

SENATE ARMED SERVICES COMMITTEE

OCTOBER 21, 2015

ROBERT M. GATES

CHAIRMAN MCCAIN, SENATOR REED:

PROBABLY THE LEAST SINCERE SENTENCE IN THE ENGLISH LANGUAGE IS: “MR. CHAIRMAN, IT’S A PLEASURE TO BE HERE TODAY.” FRANKLY, SHORT OF A SUBPOENA I NEVER EXPECTED TO BE IN A CONGRESSIONAL HEARING ROOM AGAIN. AND, GIVEN SOME OF THE THINGS I WROTE IN MY BOOK I’M RATHER SURPRISED TO BE INVITED BACK TO CAPITOL HILL. SO, THANK YOU FOR YOUR KIND INTRODUCTORY REMARKS AND FOR THE INVITATION TO ADDRESS THE IMPORTANT TOPIC OF DEFENSE REFORM.

I ALSO COMMEND YOU, MR. CHAIRMAN, FOR ATTEMPTING TO TRANSCEND THE DAILY HEADLINES AND CRISES OF THE MOMENT TO FOCUS THIS COMMITTEE, AND HOPEFULLY THE REST OF THE CONGRESS, ON THE

INSTITUTIONAL CHALLENGES FACING AMERICA'S DEFENSE ESTABLISHMENT. WHILE I HAVE STAYED IN TOUCH WITH MY SUCCESSORS PERIODICALLY AND HAVE FOLLOWED DEVELOPMENTS FROM AFAR – VERY AFAR, MY TESTIMONY TODAY IS BASED PREDOMINANTLY ON MY EXPERIENCE AS DEFENSE SECRETARY BETWEEN DECEMBER 2006 AND JULY 2011 AND BEING ENGAGED IN TWO WARS EVERY SINGLE DAY DURING THAT PERIOD. SO MY COMMENTS THIS MORNING DO NOT NECESSARILY ACCOUNT FOR ALL THE CHANGES THAT HAVE TAKEN PLACE OVER THE LAST FOUR YEARS.

I JOINED CIA TO DO MY BIT IN THE DEFENSE OF OUR COUNTRY FIFTY YEARS AGO NEXT YEAR. WITH THE ADVANTAGE OF THAT HALF-CENTURY PERSPECTIVE, I'D LIKE TO OPEN WITH TWO BROAD POINTS.

FIRST, WHILE IT IS TEMPTING – AND CONVENTIONAL WISDOM – TO ASSERT THAT THE CHALLENGES FACING THE UNITED STATES INTERNATIONALLY HAVE NEVER BEEN

MORE NUMEROUS OR COMPLEX, THE REALITY IS THAT TURBULENT, UNSTABLE, AND UNPREDICTABLE TIMES HAVE RECURRED TO CHALLENGE U.S. LEADERS REGULARLY SINCE WORLD WAR II – THE IMMEDIATE POST-WAR PERIOD THAT SAW THE SOVIETS TIGHTEN THEIR GRIP ON EASTERN EUROPE AND SURPRISE WESTERN LEADERS AND INTELLIGENCE AGENCIES BY DETONATING THEIR FIRST ATOMIC DEVICE; THE FREQUENT CRISES DURING THE 1950S INCLUDING THE KOREAN WAR, REGULAR CONFRONTATIONS WITH CHINA OVER TAIWAN, PRESSURES FROM THE JOINT CHIEFS OF STAFF TO HELP FRANCE BY USING NUCLEAR WEAPONS IN INDOCHINA, WAR IN THE MIDDLE EAST, UPRISINGS IN EASTERN EUROPE AND A REVOLUTION IN CUBA; DURING THE 1960S THE WAR IN VIETNAM, ANOTHER ARAB-ISRAELI WAR AND CONFRONTATIONS WITH THE SOVIETS FROM BERLIN TO CUBA; IN THE 1970S, SOVIET ASSERTIVENESS IN AFRICA AND THEIR INVASION OF AFGHANISTAN, YET ANOTHER

ARAB-ISRAELI WAR, AND OIL EMBARGOES; THE 1980S BROUGHT A NUMBER OF SURROGATE CONFLICTS IN PLACES LIKE AFGHANISTAN, AN ATTACK ON LIBYA, CRISES IN LEBANON AND THE INTERVENTION IN PANAMA; AND THE 1990S THE FIRST GULF WAR, MILITARY ACTION IN THE BALKANS, SOMALIA, HAITI, MISSILE ATTACKS ON IRAQ, AND THE FIRST AL QAEDA ATTACKS ON US.

