countries, notably Sri Lanka and Malaysia, severely indebted to China. It is an economic initiative with significant national security implications for the United States.
In addition, I have grave concerns about the internal stability of China. President Xi’s crackdown of the Uighurs in the west and bellicose statements about Taiwan present serious human rights problems for the international community. As the leader of the free world, the United States should not shy away from confronting the Chinese Government for its brutal and systematic crackdown on ethnic minorities and human rights activists within its own borders.

The National Defense Strategy has laid out, I think, a compelling argument, and I am glad we have our experts today to supplement that argument with their detailed and very wise observations.

With that, thank you, Mr. Chairman.

Chairman Inhofe: Thank you for the excellent opening statement.

We are going to interrupt this since we now have a quorum that is present.

I ask the committee to consider a list of 385 pending military nominations. All these nominations have been before the committee the required length of time.

Is there a motion to favorably report this list of 385 pending military nominations?

Senator Reed: So moved.

Chairman Inhofe: Is there a second to the motion?
Senator Wicker: Second.

Chairman Inhofe: All in favor, say aye.

[Chorus of ayes.]

Chairman Inhofe: Opposed, no.

[No response.]

Chairman Inhofe: The motion carries.

All right. We will start, Mr. Colby, with you. And we want to hear from all three of you, and try to keep your remarks somewhere around 5 minutes so we will have time. We have good attendance this morning. We want to have time for questions. So, Mr. Colby, you are recognized.
Mr. Colby: Thank you, Mr. Chairman, Ranking Member Reed, and distinguished members of the committee, for the opportunity to appear before you. It is a great honor to testify before this body on a topic of the highest importance to our nation: the implementation of the 2018 National Defense Strategy.

This strategy entails a fundamental shift in the orientation of our nation’s armed forces toward preparing for war against China or Russia precisely in order to deter it. This shift is urgently needed as our military advantages against both have substantially eroded in recent decades. It is a strategy that reflects not only the right priorities but also the hard choices needed to realize this goal and is a testament, in particular, to the leadership of former Secretary Mattis and Acting Secretary Shanahan.

The NDS is predicated on a clear vision, as expressed in the National Security Strategy. America has an enduring interest in ensuring that the key regions of the world, especially Asia and Europe, do not fall under the sway of a potentially hostile power. Great powers, especially China and to a lesser degree Russia, are the only states that
could realistically establish such hegemony. To prevent such an outcome, we need a whole-of-government strategy to sustain favorable regional balances of power through our alliance system.

To make this alliance system work, however, we and our allies need to be able to effectively defend its members against plausible Chinese or Russian theories of victory. This includes the members of that network most vulnerable to such strategies such as Taiwan and the Baltic States. Thus, while we will not succeed without an effective whole-of-government strategy, we will certainly fail without a sufficiently strong defense, and this is clearly in question.

What are these potential Chinese or Russian theories of victory? Because of America’s greater total power and the existence of nuclear arsenals on both sides, these states’ most pointedly menacing theory of victory is the fait accompli. That is, Russia could seek to create propitious circumstances through disinformation, rapidly overrun the Baltic States and eastern Poland with its conventional forces, and then rely on the threat of its nuclear arsenal to check or neuter our counteroffensive to liberate our NATO allies. China, meanwhile, could use similar methods to isolate Taiwan or eventually parts of the Philippines or Japan, launch an air and sea invasion, and then make an
American counteroffensive too costly and risky to countenance.

These are not merely military strategist parlor games. They are real and gravely serious and will become more threatening if we fail to adapt. They are particularly real for states in East and Southeast Asia, as well as in Eastern Europe, wondering whether it is prudent to stand up to Chinese and Russian domineering. These countries will look carefully to see whether affiliating with us will result in an adequate defense. If they do not see this, they will be incentivized to cut a deal with Beijing or Moscow in ways that will make it very hard, if not impossible to maintain those favorable balances of power.

The problem is that our legacy defense approach is not suited to dealing with these theories of victory. Rather, our armed forces for the last generation have largely been formed on what might be called the Desert Storm model. This involved reacting to an opponent’s attack on an ally with a time-consuming construction of an iron mountain of armed might. Once that was done, the United States would launch a withering assault to establish all-domain dominance and only then eject the enemy from our allies’ territory. This model was tremendously successful against Iraq and also employed against Serbia, but it is precisely the model on which China and Russia have so assiduously gone to school in the last 2
decades or so.

We need a new approach. We need our military to be able to contest Chinese or Russian forces from the very beginning of a war, blunting their advances so they cannot establish the fait accompli, and frustrating their assault without our forces ever expecting to gain the all-domain dominance that they could attain against Iraq. With its invasion blunted or readily reversed, neither China nor Russia would have a way to end a war favorably. Rather, Beijing or Moscow would face the awful choice of expanding the war in ways that play to U.S. and allied advantages or swallowing the bitter but tolerable pill of settling on terms the United States could accept. This will make them far less likely to try it in the first place.

As the NDS makes clear, this requires a joint force that is more lethal, resilient, agile, and ready, meaning forces that can, at short notice, operate through withering enemy attacks and still strike effectively at the assaulting forces of these near-peer adversaries even without full control of the air, land, sea, space, or electronic domains. This strategy has very substantial implications for force structure, employment, and posture, as well as for how our armed forces interact with our allies and partners. I laid some of these out, as well as how Congress can contribute to realizing the strategy, in my written statement.
Fundamentally, however, the strategy’s logic is very simple. Our military advantage in key regions has eroded and will continue to do so absent increased and sustained attention and resources. If we fail to do this, we jeopardize the alliance architecture that is crucial for denying Beijing or Moscow dominance in their regions.

Our armed forces must, therefore, above all concentrate on preparing to fight and defeat China or Russia in strategically significant plausible scenarios like Taiwan or the Baltics precisely in order to deter such a war from happening.

Crucially, because this is so demanding, it means doing less of everything else or doing it much more efficiently. Everything not directly connected to readying our forces to fight China or Russia should be considered under a harsh and skeptical light. Elective wars in the Middle East, assurance and presence activities, subordinate departmental plans optimized for the gray zone, continued investment in suboptimal legacy systems, all of these directly detract from our ability to head off the most serious threats to our national interests. If something does not relate to improving the joint forces’ warfighting effectiveness in a key scenario against China or Russia or more efficient ways of doing things in places like the Middle East, then it must be made to meet a very high bar.
Given all this, recent indications the Department of Defense has lagged in implementing the strategy are especially troubling. The National Defense Strategy Commission, chartered by Congress, found that there are confusing and incompatible signals being transmitted within the Department, resulting in a lack of coherence in implementing the strategy. There is no time for misalignment. Our military advantage is eroding against our most powerful competitors. Nor is there need for confusion. The strategy lays out a clear path for how to address this challenge. It is not, nor was it in any way intended to be the last word on the subject. To the contrary. But it provides, however, a clear framework within which the crucial future work needed to realize it should take place.

As Chairman of the Joint Chiefs Select General Milley has eloquently put it, the Army -- and I am confident the Department -- is aligning itself with Secretary Mattis’ National Defense Strategy and will not walk away from it. The National Defense Strategy is a strategy informed by our nation’s proud past but with its sights set firmly on the future of preparing for war in order to preserve a favorable peace and of principled realism so that we might live in a world of right not might. Now is the time to put the strategy into effect without delay.

I look forward to your questions and thank you for your
time and attention.

[The prepared statement of Mr. Colby follows:]
Chairman Inhofe: Excellent statement. Thank you very much.

Mr. Ratner?
STATEMENT OF ELY RATNER, EXECUTIVE VICE PRESIDENT AND
DIRECTOR OF STUDIES, CENTER FOR A NEW AMERICAN SECURITY; AND
FORMER DEPUTY NATIONAL SECURITY ADVISOR TO THE VICE
PRESIDENT

Dr. Ratner: Mr. Chairman, Ranking Member Reed, distinguished members of the committee, thank you for the opportunity to be here today to discuss a topic of vital importance to the United States.

For today’s hearing, I was asked to provide a comprehensive assessment of U.S. strategic competition with China across all of its manifestations, and my written testimony includes 20 recommendations for Congress, including in economic, ideological, and military domains.

I would like to use my opening statement, however, to talk about the big picture because if we aspire to do what is necessary as a nation to rise to the China challenge, it is imperative that our leaders and the American people have a clear understanding of what is at stake. So let me begin with five top-line observations.

First, the United States and China are now locked in a geopolitical competition that will endure for at least the next decade. U.S.-China competition is structural and deepening. What we are experiencing today is not an episodic downturn in the U.S.-China relationship, nor is the current rise in tensions primarily due to President Trump or
his administration. The United States, the U.S. Congress, and the American people should be preparing now for long-term competition with China.

Second, the United States, on balance, is currently losing this competition in ways that increase the likelihood not just of the erosion of U.S. power, but also the rise of an illiberal Chinese sphere of influence in Asia and beyond. The emergence of a China-led order would be deeply antithetical to U.S. values and interests, and the net result would be a less secure, less prosperous United States that is less able to exert power and influence in the world.

Third, to avoid these outcomes, the central aim of U.S. strategy in the near term should be preventing China from consolidating an expansive and illiberal sphere of influence. It is essential that the United States stop China from exercising exclusive and dominant control over key geographic regions and functional domains.

Fourth, the U.S. Government is still not approaching this competition with anything approximating its importance for the country’s future. While I support the overall thrust of the Trump administration’s China policy, as articulated in the National Security Strategy and the National Defense Strategy, it is also the case that many of the Trump administration’s foreign and domestic policies, for instance, on alliances, international institutions,
trade, human rights, and immigration, do not reflect a
government committed to enhancing American competitiveness
or sustaining power and leadership in Asia and the world.
In key areas, I would characterize the Trump
administration’s China policy as being confrontational
without being competitive.

Fifth, despite current trends, the United States can
still prevent the growth of an illiberal China-led order.
Continued Chinese advantage in the overall competition is by
no means inevitable. The United States can successfully
defend and advance its interests vis-a-vis China if
Washington can muster the right strategy, sustained
attention, and sufficient resources.

With that context, I would like to use the balance of
my time, Mr. Chairman, to describe four essential tenets
that should guide U.S. strategy going forward.

First, the foundations of American power are strong,
and we should be approaching this competition from a
position of confidence. The United States continues to
possess the attributes that have sustained our international
power and leadership for decades. Our people, demography,
geography, abundant energy resources, dynamic private
sector, powerful alliances and partnerships, leading
universities, democratic values, and innovative spirit give
us everything we need to succeed if only we are willing to
Second, rising to the China challenge is ultimately about us, not them. Preventing China from developing an illiberal sphere of influence does not require mounting a Cold War-style containment strategy. Instead, the U.S. Government should be focused on enhancing American competitiveness to defend and advance U.S. interests in key geographic regions and functional domains. How the United States fares in its competition with China will ultimately depend on America’s own competitiveness.

Third, we have to compete across all domains of the competition, including military, economics, diplomacy, ideology, technology, and information. It would be a mistake to approach our China policy as siloed and tactical responses to particular problems. Whether we are talking about the South China Sea, intellectual property theft, or human rights, succeeding on any individual issue will require strength and sophistication across all areas of the competition.

Fourth and finally, maintaining a bipartisan consensus on China will be essential to America’s long-term success. Fortunately, there appears to be strong and growing bipartisan support for a more competitive U.S. response. It is imperative that this bipartisanship endure in the years ahead. U.S. leaders, including on Capitol Hill, should view
bipartisanship as a necessary and core feature of U.S.-China policy.

Mr. Chairman, I look forward to your questions and to discussing my policy recommendations in more detail. Thank you again for the opportunity to be here today.

[The prepared statement of Dr. Ratner follows:]
Chairman Inhofe: Thank you, Mr. Ratner.

Mr. Wilson?
STATEMENT OF DAMON M. WILSON, EXECUTIVE VICE PRESIDENT, ATLANTIC COUNCIL

Mr. Wilson: Chairman Inhofe, Ranking Member Reed, and distinguished members of the committee, thank you for the opportunity to testify. I plan to focus on how our allies fit into our strategy.

In an era of great power competition, the United States should adopt a more permanent deterrence posture and bolster its alliances as a strategic comparative advantage over our adversaries. If we are concerned about near-peer competition, rightly so from Russia and China, the United States must not only invest in its own capabilities but also in its global alliance structure.

Polarization within our nation and tumultuous relations within our alliances risk making the United States look vulnerable to our adversaries. While some of these divisions are real, the United States and its allies are in fact more strategically aligned in grand strategy enjoying the support of Republicans and Democrats than they have been, I would argue, since perhaps 9/11, if not 1989.

Our nation and its closest friends agree that the great challenge of the 21st century will be the competition between the free world and authoritarian, corrupt, state-led capitalism, chief among them China and Russia. The National Security Strategy and National Defense Strategy articulate...
this great power competition clearly, but we still have work
to do to implement policies to achieve this strategy.
Specifically, we are not as focused on how to bolster our
alliances as a key component of our strategy to compete
effectively.

To better address the Russian threat, the United States
needs to bolster its military presence in Europe to
establish what an Atlantic Council task force on the U.S.
force posture in Europe calls “permanent deterrence,”
especially in the Baltics, Poland, and the Black Sea region.
Our allies need to be part of this force posture with us.
Our policies need to prioritize arms and technology sales
and transfers to our allies, and divisions among us cannot
become opportunities for Russia to weaken NATO cohesion or
resolve.

Our task force argues that Europe has once again become
a central point of confrontation between the West and a
revisionist Russia. Under Vladimir Putin, Russia is
determined to roll back the post-Cold War settlement,
undermine the sovereignty of Russia’s neighbors, shatter the
alliance, and overturn the U.S.-led rules-based order that
has kept peace. Moscow’s invasion and continued occupation
of Georgian and Ukrainian territories, its military build up
in the west, and its hybrid warfare against democratic
societies have made collective defense and deterrence an
urgent mission.

Today, NATO is in the midst of its greatest adaptation since the Cold War. And the United States is playing its part, including through generous funding of the European Deterrence Initiative.

Last July’s NATO summit was, at the same time, among the most acrimonious and the most productive in recent history, bolstering the alliance’s rapid reaction capabilities and hybrid warfare defense, and promising to enlarge the alliance into the Balkans. While much more remains to be done, allies are making strides towards their defense investment pledges. Since 2016, European allies have spent an additional $41 billion in defense. Through 2020, they will spend an extra $100 billion, and their plans submitted to NATO call for an additional $350 billion through 2024. By 2024, Germany is projected to have the largest defense budget in Europe.

Furthermore, the U.S.-backed Three Seas Initiative is advancing cross-border infrastructure to wean Central Europe and Baltic states off of Russian energy dependency while providing alternatives to Chinese investment, making the region’s economies more resilient.

In the case of Russia, there can be no successful strategy to confront Putin’s aggression without a strong NATO. The questioning of our commitment to the alliance is
dangerous and only weakens our position. This body’s strong support for NATO sends an important signal.

And for Europe, China is becoming a greater geopolitical reality as it comes closer via cyberspace, trade and investment, and now military presence close to Europe’s shores. The United States should confront any Chinese challenge with Europe, as well as its Asian allies, by its side.

The current tensions between Washington and its allies, ranging from burden sharing to trade, are real. But these should not overshadow the shared challenges we face together.

Unenforced errors that unnecessarily divide Washington from its friends should be avoided, such as the trade tactics that have now seen Europe and Canada join common cause with Moscow and Beijing at the World Trade Organization. The United States should limit its trade challenges on national security grounds to our adversaries rather than our allies.

The acceptance of Russia and China as the main geopolitical challenge of the 21st century leads to the conclusion that U.S. interests are best served when Washington and its allies act together. The U.S. is much better positioned if it does not assume the burden of countering Beijing and Moscow alone. Implementing a
National Defense Strategy focused on near-peer competition with Russia and China requires that we put our alliance at the core and not the periphery of our strategy.

We have already seen what can happen when Moscow and Beijing engage in bilateral negotiations with their neighbors, using their power and their leverage to extract concessions, lock weaker partners into exploitative economic deals, or even to rewrite borders.

The United States leading a global set of alliances can deter this threat.

Thank you for this opportunity.

[The prepared statement of Mr. Wilson follows:]
Chairman Inhofe: Well, thank you very much. Those are excellent opening statements.

Mr. Colby, I think you commented a little bit about this without identifying anybody out there doing it, but I remember -- I think it was in March -- the RAND Corporation did, I thought, a very effective article that woke up a lot of people, saying that if Russia should take on NATO, including our contribution to NATO, we would probably lose. That is the type of thing that people need to be talking about.

I know it is a little bit controversial. I had this discussion with some of the uniformed people who say that we should not be talking so much about the capabilities of our opponents. On the other hand, you have got to do that if you are going to end up getting the resources necessary for us to combat that. So that is a little bit of a problem that we have.

Let us start with you, Mr. Colby. First of all, I think you are probably aware that we have kind of adopted this as our blueprint, which you had a lot to do with, and we appreciate the good work that you did there.

Sometimes the debate about a defense budget is posed as a choice between an increased budget on one hand and making tough choices on the other hand. When I listened to all three of you and the committees that we have had, I think
the challenge is so great that we need to everything. I would like to have your comment about that choice argument that is being made.

Mr. Colby: Yes, sir, Mr. Chairman, I agree with you. I think we are going to have to maintain an increased, as necessary, spending just to stay competitive. I mean, if you look at the scale and scope of the Chinese military buildup over the last 20-25 years, it has slowed a little bit, but it is basically almost a 10 percent year on year increase. Meanwhile, our allies have lagged, which some of them are starting to improve.

But, no, I think we are going to have to make hard choices and maintain very robust spending just to keep up.

Chairman Inhofe: Well, I agree with that. I am concerned that our message is not getting across.

Mr. Ratner, you talked about the South China Sea. We were in the South China Sea watching as the initial stages of the building of the islands by China. And our allies over in that part of the world are very much aware of what China is doing there. And they have won the argument in my opinion. I mean, if you look and analyze what they are doing with the islands, it is like you are preparing for World War III. And when you are talking to our allies over there, you wonder whose side they are going to be on.

I think it is working in that part of the world and
other parts of the world. They are now involved in places in Africa that they never even thought about before. So I do not think we are making a lot of headway at that thing.

What I would like to do, in terms of educating the American people, I would like to get from all three of you, first of all, do you agree with our discussion here that it is necessary that there needs to be a wakeup call as to the talent that is out there from our adversaries and, secondly, what we can do to bring this up to the public’s attention. It is a difficult thing to deal with. Any thoughts on that?

Mr. Colby: Yes, Mr. Chairman. I actually completely agree with you, and I think the benefits of trying to hide these things is far outweighed by the importance that you and other Members of Congress and the political leadership of this country can have in helping the American people understand the gravity and severity of the threat. I think there are two things going on here.

One is great powers, like particularly China, are the only countries that could really change the way our whole world operates and ultimately our country. You know, the American military could lose a war. That is the reality. The Chinese and the Russians know that. They have sophisticated satellites. They have various means of electronic communication. They pick up a lot of stuff. I am more concerned that the American people understand that
and have the urgency so that we can stay ahead of this threat which is very urgent.

Chairman Inhofe: Yes.

Mr. Ratner, what is your feeling about that?

Dr. Ratner: Sure. I would just add two comments. The first, I think what is lacking today in American discourse, including from our leaders, is a clear articulation of what is at stake. And I think bringing this all together, not thinking of it as just islands in the South China Sea or intellectual property theft, but bringing it together in terms of a comprehensive, in the case of China, challenge to the international order and the threats posed to U.S. peace and prosperity associated with a Chinese sphere of influence is something we need to paint a picture of, work from the end, look at the end, and work backwards. That would be the first thing I would say. So I think we need to be clear about the stakes.

And the second thing is, as I mentioned in my testimony, I think the importance of a bipartisan message on this could not be more important because I think the American people can get confused sometimes that what we are seeing today is a product of the Trump administration, and having Members of Congress and others going out together, Republicans and Democrats, with a clear message on this issue could not be more important to sending a signal that
the country as a whole is in it to get this right.

Chairman Inhofe: That is good.

Mr. Wilson, I am going to do the rest of my questions for the record to try to keep our timing right. But I will be asking the same question of all three of you. So that will be forthcoming.

Senator Reed?

Senator Reed: Well, thank you very much, Mr. Chairman, and thank you, gentlemen, for your testimony.

Mr. Wilson made a very compelling argument about the international collaboration and cooperation as essential. And just, Mr. Colby, your comments too. Do you agree?

Mr. Colby: Yes, absolutely, Senator. I am not sure everything in particular, but nothing pops up to mind as disagreeing. But absolutely, collaboration is essential and alliances are essential.

Senator Reed: And NATO particularly with respect to Russia?

Mr. Colby: Absolutely.

Senator Reed: And, Mr. Ratner, your views too.

Dr. Ratner: Yes, fundamental to the China challenge cooperating with allies and partners.

Senator Reed: One of the points in your testimony was a notion -- and if you could elaborate -- that we have to make investments to compete with China, not just in the
Department of Defense but in many other areas, research and development, building an economy that can not only compete but outdistance the Chinese. Can you elaborate on that? Because I think that is a very important point.

Dr. Ratner: Sure, Senator. And it is no accident that the economic and ideological recommendations in my testimony come first before the military because I agree with Mr. Colby that the military is absolutely essential, but it has to be integrated into a broader strategy.

So in terms of domestic policies to enhance American competitiveness, I would look toward increasing science and technology research, STEM education among our youth, visa and immigration policies that are devised to attract and retain talent in this country as part of a human capital strategy, enhancing American infrastructure, improving our health care system, having sound fiscal policies, and getting our bureaucracy organized to implement this challenge as well. So I think all of these play an important role.

Senator Reed: And in a sense, we need to make investments not only in our traditional defense and national security agencies, but also in many other aspects of American governance. Is that your position?

Dr. Ratner: No doubt. And investments in those other areas will enhance our military competitiveness as well.
Senator Reed: Mr. Colby, do you agree?

Mr. Colby: Yes, absolutely, Senator. The only thing I would say is I think the military is kind of a cornerstone because I think if the Chinese or the Russians see that they can use military power -- and that is I think what Senator Inhofe might have been getting at -- if people feel that they are going to be subject to military coercion, the rest is not going to be as helpful. But absolutely, all are crucial.

Senator Reed: And again, Mr. Wilson, you made a very compelling case for NATO and for engagement. One of the other aspects I think -- your comments first and then the others -- is that we seem to be already engaged with the Russians, I mean, the constant sort of below the radar and sometimes above the radar, if you will, cyber operations, political operations, et cetera. It is in some respects the phase one or the phase zero of the next battle. Can you comment on that? And then I will, if there is time, ask your colleagues also.

Mr. Wilson: Yes, Senator. I think that is exactly right, that we are facing both an increasing capability and intention. If you look at Russian behavior in the invasion of Georgia versus Ukraine, it shows intention in both, but the capabilities they have brought to bear certainly increased. And so what I think we face with an adversary,
particularly in the case of Russia, our near-peer competitors, is there a calculation of what they can get away with. And therefore, our deterrence posture is both about -- I used to work for Lord Robertson at NATO, and he would always say it is about both our capability and our credibility. And so it is that match on our side. Do we have the capabilities that are brought to bear to draw them to conclude that it is not worth it, matched with that sense of credibility that deterrence is about the psychology of the adversaries, they believe we have the resolve that we stand clearly by things like article 5? And I think what we are seeing is a probing and a testing and a Russian strategy that is consistent. As they make gains without pushback, they pursue further gains.

Senator Reed: Thank you.

And that line, Mr. Colby, your comments about this hybrid warfare and constant interaction at the cyber level and other levels with Russia -- and then I will ask quickly, Mr. Ratner, about China.

Mr. Colby: Sure, Senator Reed. I think that is a crucial point. I mean, obviously, there is an ongoing level that I think is probably mostly met with by other elements of national power. I think the most concerning aspect is if the Russians could use that to shape the narrative in Europe and here even about their use of military force being
advantageous. My favorite example of this -- pick your poison -- is Fort Sumter. The south having fired on Fort Sumter first, would the union have had the degree of resolve? So it is very important that we have a military posture that is interrelated with our kind of political and information side, but that does require really a focus on the military side.

Senator Reed: Thank you.

And, Mr. Ratner, finally, any comments on China in this venue?

Dr. Ratner: Only that I agree with the point that this is an important tactic they are using, and our response has been inadequate to date. And I would be happy to provide a longer answer about what we should do in response at another time.

Chairman Inhofe: Thank you very much.

Thank you, Mr. Chairman.

Chairman Inhofe: Thank you, Senator Reed.

Senator Wicker?

Senator Wicker: Thank you very much, Mr. Chairman.

This is a vitally important hearing. Thank you for calling it.

Senator Reed, thank you for emphasizing the importance of NATO. To the extent that your question reemphasizes our commitment as a Senate and as a Congress to that vital
alliance, I want to associate myself with those sentiments.  
I do want to get back to the China question.  
Yesterday, the Justice Department unsealed sweeping criminal 
charges against Huawei: violation of U.S. sanctions, as 
well as outright intellectual property theft. I want to 
offer into the record at this point, Mr. Chairman, an op-ed 
from today’s “Wall Street Journal,” “The 5G Promise and the 
Huawei Threat,” authored by former House Intel chairman Mike 
Rogers.  
Chairman Inhofe: Without objection.  
[The information follows:]  
[COMMITTEE INSERT]
Senator Wicker: Chairman Rogers says this in the second sentence of his op-ed. Huawei’s behavior is finally being recognized for what it is.