THE POINT OF RECOUNTING THESE HISTORICAL EXAMPLES IS THAT AMERICANS, INCLUDING ALL TOO OFTEN OUR LEADERS, REGARD INTERNATIONAL CRISES AND MILITARY CONFLICT AS ABERRATIONS WHEN, IN FACT AND SAD TO SAY, THEY ARE THE NORM.

CONVINCED TIME AND AGAIN THAT A NEW ERA OF TRANQUILITY IS AT HAND, ESPECIALLY AFTER MAJOR CONFLICTS, PRESIDENTS AND CONGRESSES TEND TO BELIEVE THEY HAVE A CHOICE WHEN IT COMES TO THE PRIORITY GIVEN TO NATIONAL SECURITY AND, CORRESPONDINGLY, SIGNIFICANTLY REDUCE THE

RESOURCES PROVIDED TO DEFENSE, THE STATE DEPARTMENT, AND CIA. IN THE SHORT TERM, AT LEAST UNTIL THE NEXT CRISIS ARRIVES, THEY DO HAVE A CHOICE, AND THE BUDGET CUTTERS AND DEFICIT HAWKS HAVE THEIR WAY.

BUT IN THE LONGER TERM, THERE REALLY IS NO CHOICE. WHILE WE MAY NOT BE INTERESTED IN AGGRESSORS, TERRORISTS, REVANCHISTS AND EXPANSIONISTS HALF A WORLD AWAY, THEY ULTIMATELY ARE ALWAYS INTERESTED IN US – OR OUR INTERESTS OR OUR ALLIES AND FRIENDS. AND WE ALWAYS DISCOVER THEN THAT WE WENT TOO FAR IN CUTTING AND NEED TO REARM. BUT THE COST IN TREASURE AND IN THE BLOOD OF OUR YOUNG MEN AND WOMEN IS ALWAYS FAR HIGHER THAN IF WE HAD REMAINED STRONG AND PREPARED ALL ALONG.

THE PRIMARY QUESTION RIGHT NOW BEFORE THE CONGRESS – AND THE PRESIDENT – IS THE PRIORITY YOU

GIVE TO DEFENSE WHICH, AT ROUGHLY 15% OF FEDERAL EXPENDITURES, IS THE LOWEST PERCENTAGE OF THE BUDGET SINCE BEFORE WORLD WAR II. WITHOUT PROPER AND PREDICTABLE FUNDING, NO AMOUNT OF REFORM OR CLEVER REORGANIZATION WILL PROVIDE AMERICA WITH A MILITARY CAPABLE OF ACCOMPLISHING THE MISSIONS ASSIGNED TO IT.

THE SECOND AND RELATED POINT I THINK HIGHLY GERMANE TO YOUR DELIBERATIONS IS THAT OUR RECORD SINCE VIETNAM IN PREDICTING WHERE AND HOW WE WILL BE ENGAGED MILITARILY NEXT – EVEN A FEW MONTHS OUT – IS PERFECT: WE HAVE NEVER ONCE GOTTEN IT RIGHT. WE NEVER EXPECTED TO BE ENGAGED MILITARILY IN GRENADA, LEBANON, LIBYA (TWICE), IRAQ (NOW THREE TIMES), AFGHANISTAN, THE BALKANS, PANAMA, SOMALIA, HAITI AND, MOST RECENTLY, WEST AFRICA TO COMBAT EBOLA.

BECAUSE WE CANNOT PREDICT THE PLACE OR NATURE OF FUTURE MILITARY ENGAGEMENT, WE MUST PLACE A PREMIUM ON ACQUIRING EQUIPMENT AND PROVIDING TRAINING THAT GIVE OUR FORCES THE MOST VERSATILE POSSIBLE CAPABILITIES ACROSS THE BROADEST POSSIBLE SPECTRUM OF CONFLICT.