So help us, Mr. Ratner and Mr. Colby, understand what China is up to with regard to Huawei and to a lesser extent ZTE. Mr. Ratner, you mentioned on page 4 of your testimony a comprehensive strategy that includes a lot of things, military, economics, diplomacy, ideology, and technology. Is that what you are talking about here? And, Mr. Colby, you talk about the enemy’s theory of victory is dominance of this new 5G level of just very advanced technology is going to be part of China’s theory of victory. Mr. Ratner first.

Dr. Ratner: Thank you, Senator.

I would look at the Huawei issue through four separate lenses, the first being the legal. Of course, the company is engaged -- and this is what the indictment was about -- in illegal activities, stealing trade secrets, obstructing a criminal investigation, evading sanctions and ought to be dealt with from a law enforcement capacity. That is the first lens to view this through.

The second is through the security lens, which I think is what you are primarily referencing here -- Senator Wicker: Right.

Dr. Ratner: -- and the threat it poses to supply chains, critical infrastructure. That is absolutely real.
We know that the Huawei leadership has members of the Communist Party within it, and the company has long and deep relationships with both the PLA and the Ministry of State Security in China and, of course, is subject to Chinese law and their new national intelligence law which gives the government the right to use the networks and data as they wish.

Third, I would look at the Huawei issue separate from its functionality but through the lens of China’s unfair trade and investment practices, which our country still is on the wrong side of to the extent that we do not have access to their markets and they have access to ours. And we ought to think about a principle of reciprocity.

And then finally, the overall technology competition. So these are all coming together within the Huawei issue and they all merit a response. We need defensive measures, and we need to invest in our own technologies as well. And we need to be cooperating with allies and partners. So the technology competition I think stretches across the military and the economic and requires a comprehensive response.

Senator Wicker: Mr. Colby?

Mr. Colby: Thank you, Senator Wicker. And I agree with Dr. Ratner on this as so many other points.

I would say I think it absolutely is part of their
overall theory of victory which is to do I think a couple of things. One is to generate the leverage within various countries that could be part of this alliance or partnership architecture that would be designed to check Chinese aspirations to dominate the region and potentially beyond. And things like Huawei will give them economic leverage, informational leverage, I mean, blackmail leverage, bribery we have seen in places like Sri Lanka. This dissolves or corrodes the resolve in these countries potentially to stand up to Chinese potential coercion.

And then there is also the sentiment I think that maybe the world is going China’s way, as they used to say about the Soviets in the 1970s, that maybe we better just go with the Chinese. And I think that is why these countries, some of them allies, many of them kind of partners, nontraditional allies, are really the center of gravity because we need to work with these countries not in a sort of charity motivated way, but we need to be able to form a network that together is sufficiently cohesive to stand up to these Chinese --

Senator Wicker: Is the National Defense Strategy adequate in discussing this issue?

Mr. Colby: I think absolutely, sir. I think the point can be made more robustly and more eloquently by people like this body and political leaders so the American people see
that these alliances are sort of enlightened self-interest, not sort of charity. And I think that is a different way that maybe we can start talking about these alliances, that it is sort of almost like a business enterprise that we share these broad interests. But that involves our allies doing more and contributing more. But really, we are doing this in our own interest to prevent the Chinese from dominating East Asia in particular.

Senator Wicker: Thank you.

Chairman Inhofe: Thank you, Senator Wicker.

Senator Shaheen?

Senator Shaheen: Thank you, Mr. Chairman.

And thank you all very much for being here.

Mr. Wilson, I especially appreciated your comments about NATO and certainly share the views of Senator Wicker and Senator Reed about the importance.

Are you concerned that there have been mixed messages sent about our support for NATO to our other NATO partners and the rest of the world?

Mr. Wilson: Yes, I am. I think that it is important that there be, as I said, deterrence being part psychology, just absolute clarity that there is absolute resolve and rock solid support for the alliance and its commitments, article 5.

I also think the broader tenor of our debate on burden
sharing, which is an important one -- it sometimes helps to put the center of gravity in a different place. I like to see how we can think about our alliances and our alliance structure as a force multiplier for our capabilities, our interests, and our values and how we are leveraging other nations' investments and their defense to help us achieve our strategic objectives. And I think that context of while keeping absolute pressure on our allies to do more, appropriately so, understanding that this is a force multiplier in effect for our tool and remaining rock solid in our commitment to what article 5 means in terms of the defense of all of our allies.

Senator Shaheen: Thank you. I share that view and have heard recently from one of our NATO partners who expressed concern that there was a message being sent by a recent interview on one of our networks that suggested that we would support article 5 only if the partner nation was up to date with their burden sharing responsibilities. Have you heard that concern from any of our NATO allies, and would you share the concern that that sends a very bad message about our commitment to NATO?

Mr. Wilson: As I said prior, I think the calculation, in this case, of Russia is what can we get away with, and if we see a pathway to be able to actually divide or shatter this alliance, that is an invitation for their action. And
so I think the credibility of the alliance depends on that clarity of our commitment to it and a consistency in that messaging. I think that is why this body’s message on the alliance has been so important.

Senator Shaheen: Despite whether someone has fulfilled their commitment to burden sharing or not.

Mr. Wilson: That is correct.

Senator Shaheen: Thank you.

Dr. Ratner, a couple of weeks ago, as I am sure you remember, China landed on the dark side of the moon. At that time, our NASA employees were not working. Our researchers were not working because we were in a government shutdown. How does that address the credibility and the strength that we need to be positioning with the rest of the world when that is what is happening in the United States?

Dr. Ratner: Senator, I think that is an excellent question. Obviously, there were direct economic costs from the shutdown, and that affects our ability to compete with China. And I think as you referenced, there are two other effects in terms of our overall competitiveness.

The first relates to our ability to sustain our alliances and partnerships, and to do that, we need Asia and the world to have confidence that the United States has the focus and the resources and, frankly, the competence to enhance American competitiveness to compete with China. And
when our government is shut down, that sows doubts and that feeds into the calculations of countries as to whether they want to stand up to China and whether they want to partner with us.

Secondly, to the extent that there is -- and I agree with Mr. Wilson -- an emergent ideological competition between the free world and an emergent authoritarianism, we do not like the juxtaposition, as you described, to be projecting to the world of our government is shut down while China is landing on the dark side of the moon. I think we need to be the shining city on the hill again.

Senator Shaheen: Thank you.

Mr. Colby, I am not sure that I completely understand some of the arguments that you are making. You talk about on page 5 of your testimony that the new warfighting approach involves U.S. forces resisting Chinese or Russian attacks from the very beginning of hostilities and to blunt Beijing or Moscow’s assault and then defeat it. I certainly agree with that sentiment, but what I am having trouble reconciling is how you go from there to a conclusion that therefore we should not be focused, as I understood you to say, on any action that China or Russia may be taking in other parts of the world where we have an interest.

So, for example, you mentioned the Middle East as a place where we should not be, as I interpreted your remarks,
putting undue resources. And yet, if we do not blunt Russian and Chinese actions in those areas, does it not give them an opportunity to enhance their ability to compete with the United States in other parts of the world?

Mr. Colby: Ma’am, thank you for the question.

I think from a strategic perspective, East Asia and Southeast Asia and Europe are the decisive theaters. Things are ultimately decided there. For the Chinese to project power without having resolved a favorable situation in the Western Pacific and East Asia, they would essentially project power into the Middle East at our sufferance. They would be essentially using their capital but leaving themselves vulnerable to our counterattack.

The problem is that Asia is the richest part of the world, and Europe is the second probably richest part of the world. And China is the most plausible potential kind of hegemon. And the way they can do that is they can pick off the small states, starting with Taiwan and then moving to the Philippines and Vietnam, et cetera. They do not necessarily have to fight a war. They can use things like Huawei. They can use 5G. They can use corruption. And then in the back of everybody’s mind is if I fight them, I know I am going to lose.

And what I am really getting at is the Chinese or the Russians -- their incentive is not to start a massive World
War III with the Americans. Their incentive is to start a small war and then say, look, if you are going to fight back, this is going to get very risky. And by the way, we have ways of hurting you at home. Sure, nuclear weapons, by the way, are out there, but so is cyber attack. So is precision conventional strikes. And are the American people ready for that?

And I think that again gets back to the chairman’s point about really sort of educating I think -- educating sounds patronizing, but illuminating to the American people just how serious these stakes are because if the Chinese take over Asia and take over not Genghis Kahn style, but basically they are the ones who set the rules of the road, to Dr. Ratner’s point, that is ultimately going to have a very, very serious effect on our lives. And I think the election interference that we suffered in 2016 could very much pale in significance to what we could see in a world where Asia is dominated by China.

Senator Shaheen: Well, I am out of time. And I certainly appreciate what you are saying. I just think there are some flaws in your strategy if we think that we should withdraw from every other part of the world other than Europe and Asia in a way that gives opportunity to Russia and China for whatever they might want to do there.

Mr. Colby: Could I just clarify quickly, ma’am? The
strategy does not call for withdrawing. It calls for the
more efficient use. So we have been using B-1’s and F-22’s
in the air over Afghanistan and places like that. That has
a very, very real opportunity cost for how we are doing.
And that is why we could lose. The place we could really
lose, that is where we need to put our resources is the
argument and the strategy.

Senator Shaheen: Thank you.

Chairman Inhofe: Thank you, Senator Shaheen.

Senator Rounds?

Senator Rounds: Thank you, Mr. Chairman. Let me begin
just by saying thank you for putting together this
particular hearing. I think it is critical that we be able
to share in open session with the American people just how
serious this is.

And I would like your comments on this, gentlemen.

Number one, it is not so much that China and Russia today
are more than near-peer to us with regard to our nuclear
capabilities or our space capabilities, but rather their
current trajectory is such that their development is on a
faster pace in those strategic areas. And I think this is
the part which the American people will want us to be
working on now to make investments so that 3 years, 5 years,
and 10 years down the road we do not put the next generation
of leaders in a position where they are wondering why we did
not see this coming.

And I would like your thoughts. It used to be air, land, and sea that we talked about as the domains in which we needed to be dominant. But today there is two more, both space and cyberspace. And it would appear to me that our near-peer competitors, China and Russia in particular, have taken it upon themselves to, in a way, shortcut dominance by becoming very, very good and working in areas of cyber and in space that can hinder our ability to be dominating on air, land, and sea.

Mr. Colby, would you care to comment on that?

Mr. Colby: Yes. Thank you, Senator. And I certainly agree with your sentiment.

I think one thing is important. The Russians and the Chinese are quite different. I mean, fundamentally China is an economy -- for the first time in our history, we will be facing a competitor of comparable size and economic sophistication to ourselves. It was not true of Nazi Germany. It was not true of the Kaisers. It was not true of the Soviet Union. It is not true of contemporary Russia. Contemporary Russia and likely future Russia poses a very severe but focused threat. I think it is using primarily asymmetric and time-distance advantages in Eastern Europe, coupled with its very robust strategic forces.

The Chinese have started to do that, but they are
beginning to develop actual peer — for instance, for a while they were doing mostly counter-space. Now they are launching satellites at a bristling rate. They are developing nuclear submarines to go far abroad. They are developing aircraft carriers. We are going to be dealing with a peer competitor.

What I would say about cyber and space, everything is a contested domain. I would say it is not so much how we do in a given domain like hypersonics or space. It is really about these scenarios because that is what we are going to be focused on. That is what the Chinese are going to be focused on. That is what if you are in Hanoi or Manila or Tokyo, you are thinking how does this war end if I stick my neck out with the Americans. Whatever the force is that we need for that, that is the standard I think we need to go towards.

Senator Rounds: Thank you.

Mr. Ratner?

Dr. Ratner: I would agree with Mr. Colby and maybe just build on it a little bit with some of the fine work that he did in the National Defense Strategy, which is we need to look at — and we are doing this at our home institution of the Center for a New American Security, doing work on what is the future of American war going to look like. What is going to be the American way of war? And to
start with the scenarios embedded in the strategy and then work toward what is our warfighting approach, what is our force structure going to look like, our force employment, our posture, how are we going to integrate with alliances. All of these things are in need of reform and a hard new look, but it starts I think with the plausible scenarios.

Senator Rounds: Thank you.

Mr. Wilson?