THESE TWO LESSONS – ON FUNDING AND FLEXIBILITY – MUST UNDERPIN ANY DEFENSE REFORM EFFORT – WHETHER THE FOCUS IS ON BUREAUCRATIC ORGANIZATION, COMMAND STRUCTURES, ACQUISITION OR BUDGETS.

ALL THAT SAID, IT IS COMPLETELY LEGITIMATE TO ASK WHETHER OUR DEFENSE STRUCTURES AND PROCESSES ARE GIVING US THE BEST POSSIBLE RETURN ON TAXPAYER DOLLARS SPENT ON OUR MILITARY. THE ANSWER IN TOO MANY CASES IS NO. IN THIS CONTEXT, THE QUESTIONS THIS COMMITTEE IS CONSIDERING ARE, IN MY VIEW, THE CORRECT ONES: NAMELY, WHETHER OUR NATION'S

INSTITUTIONS OF NATIONAL DEFENSE ARE ORGANIZED, MANNED, EQUIPPED, AND MANAGED IN WAYS THAT CAN DEAL WITH THE SECURITY CHALLENGES OF THE 21ST CENTURY AND THAT EFFICIENTLY AND EFFECTIVELY SPEND DEFENSE DOLLARS.

MR. CHAIRMAN, OVER THE NEXT FIFTEEN MINUTES OR SO, I WILL MAKE SOME OBSERVATIONS ABOUT GOLDWATER-NICHOLS, ACQUISITION POLICY, THE INTERAGENCY PROCESS, AND THE BUDGET. WE CAN THEN DELVE INTO THESE AND OTHER MATTERS IN MORE DEPTH AS THE COMMITTEE WISHES.

FIRST, GOLDWATER-NICHOLS AT 30 YEARS, AND THE QUESTION WHETHER THE AMBITION OF THE ORIGINAL LEGISLATION HAS BEEN FULFILLED OR IS ADDITIONAL LEGISLATION OF A SIMILAR MAGNITUDE NEEDED IN LIGHT OF ALL THE CHANGES THAT HAVE TAKEN PLACE OVER THE PAST THREE DECADES.

MY PERSPECTIVE ON THE CURRENT STRUCTURE OF THE DEFENSE DEPARTMENT IS SHAPED PRIMARILY BY MY EXPERIENCE AS A SECRETARY OVERSEEING A MILITARY FIGHTING TWO WARS. I DISCOVERED EARLY ON THAT I LED A DEPARTMENT DESIGNED TO PLAN FOR WAR BUT NOT TO WAGE WAR – AT LEAST FOR THE LONG TERM. THE SWIFT VICTORY OF THE 1991 PERSIAN GULF CONFLICT SEEMED TO VALIDATE ALL THE POST-VIETNAM CHANGES TO OUR MILITARY INCLUDING THE LANDMARK 1986 LEGISLATION. BUT THE PENTAGON WAS CLEARLY NOT ORGANIZED TO DEAL WITH PROTRACTED CONFLICTS LIKE IRAQ AND AFGHANISTAN WHICH, CONTRARY TO THE WISHES OF MOST AMERICANS, MOST ASSUREDLY WILL NOT BE THE LAST SUSTAINED GROUND CAMPAIGNS WAGED BY OUR MILITARY.

IN THIS RESPECT, GOLDWATER-NICHOLS SUCCEEDED ALL TOO WELL BY TURNING THE SERVICES INTO FORCE AND EQUIPMENT PROVIDERS WALLED OFF FROM

OPERATIONAL RESPONSIBILITIES, NOW THE EXCLUSIVE DOMAIN OF COMBATANT COMMANDERS. THIS BECAME ESPECIALLY PROBLEMATIC IN UNCONVENTIONAL CONFLICTS REQUIRING CAPABILITIES – USUALLY IMMEDIATELY – THAT WERE SIGNIFICANTLY DIFFERENT FROM WHAT WAS IN THE PRE-WAR PROCUREMENT PIPELINE