Mr. Wilson: I would just add that I think your point on the trajectory is spot on. I agree with Mr. Colby that if you think about the challenge that we face from Russia today it is from an economy less the size than Italy, than the Netherlands. What is remarkable is the remarkable military modernization that an authoritarian centrally controlled system has been able to develop to really enhance the capabilities that do pose, I think, a severe problem in targeted areas because of the demonstrated willingness to use them. It is on a different scale from China, but that trajectory has been very rapid in the Russian military modernization program.

Senator Rounds: Thank you.

If we entered into any sort of a major conflict, can any of you imagine a scenario in which we would not be at war in space?

Mr. Colby: No. I think for a long time, Senator,
people thought that space might be a sanctuary, including people who were responsible for the space command. I think if you got into that kind of war, there would probably be certain kinds of limitations. Those would be themselves contested, but space would certainly be a contested domain. It is so vital for warfighting in this era.

Senator Rounds: Mr. Ratner?

Dr. Ratner: I agree.

Senator Rounds: Mr. Wilson?

Mr. Wilson: I agree, but again, I do think it is what can the adversary get away with. And so those efforts for Russia or even China to be able to essentially have a confrontation with us that is not a direct confrontation I think is where we are most vulnerable.

Senator Rounds: Thank you.

Thank you, Mr. Chairman.

Chairman Inhofe: Thank you, Senator Rounds.

Senator Peters?

Senator Peters: Thank you, Mr. Chairman.

And thank you, gentlemen, for a very fascinating discussion about these topics. I appreciate your work on it.

I want to talk specifically about technological advances and pick up on Senator Rounds’ discussion about space and cyber in particular in an area that I think folks
are categorizing as a major arms race, and that is in artificial intelligence and machine learning which, as you know, will be transformative for warfare in ways that we probably cannot fully appreciate at this point. And it is moving very, very quickly.

There have been suggestions that the United States is actually falling behind in AI in terms of our relative position with China and that we lack really a coherent strategy to deal with that.

So, gentlemen, certainly Mr. Colby, Mr. Ratner, I would appreciate your comments as to how do you see the United States’ approach to AI particularly relative to China, but Russia is working on these projects as well. What are we getting right? What do we need to improve?

Mr. Colby: Well, thank you very much, Senator Peters. And I would really commend the work of our colleague, Paul Scharre, who I think is a leading scholar on these. And I would also commend Congress’ creation of the AI Commission, which is being led by Eric Schmidt and Bob Work, both of whom were involved in developing the National Defense Strategy.

So the strategy is really not taking our technological edge for granted. And I think AI may be the crucial piece of the puzzle. You know, it is hard to say.

I do not have defined views yet on what exactly we need
to do, but I think we need to look at this in a competitive way, leverage the advantages in our system, the fact that we have competition, and that there are going to be imperfections that are arising out of an authoritarian, state-controlled, mercantilist politicized system, as well as that of our allies. And that is a point I think maybe we can delve into a little bit later.

But, look, I mean, one of the advantages here is that we have highly technologically capable allies in places like Japan, Korea, partners like Taiwan, Europe, et cetera. So we should be seeking to, where possible, work collectively. I think the era of unipolarity is over. We can still serve the advantages and goals that we have sought to achieve throughout our history, but certainly since World War II, but we are going to have to do it in a different way. And part of that is going to have to be a more equitable relationship with our allies. That is going to involve their doing more, and it is also going to involve potentially our giving up some of our autonomy in decision-making.

Dr. Ratner: Senator, it is a really important question. I would also commend the creation of the National Security Commission for Artificial Intelligence. I think that is a huge, important first step. And my understanding is they will potentially have their first report out next
month. And I would hope Congress would take their
recommendations seriously.

There are three areas that we need to focus on as it
relates to artificial intelligence. I think the most
important is the human capital question and ensuring that we
have the talent pipeline and immigration policies to attract
and retain the brightest minds in the world, including at
our universities.

We also need to think hard about data security. The
Chinese data inside their country is not particularly
strong, and that is something they are going to need to
advance their artificial intelligence. And that is one of
the reasons why they are trying to appropriate and steal as
much data overseas as they can. So we ought to be working
inside our own country and with allies and partners on data
privacy and data security.

And then we have to think about how to integrate
artificial intelligence for the purposes of this committee
into our defense and military apparatus. And I think the
creation of the Joint Artificial Intelligence Center to
coordinate some of these activities is important. And I
think the work that the Defense Innovation Unit is doing out
in California is also important.

So I think we are getting our act together, and this is
really important but we are going to have to maintain focus
here.

Senator Peters: Mr. Wilson?

Mr. Wilson: If I may just add, I think it is important on the cyber front to recognize that I think we do have peer competition, particularly with Russia in this case.

And on the greater technological challenge, I think for us and for this body to help frame an understanding that this great technological evolution that we are going through has profound implications on whether free democratic societies really get there first or the authoritarians. And that is the same as we think historically about technological developments, the nuclear weapons. Who got there first had profound geopolitical implications.

The strength that we bring to the table will be our private sector ingenuity, although the Chinese are quickly catching up to that. The weakness that we bring is a national coherence and a strategy to help coalesce that into something for national purposes.

Senator Peters: Thank you, gentlemen.

Chairman Inhofe: Thank you, Senator Peters.

Senator Cramer?

Senator Cramer: Thank you, Mr. Chairman.

And thank you, witnesses, for finally a public discussion about it. I think this is long overdue. I mean, there have been some public discussions but not quite as
blunt, maybe even as scary as we are having right now. And I think it is important. And it is important to me as a policymaker because I like to be able to talk about it in ways that spread the influence a little bit, and you have been helpful.

What I would like to have you each comment on is what is our biggest challenge going forward domestically, politically. Is the biggest issue in front of us financial investment? I appreciate Mr. Colby’s reference to being more efficient in other places. I think there are efficiencies that can go around that could get us to do more and do better with what we have. Or is it attitude? Or is it really a culture institutionally? And that is what I fear.

In other words, as policymakers and as people of influence, whether it is in passing a law or encouraging the institutions, what do you think can be done to speed up this process of modernization? What has made us so risk averse? I see almost a paralysis in our entire government. It did not manifest itself in the worst sense with this issue. But I would just like to hear from each of you if you have ideas of what we can do to encourage the bureaucracy a bit.

Mr. Colby: Well, thank you, Senator.

I mean, I guess maybe I sound a little bit like a broken record. I have given this a lot of thought. And
ultimately it does come down to me to an appreciation of threat. And I want to be very clear here that I am not sort of trying to paint some sort of lurid, kind of colorful picture. But I think it is also the appreciation of the contingency of the world that we have known for the last generation or even since the Second World War. I often think it is a parallel a little bit to the financial crisis of 2008 that you could -- I mean, 75 years since the last great depression. Right? So people basically wrote it down to effectively zero.

And I think there is a natural tendency for people to basically say a world of great power competition in which somebody really antithetical to us could actually take over is something I do not really believe. In the Defense Department, it is a little bit of, yeah, people say we would have trouble, but we would not actually lose. And I think the reality is we could actually lose, and as Dr. Ratner has rightly said, if we do not compete effectively and better, we could lose the grand competition to China in particular. We do not have to because we have immense reservoirs of national power, which almost paradoxically make us less anxious. You know, it is good to be an American.

But I think to me that is why this committee’s role, this hearing, the role of Members of the Senate and the House can be so important in saying, look, we are not saying

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the sky is falling in yet, but if we do not take account of it, we are basically going to be at the sufferance of the Chinese over time.

Dr. Ratner: I would agree with all that.

I think we are, many, still stuck in an early post-Cold War ideological paradigm where we believe the world is naturally and inevitably heading toward greater freedom and democracy and open markets in the end of history paradigm. And clearly we are learning today that is not the case. So it is taking a rethink about sort of our fundamental assumptions about the future of international politics.

I do think, Senator, as I said earlier, that we need a clear articulation of what is at stake here. And there are a lot of voices saying a lot of different things, and that is why this hearing today is so important to say them clearly and paint a vision of what, in my instance, a Chinese sphere of influence would actually look like and what it would mean for the American people, to be clear of that.

And then finally to your question about, yes, we need institutional reform, but I hope we do not need a crisis. And I think one thing that all the Members here in Congress could do is to sew together I think the message of American competitiveness and great power competition with the message of American renewal and strength, and then if those two come
together, then we will do what we need to do to compete effectively.

Mr. Wilson: Thank you for that question, Senator.

I would add to this the framework that we are essentially in a great battle of ideas. We have renewed on a competitive stage ideologically which we had not been used to. And I think part of what is important here is confidence in our system, self-correction in our system, and demonstrating that our democratic institutions, while always messy, are still the best means to deliver prosperity and security for our citizens and for us to have confidence in that, for the American people to have confidence in that, and for our adversaries to actually be envious of that to show that this system works. At the end of the day, the best antidote to some of the hybrid strategies we have faced are the resilience and confidence in our own democratic processes and institutions and making them work.

Senator Cramer: Thank you.

Chairman Inhofe: Thank you, Senator Cramer.

Senator Duckworth?

Senator Duckworth: Actually, Mr. Chairman, my colleague from West Virginia is on a time crunch. If it is all right with you, I would like to let him go first.

Chairman Inhofe: That is fine with me.

Senator Manchin: Thank you, Senator Duckworth. I
appreciate it.

   Thank you all for being here.

   Just an observation. Basically what we have been told
and what we believe is that the advancements that China has
been able to make on such a rapid scale and also Russia too
has been done because of the cyber, if you will, cyber
hacking, the espionage that goes on for them to elevate
themselves so quickly. If we were better at protecting our
cyber and our intelligence and did a better job -- and we
have seen this coming for some time. If we were able to be
secured right now, would that slow them down? Would they be
unable to have the rapid advancements? Because China has
openly stated it wants to be a global front runner in
artificial intelligence by 2030. It stated it wants to make
30 percent of its military equipment automated by 2025. So
I would say the dangers are great for that to happen. What
is the best way to slow that down or prevent that from
happening?

   Mr. Colby: Well, Senator, I completely agree with you.
I fear the horse may somewhat be out of the barn in the
sense that the Chinese have already stolen a ton and also
are developing their own indigenous capabilities to do
things. But anything helps in a competition like this.
Even relatively modest increments help a lot.

   So Acting Secretary Shanahan I know is consumed with
things like cyber hygiene, getting our industrial base to take good care. And I think in a sense our whole cyber architecture -- and it is not just cyber, it is also human intelligence. It is also the sense of the threat, the sense that this is something that the Chinese are trying to do. But, you know, maybe we built our cyber architecture in a world characterized by an end-of-history thinking instead of saying that there are potential hostile state actors out there that we need to take account of.

Dr. Ratner: Senator, I would definitely agree with the point that we do need more defensive measures in the form of investment reviews and export controls and law enforcement. But it is also the case that I think the caricature of China only stealing its way to innovation is an outdated view. I think that was the case for about a decade. But as Mr. Colby mentioned, there is more indigenous innovation there. But we do need the defensive measures. We also need to be cooperating with our allies and partners on this because if we have effective defenses ourselves and our other advanced economies do not, then China can go shopping there quite quickly.

And then finally, of course, the most important thing is investing in our own competitiveness. So this is not just about defense.

Mr. Wilson: I would simply add to underscore that
point that as we have become more aware and acted more quickly on this in the United States, we need to be as cognizant of working with our allies and partners to advance their efforts on this front as well. The European Union has been slow, only more recently beginning to adopt CFIUS-like but not quite procedures. We have seen German technology companies that have been acquired through Chinese investments. And I think this is part of something that we can lead other societies and our allies and partners to help them be as cognizant as we are now.

Senator Manchin: It has been reported since 2012 that Russia has been actively developing military technologies that may violate the Intermediate-Range Nuclear Forces Treaty. What do you see as the benefit for the United States remaining in an Intermediate Nuclear Force Treaty even as Russia actively is attempting to circumvent the treaty?

Mr. Colby: Senator, I believe that it makes sense for the United States at a minimum to renegotiate the treaty and, if that is not possible, to withdraw. Actually the military utility is primarily dealing with China where conventional intermediate-range missiles would help in an increasingly competitive military balance. I do not think that conventional range INF systems are actually that necessary. In the European theater, there what we primarily
need are posture enhancements and prepositioning and 
exercising of our forces and greater exertions by our allies 
like the Germans. But I think the administration’s bringing 
this and really forcing the issue is commendable. I hope 
there is a way to get to some kind of new agreement with the 
Russians if they show themselves sufficiently reliable.

Senator Manchin: With time running out, I have one 
question, and the two that have not answered maybe can.

Which country faces independently the greatest threat 
to the United States? China or Russia? We will start at 
the end.

Mr. Wilson: I think over the long term, the answer is 
no doubt China. I believe in the short term, it is Russia 
because of the intention and the capability to act, which we 
have seen demonstrated.