JUST ONE ILLUSTRATIVE EXAMPLE: WHILE THERE WAS – AND IS – A JOINT PROCESS TO DEAL WITH THE ON-GOING NEEDS OF BATTLEFIELD COMMANDERS, IT WAS LEFT UP TO THE DESIGNATED MILITARY SERVICE TO REPRIORITIZE ITS BUDGET TO FIND THE FUNDING FOR THOSE NEEDS. IT WILL COME AS NO SURPRISE TO YOU THAT WITH SOME REGULARITY, THE SERVICE DECIDED THE URGENT BATTLEFIELD NEED DID NOT HAVE AS HIGH A PRIORITY FOR FUNDING AS ITS LONG-TERM PROGRAMS OF RECORD. THESE WERE MOSTLY ADVANCED WEAPONS SYSTEMS DESIGNED FOR FUTURE CONFLICTS AND HAD NEAR- SACROSANCT STATUS WITHIN THE MILITARY

SERVICES, MAKING IT DIFFICULT TO GENERATE MUCH ENTHUSIASM FOR OTHER, NEARER-TERM INITIATIVES THAT MIGHT COMPETE FOR FUNDS.

I SOON LEARNED THAT THE ONLY WAY I COULD GET SIGNIFICANT NEW OR ADDITIONAL EQUIPMENT TO COMMANDERS IN THE FIELD IN WEEKS OR MONTHS – NOT YEARS – WAS TO TAKE CONTROL OF THE PROBLEM MYSELF THROUGH SPECIAL TASK FORCES AND AD-HOC PROCESSES. THIS WOULD BE THE CASE WITH THE MINE-RESISTANT-AMBUSHED PROTECTED (MRAP) VEHICLES; ADDITIONAL INTELLIGENCE, SURVEILLANCE AND RECONNAISSANCE CAPABILITIES; SHORTENED MEDEVAC TIMES, COUNTER-IED EQUIPMENT AND EVEN CARE OF WOUNDED WARRIORS.

I LEARNED THAT IF THE SECRETARY MADE IT A PERSONAL PRIORITY, SET TIGHT DEADLINES, AND HELD PEOPLE ACCOUNTABLE, IT WAS ACTUALLY POSSIBLE TO GET A LOT DONE, OFTEN QUICKLY, EVEN IN A MASSIVE

BUREAUCRACY LIKE THE PENTAGON. BUT SATISFYING CRITICAL OPERATIONAL AND BATTLEFIELD NEEDS CANNOT DEPEND SOLELY ON THE INTENSE PERSONAL INVOLVEMENT OF THE SECRETARY. THAT IS NOT A SUSTAINABLE APPROACH. THE CHALLENGE IS HOW TO INSTITUTIONALIZE A CULTURE AND INCENTIVE STRUCTURE THAT ENCOURAGES WARTIME URGENCY SIMULTANEOUS WITH LONGTERM PLANNING AND ACQUISITION AS A MATTER OF COURSE.

A FINAL THOUGHT RELATIVE TO DEFENSE ORGANIZATIONS AND AUTHORITIES. THROUGH MY TENURE I WAS PRIVILEGED TO WORK WITH TWO SUPERB CHAIRMEN OF THE JOINT CHIEFS OF STAFF – PETE PACE AND MIKE MULLEN – WHO WERE TRUE PARTNERS WHILE STILL PROVIDING INDEPENDENT, OCCASIONALLY DISSENTING, PROFESSIONAL MILITARY ADVICE. THE CHAIRMAN, ALONG WITH THE VICE CHAIRMAN, IS THE ONE SENIOR MILITARY OFFICER WITH A STAKE IN BOTH CURRENT NEEDS AND

FUTURE REQUIREMENTS. ONE OF THE GREAT ACHIEVEMENTS OF GOLDWATER NICHOLS WAS STRENGTHENING THE POSITION OF OPERATIONAL COMMANDERS AND THE CHAIRMAN RELATIVE TO THE SERVICE CHIEFS. I BELIEVE THAT AS A GENERAL PRINCIPLE THIS MUST BE SUSTAINED. SERVICE CHIEFS HAVE A TENURE OF FOUR YEARS, COMBATANT COMMANDERS NOMINALLY THREE YEARS. YET THE CHAIRMAN AND VICE CHAIRMAN OF THE JOINT CHIEFS OF STAFF HAVE TWO YEAR, RENEWABLE TERMS. I BELIEVE THEIR POSITIONS VIS-À-VIS BOTH THE SERVICE CHIEFS AND COMBATANT COMMANDERS WOULD BE STRENGTHENED BY ALSO GIVING THEM FOUR-YEAR TERMS. THIS WOULD NOT DIMINISH IN THE LEAST THEIR ACCOUNTABILITY TO THE PRESIDENT, THE DEFENSE SECRETARY AND THE CONGRESS THROUGHOUT THEIR TERM.

SECOND, A SUBJECT THAT HAS FOR YEARS BEEN A FOCUS OF THIS COMMITTEE – THE ACQUISITION PROCESS.

NOT ONLY HAS GOLDWATER-NICHOLS HIT THE 30 YEAR MARK, SO TOO HAS THE OFFICE OF THE SECRETARY OF DEFENSE FOR ACQUISITION, TECHNOLOGY AND LOGISTICS. AT&L WAS ESTABLISHED BECAUSE A SERVICE-DRIVEN ACQUISITION SYSTEM WAS YIELDING TOO MANY OVER-DESIGNED, OVER-BUDGET AND OVER-SCHEDULE PROGRAMS. THE THEORY WAS THAT BY GIVING ACQUISITIONS RESPONSIBILITY FOR MAJOR PROGRAMS TO A SENIOR OSD OFFICIAL REMOVED FROM PAROCHIAL SERVICE INTERESTS, WISER AND MORE DISCIPLINED DECISIONS WOULD ENSUE.

SO WHAT CAN WE SAY 30 YEARS ON? WE HAVE SUCCEEDED IN BUILDING A NEW LAYER OF BUREAUCRACY – WITH THOUSANDS MORE EMPLOYEES –AND NEW PROCESSES TO FEED IT. BUT WHEN IT COMES TO OUTPUT, THE RESULTS HAVE BEEN MIXED. AS SECRETARY I FOUND THAT, DESPITE ALL THE OSD AND JOINT OVERSIGHT MECHANISMS, TOO MANY MAJOR WEAPONS AND

EQUIPMENT PROGRAMS WERE RIDICULOUSLY OVER-DUE, OVER-COST OR NO LONGER RELEVANT TO THE HIGHEST PRIORITY DEFENSE NEEDS. TO THE CHAGRIN OF MANY INSIDE THE PENTAGON AND EVEN MORE HERE ON THE HILL, I CANCELLED OR CAPPED MORE THAN 30 PROGRAMS IN 2009 THAT, IF BUILT OUT FULLY, WOULD HAVE COST TAYPAYERS SOME \$330 BILLION.

SO WHERE DOES THAT LEAVE US TODAY AS THIS CONGRESS CONSIDERS REFORMS FOR THE FUTURE? PROBLEMS WITH THE SERVICES RUNNING ACQUISITIONS LED TO GREATER CENTRALIZATION AND OVERSIGHT THROUGH AT&L. BUT THAT LED TO ANOTHER SET OF PROBLEMS IN THE FORM OF A SIZEABLE CENTRAL BUREAUCRACY THAT ADDS DELAYS AND RELATED COSTS WITHOUT DISCERNABLE BENEFIT. SO NOW THERE IS PRESSURE – AND LEGISLATION – TO RETURN SIGNIFICANTLY MORE ACQUISITION AUTHORITY BACK TO THE SERVICES. MY SENSE IS THE RIGHT ANSWER LIES

WITH FINDING A BETTER BALANCE BETWEEN
CENTRALIZATION AND DE-CENTRALIZATION THAN WE NOW
HAVE.