On the INF issue, even the Russians have been pointing 
to the Chinese as a rationale for their concerns about what 
they are doing. I think the burden now becomes with the 6-
month clock starting. Can we use this to extract and 
leverage some type of agreement, some type of measures at a 
minimum on transparency through this process?

Senator Manchin: Dr. Ratner?

Dr. Ratner: I will just say quickly on the INF, I do 
think it is worth looking hard at modifying the treaty 
before withdrawing. I think it does have potential military
utility in the Pacific for the reasons Mr. Colby mentioned, as well as the potential to cause a cost imposition on the Chinese and force them to spend their money on expensive defensive measures rather than weapons to kill Americans and attack American bases.

Senator Manchin: Which country?

Dr. Ratner: Which country of the two faces the largest threat from the United States?

Senator Manchin: Yes.

Dr. Ratner: What I would do here, sir, is I think differentiate between the Chinese Communist Party and the country of China. I think the Chinese Communist Party faces a threat from a United States that is competitive in the 21st century.

Senator Manchin: Mr. Colby?

Mr. Colby: Certainly China I think currently and over the long term. But I agree with Mr. Wilson’s point that actually Russia has not only the capability and potentially the degree of alienation to do something about it, but since it is probably in decline, its window may be closing. So we definitely need to take measures to deter that.

Senator Manchin: Thank you.

Thank you, Mr. Chairman.

Chairman Inhofe: Thank you, Senator Manchin.

By the way, that comment is very timely in that I
believe it is Saturday our 60 days are up. And so we better be thinking about that.

Senator Hawley?

Senator Hawley: Thank you, Mr. Chairman.

And thank you, gentlemen, for being here today. Your testimony has been very informative.

Mr. Colby, can I just start with you? I was struck by a number of things in your prepared testimony, including your discussion about the need to reposture our forces in both Europe and Asia to deal with this new great power competition.

But let me ask you about another type of reposturing. You say in your prepared testimony at the bottom of page 8 and the top of page 9 -- I thought this was very striking -- with regard to our relationships with allies and partners, we simply cannot do this, meaning everything outlined in the new and National Defense Strategy -- we simply cannot do this all by ourselves. And then you go on. We need our allies and our partners to contribute real military capability to deterring China and Russia.

Now, we have talked a little bit today and other members have asked you about what I might term our legacy alliance structures like NATO, legacy because they come to us from a different era. As we think about the new era of great power competition, can you just flesh out a little bit
what you are alluding to here about the necessary
reposturing in our alliance structures in order to meet
these new challenges?

Mr. Colby: Well, thank you, Senator. Actually I have
been looking for an opportunity to talk about this because I
think you hit the nail on the head. I mean, two points.
One is, I think as you said, the era of unipolarity is
over. In the 1990s and the 2000s, the United States was so
much more powerful than any potential adversary that
effectively the United States military could perform any
missions essentially by itself. You can ask them
yourselves, but if you would give Bill Cohen or Don Rumsfeld
a truth serum, they would say, well, allies are nice to have
for the flags, but realistically the American military
generally prefers to operate alone. That is no longer true
not only in the most stressing scenarios, say the Baltics
where we really would need, say, Polish and German
assistance, but actually in the totality of circumstances
because I think to Senator Shaheen’s point, this is not a
strategy that says, hey, Iran is not a problem, North Korea
is not a problem, terrorists are not a problem. To the
contrary. But the most stressing scenarios, the ones that
are most important for the United States to focus on, are in
the central theater and at the high level of warfare. So we
need the French to do things in Mali and so forth. And that
means giving up a bit of our decision-making or our influence and having a bit more of an equitable relationship. It also means more permissive arms transfer and intelligence sharing provisions.

At the same time, our allies must do more. It is unacceptable for us to be spending 3 to 4 percent of our national gross domestic product and a place like Germany or Japan to be spending 1 percent. We work very closely with the Germans and the Japanese. They have a very acute strategic perception of what is going on. So they need to match it with an adequate national commitment that reflects the severity of the challenge.

I would also say, Senator, that our alliance architecture -- we tend to think about alliance with a capital A, like NATO. Our alliance architecture -- we should preserve things like our U.S.-Japan alliance, of course, U.S.-Philippines, NATO, et cetera. But I think we are increasingly going to be need to be thinking small A, which sometimes people tend to refer to as partners. But our relationship with India to many people would already be an alliance. We are not going to take care -- we are not going to pledge to defend India in the way that we did Japan or Germany. Well, actually Germany was very involved in defending itself. But Japan, for instance, after World War II. They are going to defend themselves, but we share
interests in blocking a Chinese aspiration for hegemony. So we are going to need to be more plastic and strategic in how we go about considering these new partnerships.

What I would just say on that is we need to prioritize the strategic dimension. We need to agglomerate enough geopolitical and military power to check the Chinese. And that means sometimes not getting everything we want out of the relationship, whether that be ideological or economic or what have you. And that might stick in our craw sometimes, but if we do not get the power relationship right, we will not have the free and open order.

Senator Hawley: Can you just say briefly just a bit more when it comes to the Asian theater? In the European theater, we have NATO. But talk about these new partnerships and the sort of plasticity that might be required particularly in Asia.

Mr. Colby: Sure. Well, I think it is no accident that if you looked at Secretary Mattis’ travel schedule, he was in Southeast Asia and South Asia all the time. He was in Vietnam, which we fought a war with that did not go so well for us. He was in Malaysia, and the current defense leadership is there. And I think that is exactly right. You know, we are not John Foster Dulles going around trying to sign everybody up for an Asian NATO. That is not going to work for a variety of reasons.
But I think we need to really deepen our relationships in a way that is politically sensitive over time because that is essentially the most -- it is the soft theater for the Chinese to assert their power. They know the Japanese are a hard target. They are going to put pressure. To some extent South Asia. These are the places where they can make a lot of hay and make a lot of movement. And if they can basically convince Manila, for instance, where there is concern not just with Duterte but with others in the Philippine defense establishment about American reliability, then they can say, look, you have got to come with us because even if you prefer the Americans, the world is going our way and you do not want to be left exposed before us when we have the chance to penalize you.

Senator Hawley: Thank you.

Mr. Ratner, can I just quickly ask you, switching to China and some of your prepared remarks and remarks today? You talk about the need to embrace not just confrontation but also competitiveness with China. You also point out that China has embraced a model of high tech authoritarianism, which seems exactly right to me.

We are all familiar or hopefully familiar with the fact that China is requiring these technology transfer agreements for companies, U.S. companies, doing business there. You know, just looking at some headlines from this past year,
Apple has now signed onto these technology transfer agreements, putting sensitive encryption keys in China; Facebook giving data access to Chinese firms that have been flagged by U.S. intelligence; Google patent agreements with Chinese firms.

Should we be concerned about these technology transfer requirements on the Chinese side and should we perhaps consider preventing these in the law?

Dr. Ratner: Senator, it is an important question. I think the answer is on a case-by-case basis. But I do think that the way forward here is not to wag our finger and ask these companies to act in the national interest, but to set boundaries on their behavior. And if there are instances where these companies are transferring technology that have important security or future technological implications for American competitiveness, then certainly the U.S. Government should consider new export controls.

Senator Hawley: Great.

Thank you, Mr. Chairman.

Chairman Inhofe: Thank you, Senator Hawley.

Now Senator Duckworth.

Senator Duckworth: Thank you, Mr. Chairman.

Mr. Colby, I cannot help but notice that much of the discussion surrounding the National Defense Strategy and great power competition discusses increased investments in
tactical aircraft, missiles, armored vehicles, other large weapons platforms. What I have not heard much about are investments in transportation and logistics systems that can operate in a contested environment to support these weapons platforms. For example, the number of U.S.-flagged ships has gone down significantly.

What is your assessment of the current state of U.S. military transportation and logistics systems to support great power competition? And do we have what it takes to be able to, as you mentioned, agilely move our forces to where we need to go and sustain them in order to react more quickly?

Mr. Colby: Ma’am, that is a great question. I would say it is very problematic. Actually in the defense strategy, logistics is highlighted, as is information as an independent warfighting domain. In a sense, the strategy is trying to take the focus away from how many BCTs do you have, how many capital ships, et cetera and saying what are the forces that you need all through the chain from A to Z that will allow you to complete the mission. So I think logistics is crucial, including civilian logistics.

I think the basic logic there should be that we need our forces and our logistics chain to be able to operate under a plausible Chinese or Russian sustained attack, that you are never going to have the total sanctuary that we
enjoyed in the unipolar era. Now, that does not mean that everything has to be perfectly secure. Every satellite we put into space does not have to survive, but as an architecture it needs to operate.

And the other key thing and I think a really core piece of the logic here is we want our architecture to be able to work in a way that for the Chinese or the Russians to attack it, they will have to escalate and expand the war in ways that are bad for them.

Senator Duckworth: So in your opinion what are some of the investments that the Department can make to ensure this logistical readiness so that our military will be able to provide the warfighters in the field with the appropriate resources to execute the National Defense Strategy? You talk about this logistical architecture. What do we need to do to build this logistical architecture to where we need it to be?

Mr. Colby: Well, I am not sure what exactly it will entail in terms of investments. I would imagine it is going to be kind of a soup to nuts thing. A couple of points that I would say are we would want exercising, realistic exercising, I mean, in a sense something like the Operation Reforger model of the 1980s, which is basically how are you getting from the United States to the conflict zone abroad while under attack. That will tell us a lot about what we
need and where our vulnerabilities are. I would also say
selective investments in things like cruise and ballistic
missile defense specifically designed, imparts crucial nodes
in our logistics architecture both in the United States and
abroad that, again, are not going to be able to give us
perfect security. But if the Russians have to launch 100
missiles to take out Ramstein rather than two, that is going
to be very important for Germany’s political decision-
making.

Senator Duckworth: Thank you.

This is both for you and also for Dr. Ratner. Should
we be doing something about the Chinese’s low-end
capabilities such as their coast guard vessels, their
fishing fleets that have been known to interfere with
maritime-enabled traffic? It is not all just their
military, but they have all of these other low-end network
of things that are out there.

Dr. Ratner: That is exactly right, and in fact, they
have a maritime militia that has knitted together fisheries
and coast guard with the PLA. I do think we should approach
these vessels and forces based upon their behavior and not
the color of their hull. So if there are coast guard ships
engaging in coercive military activity, particularly if the
PLA is parked over the horizon, I do not think we should
treat them like law enforcement vessels. We should treat
them like military vessels.

And the other thing that we can do in this space that we have not done nearly enough of is information warfare and strategic messaging where we have an immense amount of intelligence that is not particularly sensitive, that does not require unknown sources and methods about the Chinese coast guard and other forms of illegal and coercive activity in the South China Sea and elsewhere, and we ought to be splashing that across newspapers all across the region every day of the week. From my experience in government, it was incredibly hard to unlock this intelligence to even share it with close partners, and we ought to have much faster and more widespread declassification authority on this information.

Mr. Wilson: Senator, if I just might pick up your first question, if I might.

Senator Duckworth: Yes.

Mr. Wilson: Our strategy so often depends on reinforcement, particularly in Europe. And we have seen demonstrated through many exercises through the alliance some of the unanticipated difficulties we have had in moving forces across borders in the European domain to prepare for the Russian challenge. It is partly why we saw the NATO summit establish a new logistics command to be based in Germany, why we have underway a military mobility initiative
that really requires working with the European Union on how
to facilitate movement of our armed forces across
territories, and why what we are doing with this Three Seas
Initiative in Central Europe is so important because we lack
in many places the cross-border infrastructure required for
this type of mobility. And I would factor that into the
strategy.

Senator Duckworth: Thank you.

Thank you, Mr. Chairman.

Chairman Inhofe: Thank you, Senator Duckworth.

Senator McSally?

Senator McSally: Thank you, Mr. Chairman.

Thank you, gentlemen, for your testimony today. It has
been a good discussion.

I want to pick up on the -- Russia generally we see --
I think you all agree -- is on the decline where China is on
the rise. Yet, Russia poses threats in their decline in how
they are acting and their adventurism militaristically and
just trying to impact our influence around the world.

What other things -- you have mentioned many so far.

What other things can we do with all elements of our
national power to mitigate the threat as Russia is in the
decline or accelerate it, to accelerate the decline in a
way, whether that is energy policy or other things that we
could do on top of what you have already talked about? If
we can manage this as best as we can maybe over the next
decade or so, perhaps that threat is further diminished than
it is now, and we look at China as the longer-term
challenge. So what other ideas do you have related to that,
if that is even an accurate way to be thinking about it?

Mr. Wilson: Thank you, Senator. I think that is a
very important question, a very important way to think about
it.

Russia’s strategy is out to blunt sort of U.S. strength
but to do so in a way where China risks displacing us, the
Russians are looking to disrupt us. It is actually a much
lower bar. It is easier to accomplish. It is the games
they play in the Balkans and other areas. They are not
building. They are disrupting. And so they need cheap wins
essentially to trip us up.

They cannot compete economically with us. This is part
of the loss during the Cold War. How do they keep up on the
military modernization? And I think that is why the
sanctions regimes that we have in place because of their
behavior are so important. Putin’s conclusion after the
Georgian invasion that he could get away with it without
consequence is part of what we have been dealing with. And
I think this multilateral sanctions regime with our European
allies and Asian allies actually is quite important to help
ensure that they do not have the ability to compete with us
as long as this is the type of their behavior.

The energy security issue is fundamental. Russia wields energy as a way to influence, coerce decisions from its neighbors. There has been significant progress, but unfortunately, it has not been rapid enough. But we are seeing progress through many of Central Europe, still much more of a problem along Russia’s periphery and its neighbors. And I think our pressure and working with the European Union and others as a first order priority is important. Efforts like Nord Stream today actually undermine what should be a coherent Western strategy on diversifying our European energy supplies.

And finally, I think a coherent effort where we are thinking about our defense strategy and engaging with allies and partners where we are bolstering their capabilities. So it is not just about our -- I think we do need a permanent, continuous modest presence in the Baltic States for deterrent purposes. But it is about an intentionality of whether it is Sweden, Finland, the Baltic States, Georgia, Ukraine building a strong set of capabilities that those countries have on Russia’s perimeter.

Senator McSally: As a deterrent. Great. Thanks.

Mr. Colby?

Mr. Colby: Yes. Thank you, Senator.

One thing I would really say is that we really do not
want to drive -- well, we do not want to increase the incentives for the Russians and Chinese to come together. And recent reports indicate that they are coming more together. The Russians are actually moving. The conventional wisdom which it said, oh, they are actually relatively distant is starting to fall apart. So this is a very grave situation. We have very, very serious differences with the Russians, obviously.

My sense is from a geopolitical perspective we have specific deterrent requirements vis-a-vis the Russians which relate in particular to our eastern NATO allies. We should focus most of our effort, at least in the military sphere and the kind of security sphere, on defending those allies and a credible method to do so. And I lay out a lot of this in detail.

One thing that I would raise for the committee’s attention is the CAATSA provisions. I am not familiar with the entire bill, but the provisions that penalize places like India, Vietnam, Indonesia are really, really, really harmful and counterproductive for us. I totally support deterring and penalizing, as appropriate, Russia, but we need to do it in a way that is consistent with our strategy vis-a-vis China and that is counterproductive.

Senator McSally: Great. Thanks. I am running out of time.
I do have a follow-up question unrelated on Venezuela. So the influence of both China and Russia is apparent in helping to destabilize the situation there, and it is unfolding every single day. Do any of you have any comments on their influence there and how we prevent that in the future and help manage the situation right now?

Dr. Ratner: Well, only that I think it is a harbinger of what China-led order would look like if they had a much broader sphere of influence in terms of protecting and defending non-democratic regimes and also impeding the ability of the international community to galvanize to be able to respond. So if we do not get our act together in Asia, we are going to see this movie over and over and over again throughout the developing world.

Senator McSally: Thanks. I am out of time. I yield back.

Chairman Inhofe: Thank you, Senator McSally.

Senator Warren?

Senator Warren: Well, thank you, Mr. Chairman, and thank you to our witnesses for being here.

So we are here today to talk about the strategic challenges presented by Russia and China, and that is important. But we just concluded the longest government shutdown in American history because President Trump wants to build a monument to division on our southern border.
Now, this shutdown had terrible consequences not just for families but for our economy as a whole. The White House’s own internal models reportedly showed that the shutdown reduced our economic growth. The President’s own chief economist warned last week that if the shutdown continued, our economic growth in the first quarter of this year could be very close to zero. We cannot afford to shoot ourselves in the foot with dumb political stunts like government shutdowns if we want to remain competitive.

So let me start by asking Dr. Ratner. Do you think the government shutdown that risks grinding our economic growth to a halt makes us more competitive with China or less competitive with China?

Dr. Ratner: Senator, earlier Senator Shaheen asked the same question. I think my answer was clearly there are direct economic costs which hurt our competitiveness with China, and this also has negative effects on our alliances and partnerships, given perceptions of dysfunction of American democracy, and it hurts us in the ideological battle against an emergent form of authoritarianism.

Senator Warren: So let me just go a little bit more on this. I serve on the Banking Committee, and in 2017, we heard testimony from James Lewis, a former senior Commerce Department official responsible for national security and China. He told us that our underinvestment -- and here I
want to focus on scientific research. He said underinvestment in scientific research, quote, creates a self-imposed disadvantage in military and economic competition with China. He also said that maintaining our competitiveness requires, quote, investment both by encouraging private sector investment and by government spending in those areas like basic research where private sector spending is likely to be insufficient.

Dr. Ratner, do you agree?

Dr. Ratner: I do agree, Senator. And I would add to that that I think not only do we need to invest more in research, but we need to invest more in STEM education and have strategic visa and immigration policies that attract and retain the best talent from around the world.

Senator Warren: And can I ask you? I know that Senator Reed mentioned this, but I just want to emphasize and ask you to maybe put a little more meat on the bones on this. What do we need to be doing domestically to enhance our competitiveness in this area with China?

Dr. Ratner: Senator, I said in my opening statement that ultimately how America fares in the strategic competition with China is going to be about us, not about them. It is going to be about American competitiveness. It is, of course, going to have a foreign policy component, but it is going to have a domestic policy component as well that
includes the type of research and education and immigration
and visa initiatives that I just spoke to, as well as
enhancing American infrastructure, having a robust health
care system, fixing our fiscal policy, and making a whole
set of bureaucratic reforms that get us ready for this
competition. So clearly getting our own house in order but
being our strongest selves is task number one.

Senator Warren: Thank you. I agree. I worry that we
view competition with China too often just through a
military lens. In order to project our power abroad, we
must be strong here at home. So strong, sustained
investments in education, in scientific research are not
only related to our strength abroad. They are truly the
foundation of it.

So thank you very much, Mr. Ratner, and thank you all
for being here.

Thank you, Mr. Chairman.

Chairman Inhofe: Thank you, Senator Warren.

Senator Blackburn?

Senator Blackburn: Thank you, Mr. Chairman.

And thank you all so much for your time and your
testimony and talking with us about this today.

When I was in the House, I spent a good bit of my time
working on issues that pertain to the virtual space. And I
think we all appreciate and recognize that with China
American displacement is indeed one of their goals. And they are approaching what they do as not only through their traditional military lens but also technology and fighting a virtual war or a war in the virtual space that we are being hit with every single day.

One of the things we have really not touched on today that, Mr. Ratner, I want to come to you and have you talk a little bit about it because I think it is so instructive as we look at how China and Russia are organized, authoritarian states, different ideology, integration, we silo private sector, government sector. There it is all one platform.

So I want you to talk about scale because as we look at fighting 21st century warfare, fighting in the virtual space, I think scale is going to be important for us as we adapt, as we move forward. So I will come to you, and then, Mr. Wilson, if you add to that. Mr. Colby, too.

Dr. Ratner: Well, Senator, I do think -- I guess I have a couple reactions.

First, I do think the authoritarian, state-led model is at the core of this competition, and many of the contradictions between the Chinese Government and the United States stems precisely from that and from the interests of the Chinese Communist Party. So I do think that is an important factor.

In terms of scale, I think we ought not overestimate
the success of that model, and our own success is not going to be in replicating it. In fact, we ought to not violate our own tenets about what we believe in terms of market mechanisms and democracy so as to chase after a China model because they have enormous resources, but they have enormous inefficiencies, some of which are coming home to roost now and many of which we are going to see over the next decade or so.

So I think my response to the question of how do we look at their model against ours is certainly we need to make some of the investments, and there is a role for government here in terms of investing in science and technology, some of the issues we talked about earlier. There are opportunities for the private sector and the government to integrate better, and there is a lot of work to do on that front. But I do not think the answer is -- and I do not think this is what you are suggesting -- to adopt China’s model. I do not think that is how we achieve scale. I think we need better integration.

Senator Blackburn: No. I am not suggesting that at all. Quite the contrary. But I think as you look at artificial intelligence, as you look at the expansion of 5G and the commercialization of 5G, and look at how China is developing this partnership with Russia, and scalability is important to them because they want to set the standards and
displace us in that realm. So it is an awareness that we should have as to what they are seeking to do.

I agree and have supported the premise for years that we should not use technology from Huawei or ZTE because of the embedding of spyware and malware.

Dr. Ratner: And, Senator, I would just say I think to the extent that the Belt and Road Initiative is part of China’s strategy to gain that kind of scale, what has gotten most of the attention to date are the bridges and the ports. But it is the digital Silk Road that we ought to be really worried about and focused on, and we ought to be competing in the developing world to ensure that China does not control the communications and data throughout the world.

Senator Blackburn: Yes.

Mr. Wilson and Mr. Colby to answer.

Mr. Wilson: Thank you, Senator, for that question. I think your point on scale is very appropriate because it is a sense of scale in which the trajectory is intimidating where China could go on scale. That is why we are concerned about how they can use big data AI or how they can become peer competitors, how, as Mr. Colby said, you can imagine a scenario where we actually potentially could lose, and as you I think just rightly very importantly pointed out, scale providing a potential power to set global standards whether on trade practices or other norms or even
ultimately military interoperability.

I think that is why it comes back to us having
confidence in our model and understanding that we win
through the power of our ideas, that we are competing for
influence, that we are in a very competitive space around
ideas and ideology, and to demonstrate the vibrancy of a
free market, democratic system as the best delivery vehicle
for our citizens I think ultimately is part of the key
success story of how we mitigate and neutralize the sense of
scale that China can leverage over time.

Senator Blackburn: Nothing to add, Mr. Colby?

I yield back.

Chairman Inhofe: Thank you.

Senator Kaine?

Senator Kaine: Thank you, Mr. Chair, and thanks to the
witnesses.

I want to ask you about NATO and about Space Force. So
let me begin with NATO.

The 70th anniversary is April. The President’s
comments or reports about thinking about withdrawing from
NATO have raised great concerns. Those have been addressed.

But they have also raised an interesting question which
is the Constitution says that the Senate must ratify
treaties, but the Constitution is silent about the U.S.
withdrawing from treaties. And as a general matter of
constitutional -- on a matter like this, if the Constitution is silent, it creates an ambiguity, but an ambiguity can be resolved by statutory action.

I have introduced a bill, together with eight colleagues, four Democrats, four Republicans, largely members of this committee and the Foreign Relations Committee, to do two things: one, to say that a President cannot withdraw from NATO without either a two-thirds vote in the Senate or an act of Congress -- that would be both houses subject to veto and override -- to try to clarify that a treaty entered into with this treaty ratification could not be unilaterally abandoned by the President.

The second piece would be if a President decided to do that unilaterally, there would be no funds available to be spent for the withdrawal of U.S. troops who are deployed with NATO, et cetera.

Do you think a provision like that, if passed in a bipartisan way, would send a positive message to both allies and adversaries?

Mr. Wilson: Senator Kaine, thank you for that question. Thank you for your leadership on the alliance as well.

I do. I think the clear signal coming from Congress of rock solid support -- we have seen votes in the House and the Senate on various issues related to the alliance over
the past 2 years with astounding majorities. And it has
sent a very important signal I think to all of our allies
and to the world.

The premise of this is that NATO is for our interests,
remembering that the first time article 5 was invoked was
for allies to come to our defense.

Senator Kaine: After 9/11.

Mr. Wilson: In every operation we have been in since,
we have had allies by our side.

It was at the acrimonious Brussels summit where the
presence of Senator Tillis and Senator Shaheen sent a very
clear message to our allies about the strong support.

So I support these discussions. I support this
measure.

I think it is important that we manage the debate in
our country responsibly, however, so that we do not give a
sense of the credibility of the proposition that this is a
serious issue of American withdrawal from the Alliance.

Senator Kaine: Could I just quickly ask, Mr. Colby and
Mr. Ratner? Would you also agree that it would be a
positive message to allies and adversaries to pass this NATO
provision?

Mr. Colby: Well, Senator, I do not know enough. I do
not have enough to say about the constitutional aspects.

But I certainly think withdrawing from NATO would be a grave
mistake of historic proportions, and anything of that gravity should only be done, I would think as a matter of prudence and good judgment, in consultation with the other parts of the body.

Senator Kaine: And in fact, just because you said it that well, let me ask is there any treaty that the U.S. now part of that you think is as monumental or consequential as NATO?

Mr. Colby: Probably not, not even the UN maybe. I do not know.

Senator Kaine: Right. There are all kinds of treaties, but if this is the most momentous and consequential treaty that the U.S. is in and it was ratified by a two-thirds vote of the Senate, to have sort of an ambiguity and have a possibility that a President may withdraw when a Congress wants to stay in, that would be pretty destabilizing. The idea on something of that magnitude, whether we are in or whether we are out, it would be a good thing if there were political consensus between the Article I and II branches about that. Would you not agree?

Mr. Colby: I would just say, Senator, that I think I would agree that having a consensus is good. I also think it is crucial to have, as I was trying to have with Senator Hawley, a new discussion about burden sharing that actually
harkens back to some of the roles -- I guess it was the Foreign Relations Committee with the Mansfield Amendment. There needs to be a serious conversation with the NATO allies about this, but we should be committed to NATO.

Senator Kaine: Mr. Ratner, quickly before I get to Space Force.

Dr. Ratner: I would support that effort from Congress, sir.

Senator Kaine: Great. Thank you.

Mr. Chair, it would be my hope -- I hope we might take this up as part of the NDAA discussion because I think especially in this 70th anniversary year of NATO, it would be really good to make sure that what we do moving forward, moving backward, getting out, is done as a consensus between the Article I and II branches and that unilateral action I think could be very dangerous.

Space Force. We have not had a presentation in this committee by the Pentagon and making their pitch about the Space Force idea. I am an agnostic. I am very open to it. We see the Chinese landing on the dark side of the moon. Maybe we need to do something different.

Based on what you know right now, do you think the administration’s Space Force idea is a good one or a bad one, or is it kind of too early to say?

Mr. Colby: Senator, I am kind of with you. I am
agnostic on it on principle, but I would say it is too early
to say. I mean, part of me says, oh, God, another
bureaucracy. Just what we need. But then very serious
people on space have consistently said that space is being
neglected. And to Senator Duckworth’s point, it is one of
those areas that is a little bit more back-officey that is
actually vital for the warfighting effort. So I think I
would really look forward to the Department’s presentation
saying this is not just going to be another bureaucracy, but
it is actually going to increase focus in an intelligent,
cohesive way that is consistent with the National Defense
Strategy.

Senator Kaine: I am over time. But good, bad, or too
early to say? Can you just quickly?

Dr. Ratner: I would agree exactly with what Mr. Colby
said.

Senator Kaine: Great. Thanks.

Thanks, Mr. Chair.

Chairman Inhofe: Thank you, Senator Kaine.

Senator Tillis?

Senator Tillis: Thank you, Mr. Chair.

Actually I thought Senator Kaine’s questions were very
good and very important.

I happen to be, Mr. Wilson, in Brussels while the NATO
summit was going just about to get in front of a group of
people to talk about the importance of the Alliance when the
President I think expressed frustration that some people
logically assume that we are only 1 day away or 24 hours
away from withdrawing from the Alliance. Look, General
Mattis famously said the only thing worse than going to war
with allies is going to war without allies. I do not think
that there is a person with stars on their shoulders in any
line of service that thinks that withdrawing from the NATO
Alliance is a good idea, and I believe that the President
would heed their advice.

My concern is mainly making sure that the NATO
partners, the NATO allies recognize we understand the
importance of it. I think, Mr. Colby, you said it would be
a grave mistake of historical proportions. I believe that
that is true. And what we want to do in the work that I
have done with Senator Shaheen is continue to reinforce the
message.

By the same token, if you are particularly facing down
the threat of Russia, in addition to, Mr. Colby, everything
you put in your written testimony and in your opening
statement, the thing that really matches up to make that an
unlikely conflict is a very strong NATO alliance where the
NATO allies and partners are investing their fair share,
making sure they are ready, they are capable and
interoperable while we are working on all the other things
that we need to do.

But, Mr. Wilson, I do appreciate your comment about the allies, and I think that we just have to continue to reinforce that message. I do not think anybody here on the panel -- I think they would all share Mr. Colby’s view of the dire consequences not only in Europe, but really around the world. You all agree with that. Right? Yes.

Now, Mr. Colby, you said something in your opening statement and your written testimony that I am trying to figure out. On the one hand, you say we have got to muster more resources. We have to match the challenge. We are capable of doing it, but we are either losing right now or losing ground at least.

You also alluded to the concept of -- I think you called them -- elective activities in the Middle East. We also know that in the Middle East, in Africa, South America, that both Russia and China are playing there.

So what does a cessation of activities in the Middle East look like? Is it a withdrawal or just a different kind of engagement? Because if we create a vacuum there, the two adversaries that we are focused on today will absolutely take advantage of it in my view.

Mr. Colby: Thanks for the opportunity, Senator.

I think the main point here is what do we want our military to focus on. And the point is that in the most
strategically significant, plausible scenarios in the central theaters, we are in a position where we increasingly could lose a war. What the Chinese and the Russians are up to, what certainly Al Qaeda is up to, and others are up to in the Middle East, in Africa, et cetera are important. What the strategy is saying is the military should focus on making sure that it is prepared to fight and win the nation’s war along with our allies and partners.

It is not a withdrawal strategy. It is saying we are going to be in the Middle East over the long haul in fact, but we need to do it more efficiently. So things like light attack aircraft instead of B-1, things SFAB, Army advise and assist units. These are ways of allowing essentially a high-low mix of the force, most of the force focused on the high end, going to Top Gun, going to Red Flag, going to NTC, but then portions of the force, including unmanned and working with allies and partners to help out and keep stability in those areas.

I think the main point, though, is that we should not get distracted by what the Russians or the Chinese are doing in these secondary theaters because, as I said to Senator Shaheen earlier, that is secondary. I mean, secondary is still important. But if the Chinese can basically suborn Taiwan, which I think is a possibility -- I mean, I really want to try to ring the alarm bell on Taiwan because I think
something could happen in the near future if we are not
careful about it. Everybody in Asia is going to look at
that. Nothing that serious is going to happen from what the
Chinese are doing, say, in Latin America. So I think that
is where our focus needs to be.

Senator Tillis: Got you.

Mr. Ratner, I think in your opening comments and your
written testimony, you talked about the concept of competing
with versus challenging China. I agree with that to a
certain extent. I have worked in the high tech sector most
of my career and am very familiar. I have actually got a
company down in North Carolina that has a facility now that
the Chinese have stood up in China that are Carolina Pipe
and Foundry. It literally looks like you transported
yourself to Charlotte, but it is in China.

I think, on the one hand, we want to compete, but in
order to compete and compete on a level playing field, we
have to challenge. And I think it is working that balance,
particularly with intellectual property, particularly with
competition in the global space. So we will go back to your
testimony but would like some more thoughts on how you
really flesh that out.

But I do think that some of the President’s pressure on
China to challenge them, to make it very clear that we
understand the financial underpinnings of their economy and
that without a good relationship with the United States, then their 50-year plan probably is not going to work out. We have got to strike a balance there. So I look forward to continued discussion beyond the limits of the time we have here.

Dr. Ratner: Senator, I will just say briefly I do not disagree with you. So I would be happy to clarify my remarks. The statement I made was about being confrontational without being competitive, not challenging China.

Senator Tillis: Thank you.

Chairman Inhofe: Thank you, Senator Tillis.

Senator Jones?

Senator Jones: Mr. Chairman, if it please, with your permission, I would like to defer to Senator King. He has got an important presidential nominee coming in.

Chairman Inhofe: Very good.

Senator King: Thank you, Mr. Chairman.

To follow up on the question -- and I do not think this is something we are going to do in 5 minutes. You all may not be aware, but we have these little digital clocks up here.

But there is a fundamental question that I have asked several times at this committee, once of Henry Kissinger, as a matter of fact. What does China want? In other words, we
are building up our military. They are building up their
military on the assumption that we are both defending
against the other. And my question is, are they looking for
economic hegemony in the world, in the region? Are they
looking for territorial conquest?

I mean, I think of China as differently motivated than
Russia, for example. Can one of you give me a minute or so
on what China wants and then perhaps follow up? I would
love to see some scholarly work on this because I think we
need to understand our potential adversary’s motivations in
order to formulate a strategy. If it is simply economic
competition, let us talk about intellectual property and all
those things. Mr. Ratner, do you want to tackle that?

Dr. Ratner: Sure. In short, I think what China wants
is to make the world safe for authoritarianism and to ensure
the stability of the Chinese Communist Party. And because
they view the U.S.-led order as antithetical to their
interests, their economic interests and their security
interests and their political interests, they are looking to
back the U.S. military out of the region. They are looking
to undermine the ability of --

Senator King: Are they looking to invade Hawaii or
California? I mean, do they have territorial ambitions, or
do they just want us to tend to our region and they tend to
their region?
Dr. Ratner: They certainly have territorial ambitions in the South and East China Sea.

I think I would say, Senator, is they do not have a strategy in a vault like we do in terms of these very detailed, forward-looking grand strategies, but where we ought to look is what the interests of the leadership are, but also what the interests of the Communist Party are. And the interests of the Communist Party are to have a region of Asia and beyond that is not free, in which the United States is excluded from the economics and trade of the region and technology standards, in which institutions are inert, in which democracy and freedom is not advancing, in which the U.S. military is not able to operate, and in which U.S. alliances and partnerships erode over time. So it is an illiberal sphere of influence that will expand and, if left unfettered, will undermine severely U.S. interests and peace and prosperity.

Senator King: Well, I think the other piece is they currently have not the will but the will can always be a change of regime 5 minutes away.

I want to move on. I realize this is a provocative question, and I hope you all will think about some writing on this. You know, that is the title of the article, “What Does China Want?” You talked about NATO, and I think you covered that
very thoroughly in the answers to Senator Kaine’s questions. Is there anything that Vladimir Putin would like better than the U.S. withdrawing from NATO? Mr. Wilson?

Mr. Wilson: I think his goal of restoring the prestige of the former Soviet Union comes hand in glove with seeing the destruction of the alliance.

Senator King: The two are related. Somebody said you cannot understand Putin unless you understand Frederick the Great. There is Russian history involved here.

Mr. Colby, do you want to comment on that question?

Mr. Colby: Yes. I think the Russians seem to want to divide and ultimately probably get rid of NATO.

I would just say, Senator, I think on the earlier question on China, very briefly.

Senator King: I could tell you were aching.

Mr. Colby: I know. I know. Actually I am working on a book on this.

But I think fundamentally you do not have to have that aggressive a conception of the Chinese leadership to be very worried because it is totally in their interest to secure hegemony, not territorial control but basically sway, get to the side -- the internal policies of the regional countries. That is the largest economic bloc in the world. Do the American people think they are going to be immune from that kind of influence?
Senator King: Did we make a mistake by withdrawing from the TPP?

Mr. Colby: Well, I supported the TPP at the time.

Senator King: Because we have ceded that regional --

Mr. Colby: I think we absolutely need to have an economic strategy, as Dr. Ratner has eloquently put it, that is integrated. What the right trade agreement looks like I do not know, but we definitely need something.

Senator King: Final point, and this is not Russia or China, but it is so topical I have to ask. Venezuela. This morning in an Intelligence Committee hearing, where I was before I came here, Senator Rubio listed refugee flow, human rights violations, corruption, alliance with adversaries. My problem is you could read that list along a lot of countries in the world. How do we define our vital interests in terms of intervening in another country no matter how bad the leader is? We have not had good luck with that.

Mr. Colby: I think you are absolutely right, Senator. And I think the main thing is maintaining favorable regional balances of power in the key regions of the world, which are Asia and Europe. Venezuela is a human tragedy and it is important for our interests, but it should not, as Senator Rubio I think said, be something of primary focus for our military forces, at least at this stage.
Senator King: Mr. Wilson?

Mr. Wilson: I agree that the focus is not military, but I do think the scale of the crisis unfolding in Venezuela is often underestimated. This is, I think, a first tier international crisis, and a strategy that is focused on how do you bolster the strong regional alliances and a lot of the democratic states that willing to stand and help support the Venezuelan people, democratic forces in Venezuela, and for us to have a very keen sense that China, Russia, Cuba have been looking at how to use Venezuela as a base for their operations in this hemisphere. And that is something I think we have to stay on top of.

Senator King: Of course, ironically one of the results of our obviously and openly coming out against Maduro would be to strengthen Maduro. He could say this is 100 years of American imperialism. So it is a very difficult situation. I appreciate your thoughts and thanks for joining us today.

Thank you, Mr. Chairman.

Chairman Inhofe: Thank you, Senator King.

Senator Sullivan?

Senator Sullivan: Thank you, Mr. Chairman.

And, gentlemen, thank you for -- this has turned into a really good hearing -- all of your public service to our country. I know all of you have served in different capacities, and I appreciate that as well.
I want to continue this discussion on allies. Would you not all agree that probably the most important strategic advantage is that we have in the world that we are an ally rich nation and our adversaries and potential adversaries are ally poor? Not a lot of countries looking to join the Iran team or the North Korea team or the Russia team or, for that matter, even the China team unless their arms are twisted. Is that not correct?

I think Senator Kaine’s line of questioning was really important. But in my discussions with the President -- I do not see him -- you know, the “New York Times” like to breathlessly report unnamed sources on the impending pullout of NATO. I do not believe that is happening. It is a problem, though, when you have countries like Germany that consistently spend about 1 percent of their GDP. I do not even know if they are hitting 1 percent now. Is that not a problem, Ambassador Wilson?

Mr. Wilson: It is a problem.

Senator Sullivan: What do we do about this? So the President is trying to press them. I do not think he -- or certainly there is not going to be support on pulling out of NATO. But at the same time, they are a very powerful country economically. They compete really hard against us, and they do not pull their weight. Is that not part of the problem?
Mr. Wilson: Senator Sullivan, a couple points in response to that. Thank you.

First, you are right. This is an alliance that, as the National Defense Strategy puts, is built on free will and shared responsibility, a fundamental difference. It is an incredible alliance structure not based on coercion and intimidation, but essentially inspiration. And I think that is an important strategic asset.

Second, the point of our clarity of resolve behind the alliance is so that we do not have our allies involved in hedging. And right now, there is an unhealthy debate, frankly, in Europe of whether we can count on the United States. I think it is a waste of time. The discussions in Europe about strategic autonomy is completely misplaced because it applies autonomy from the United States.

Senator Sullivan: I am going to let you finish. But there is this notion that again comes up in the papers. But in terms of actions -- actions -- that we, this Congress and this administration, have taken with regard to Putin -- let me just -- Javelin missile system to Ukraine. Pretty important. Right?

Mr. Wilson: Absolutely.

Senator Sullivan: The previous administration would not do that. The previous President was essentially afraid to do that. We did that.
A lot more troops in the Baltics and Poland. Correct?

Mr. Wilson: That is correct.

Senator Sullivan: Does Putin not understand, you know, 101st Airborne on the ground and armor on the ground more than rhetoric?

Mr. Wilson: I think there is no doubt that we have done more to bolster the alliance in recent years.

Senator Sullivan: With actions.

Mr. Wilson: Yes, with actions, with actions.

Deterrence is credibility and capability, and we are moving on that capability side. We have to keep that credibility piece connected.

Senator Sullivan: And are our European allies recognizing that? They recognize that the Ukrainians can now take out T-72 tanks in eastern Ukraine when a couple years ago they did not have that capacity. Or that we have troops in Poland or that we have troops in the Baltics? Is that recognized?

Mr. Wilson: It is. Yes, it is.

Senator Sullivan: What more do we need to do? And this is just for all of the panelists because is there not a strategic competition for allies right now, and would Russia not love to splinter our NATO alliances? And would China not love to splinter our Japan, Australia, Korean alliances and troop deployments there? And what should we be

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thinking, and what should this administration be doing more
with regard to making sure that we double down on this
strategic advantage, deepening current alliances and
broadening alliances to other countries for both our
competition with Russia and China?

Mr. Wilson: I think that is exactly right. That
premise is exactly right, Senator.

As I see it, we need an intentional strategy on how --
we are not just thinking about U.S. presence, which matters,
but a U.S. strategy to bolster the capability and defenses
of our allies, particularly those that are most capable and
those that are closest to Russia.

This is where I think our pressure has had some effect.
We see $40 million more on the table this year. Germany is
one of the key challenges. It now has set a pathway to
achieve 1.5 percent, not the 2 percent threshold.

Senator Sullivan: By when?

Mr. Wilson: By 2020 -- by 2024.

Senator Sullivan: Is that not a problem?

Mr. Colby: I think it is 2021 actually.

Mr. Wilson: Yes, 2021.

Mr. Colby: Can I just jump in?

I think we need to be very clear that our burden
sharing strategy has failed over the last generation, and it
is absolutely unacceptable for our allies not to be carrying
their weight. And the Trump administration has, as you said, done more for European defense than anybody in a long time and has made more progress on burden sharing. There is a lot more to go. Things can be done better.

I think, Senator, to your point, the National Defense Strategy was actually very consciously sketched out with this in mind, which is we got to get somewhere between, obviously, abandonment and basically giving the Europeans and the Asians the impression that we are going to be able to do everything. And what it is saying is we are committed, but we cannot do everything. It is a credible signal of our limited ability to do everything. And so they need to step up.

If they really want to be independent, if you are Japan, for instance, and you have had 1 percent -- look, we have been trying to get the Japanese to do more on defense spending since the 1950s. And in Germany, we had huge debates. I mean, the balance of payments crisis, and the Congress was very involved in that. We are going to need to be tough on them. And the Germans cannot go to places like Davos and the Munich security conference and say we are the moral leaders of Europe without spending what is required of them. Now, they are making progress. But I think this body and others do need to maintain pressure even as we maintain the fundamental commitment. And that is going just have to
be a balancing act that policymakers are going to have to deal with.

Senator Sullivan: I am finished unless Mr. Ratner wants to mention China.

Dr. Ratner: I would be happy to respond if I had another 60 seconds, Mr. Chairman.

Chairman Inhofe: Yes, I know you would.

[Laughter.]

Chairman Inhofe: Thank you, Senator.

Senator Blumenthal? Oh, I am sorry. Senator Jones.

Senator Jones: Thank you, Mr. Chairman.

And thank each of you for your service and also for being here today.

Mr. Ratner, I would like to follow up and it is kind of on an area that has not really been touched on, but you touched on it primarily in your written statement. And that is the idea about tariffs and how that is affecting our standing, particularly where we are with China. You talked about the harms caused by the administration’s section 301 tariffs and section 232 tariffs, and I could not agree with you more on that.

I have, last Congress, introduced a bill with Senator Alexander and others. I think Senator Blackburn is joining us on that, the Automotive Jobs Act, which really focuses on the automobile industry, but also a bill, the Trade Security
Act, with Senator Portman and Senator Ernst that would really take the national security designation away from Commerce and put it with people who really know what they are talking about over at the Department of Defense.

I was struck with Senator Sullivan’s comments about we are an ally rich nation and we are competing for allies. And I think you alluded to this. We are kind of kicking our allies in the shins a little bit as we are focused on our trade and our tariffs with China.

And I would like for you, if you would, just elaborate a little bit on the negative consequences that you are seeing from the trade war, the trade strategy, for lack of a better term, that we see coming with the administration right now.

Dr. Ratner: Sure, Senator. Thank you.

As I said in my written testimony, I do think the way in which the Trump administration has applied tariffs against our allies and partners has been extremely harmful for a couple reasons. One, it has limited their political space to cooperate with us on other aspects of the China challenge and, in addition, has created an international narrative around American protectionism that is not differentiated between the illegal and unfair trade practices of the Chinese which should be our focus and around which we should be mobilizing our partners in the
international community, differentiated from some of the lower level disagreements we have with allies and partners. So the fact that the administration led with the 232 tariffs I think was unwise compared to a strategy that was very focused on China specifically.

Senator Jones: Do you think we should try to move that designation of national security out of Commerce and over to Defense, or have you even had a chance to look at the bill that we introduced?

Dr. Ratner: I have, Senator. In fact, in my recommendations, I would encourage Congress to constraining the ability of the administration in a variety of ways from having this authority on -- particularly against U.S. security partners to use the national security authority for tariffs.

Senator Jones: You mentioned targeted tariffs and other tools for curbing China’s illegal behavior. Can you give me some specifics about what that might look like?

Dr. Ratner: Sure. I think the Trump administration says they have done their best to target the tariffs at issues associated with some of their subsidies and Made in China 2025 Plan. I think the reality is they are much more indiscriminate than that. And I would certainly support tariffs against Chinese companies that are particularly benefiting from their unfair practices and some of their
subsidies in a way that harm American interests.

So I think there is a space for tariffs particularly against the state-owned enterprises but indiscriminately I think is a less effective tool than targeted tariffs, as well as law enforcement measures and export controls and investment restrictions and the full suite of other defensive measures we have to deal with China’s behavior.

Senator Jones: Thank you.

Mr. Colby, along the same lines, is Russia trying to -- are they looking at this? Are they exploiting these divisions particularly by acting more aggressively abroad such as in the Baltic States?

Mr. Colby: Well, I defer to Mr. Wilson. I think he knows a lot about that.

I would say that the Russians are looking to exploit divisions within the alliance and the potential for them to use coercive measures, including military measures, that would play upon a lack of resolve and cohesion among the allies.

Senator Jones: Mr. Wilson, do you want to respond?

Mr. Wilson: I would just add that very much a Russian strategy is divide and conquer, where can they coerce decisions favorable to them through intimidation and coercion.

The Baltic States actually have quite strong resolve
across all of their political parties to manage this challenge. Where they see them being more effective is where they can peel off parties, peel off forces, influence the debate within countries, and we see that playing out very actively in a place like Ukraine today.

Senator Jones: Well, thank you all for being here. Thank you, Mr. Chairman.

Chairman Inhofe: Thank you, Senator Jones.

Senator Blumenthal?

Senator Blumenthal: Thank you, Mr. Chairman.

Thank you all for being here today.

I want to ask a kind of bigger picture question. I am struck being on this committee by how new forms of technology, whether it is hypersonic missiles or cyber, seem to be making some of our conventional weapons platforms more vulnerable, for example, aircraft carriers. They cost $12 billion, $13 billion or more. That is what the latest one costs. But I think there is growing evidence that they may be more susceptible to attack in various ways or disruption as contrasted with submarines that are still strong, stealthy, reliable not only as a means of nuclear deterrence but also the Virginia class fast attack is a very versatile and important force.

So I wonder if you could -- and I am struck by your mention, Mr. Colby, about theories of victory that our
adversaries may have. To what extent are our weapons platforms becoming more vulnerable? I am not going to say obsolete, but more vulnerable as a result of those new technologies.

Mr. Colby: Well, thank you, Senator. I think the Chinese and the Russians have both spent the last 10 to 20 years specifically trying to do that.

Essentially much of the force we have today is what you could think of as a middle weight force. It was designed to fight two simultaneous wars against a Middle East state and basically North Korea. And that assumed that something like an aircraft carrier could get close and pound the enemy or that we could operate from very concentrated nodal bases in the Pacific.

We now have to go back to a situation, as we did during the Cold War, when we would expect our forces to be under attack. The fact that our forces are becoming more vulnerable is not -- I mean, it is inevitable. Space satellites are going to be vulnerable. The carrier is going to be more vulnerable to things like anti-ship ballistic missiles.

So the key question is, what do you do with it and how do you balance it against buys with things like submarines? As you know, the industrial base on our submarines is constrained. Unfortunately, it is decisions dating back to
the early 1990s, which we now rue. I think a lot of what we need to be doing is certainly trying to keep as many submarines as possible in the fleet, maximizing magazine capability, including through, say, prepositioning, as well as developing things like unmanned underwater systems and the like and bringing our allies. The Japanese national defense planning guidelines that they just released are very commendable, focused on blocking potential adversary attacks on their islands and so forth. So that is a lot of the things we can do.

Senator Blumenthal: Any of the other -- any of you have thoughts about that topic?

Dr. Ratner: No. Just that I agree. And there are, of course, powerful bureaucratic and political interests in maintaining our existing force, and the effort to see the kind of substantial reform that is called for in the National Defense Strategy is going to require real leadership. So I think intellectually people agree with this argument, but getting from here to there is the challenge before us.

Mr. Colby: Senator, if I could just say -- I am not sure you were here, but I think this, once more, gets back to the point of the threat, to Dr. Ratner’s point about bureaucratic and organizational and political interests. These are life in the big city.
But I think the point is if people truly understand and appreciate the degree and severity of the threat, it will be harder to make the sort of legacy-style arguments. You know, the carrier has a bright future if you look at things like longer-range unmanned aviation and these kinds of things. But that itself is a hard slog.

Senator Blumenthal: You are ditto.

Mr. Wilson: I defer to my colleagues on this.

Senator Blumenthal: Thank you very much, Mr. Chairman.

Thank you all.

Chairman Inhofe: Thank you very much.

First of all, we appreciate very much -- this has been a real education I know for me and some of the others here. I appreciate it very much. It was not intended to go this long, but that was the level of interest in hearing from you folks and we appreciate it very much.

With that, we are adjourned.

[Whereupon, at 12:12 p.m., the hearing was adjourned.]