BUT A STRONG WORD OF CAUTION. YOU MUST NOT
WEAKEN THE AUTHORITY OF THE SECRETARY OF DEFENSE
AND HIS ULTIMATE DECISION-MAKING POWER ON
ACQUISITION. I CANNOT IMAGINE A SERVICE CHIEF OR
SERVICE SECRETARY ABLE TO OVERCOME INTENSE
INTERNAL PRESSURES AND VOLUNTARILY DO AWAY WITH,
FOR EXAMPLE, PROGRAMS LIKE THE ARMY FUTURE
COMBAT SYSTEM, THE AIRBORNE LASER, THE ZUMWALT
DESTROYER OR DOZENS OF OTHER TROUBLED OR
NEEDLESSLY EXQUISITE SYSTEMS THAT HAD BUILT UP A
LOYAL SERVICE CONSTITUENCY. THE SIMPLE FACT IS THAT
SUCH DECISIONS ARE NOT JUST PROGRAMMATIC BUT
HIGHLY POLITICAL. AND ONLY THE SECRETARY OF DEFENSE,
WITH THE STRONG SUPPORT OF THE PRESIDENT, HAS THE
CLOUT – THE POWER – INSIDE THE PENTAGON, WITH

INDUSTRY AND HERE ON THE HILL TO MAKE SUCH DECISIONS AND MAKE THEM STICK.

A COUPLE OF OTHER OBSERVATIONS SEEM OBVIOUS AS YOU AND THE SECRETARY OF DEFENSE ADDRESS THIS ISSUE. NOTHING WILL WORK WITHOUT RIGOROUSLY APPLIED ACCOUNTABILITY, WITHIN THE SERVICES, BY AT&L AND BY THE SECRETARY. THEN THERE IS THE IMPORTANCE OF BASIC BLOCKING AND TACKLING IN ACQUISITIONS PROCESSES: TO WIT, HIGH LEVEL, RIGOROUS CONTROL OF REQUIREMENTS AND LIMITING CHANGES BEYOND A CERTAIN POINT TO AVOID THE “GOLD PLATING” PHENOMENON; COMPETITIVE PROTOTYPING WHERE POSSIBLE BEFORE PROGRAM INITIATION; MORE REALISTIC COST ESTIMATING; AND REVISING CONTRACT INCENTIVES TO BETTER REWARD SUCCESS AND PENALIZE FAILURE. ALSO PROMISING ARE YOUR LEGISLATIVE EFFORTS, MR. CHAIRMAN, AND THOSE OF CHAIRMAN THORNBERRY IN THE HOUSE, TO STREAMLINE

ACQUISITIONS PROCESSES, ELIMINATE
COUNTERPRODUCTIVE REGULATIONS, ENCOURAGE MORE
USE OF COMMERCIAL PRODUCTS AND PRICING, AND
ATTRACT MORE NON-TRADITIONAL VENDORS TO THE
DEFENSE MARKETS.

ALL THAT SAID, AT THE END OF THE DAY, RE-DRAWING
THE ORGANIZATION CHART OR ENACTING NEW
ACQUISITIONS LAWS AND RULES WILL MATTER LESS THAN
LEADERS SKILLED ENOUGH TO EXECUTE PROGRAMS
EFFECTIVELY, WILLING TO MAKE TOUGH, USUALLY
UNPOPULAR CHOICES, AND ESTABLISH STRONG MEASURES
OF ACCOUNTABILITY. AND WILLING TO GET RID OF THOSE
NOT PERFORMING WELL - WHETHER PEOPLE OR PROGRAMS.

IN TERMS OF BEING BETTER STEWARDS OF TAXPAYER
DOLLARS MORE BROADLY, THE EFFORT I BEGAN IN 2010 TO
REDUCE OVERHEAD COSTS – AND CONTINUED BY MY
SUCCESSORS – MUST BE RENEWED AND SUSTAINED. IT
WAS TELLING THAT IN JUST FOUR MONTHS, WE FOUND

SOME \$180 BILLION OVER A MULTI-YEAR PERIOD WE COULD CUT IN OVERHEAD. THERE IS, AS DEPUTY SECRETARY GORDON ENGLAND LIKED TO SAY, A RIVER OF MONEY FLOWING UNDER THE PENTAGON, PRIMARILY FUNDED THROUGH CATCH-ALL OPERATIONS AND MAINTENANCE ACCOUNTS. AS YOU KNOW, THERE IS NO LINE ITEM IN THE DEFENSE BUDGET CALLED “WASTE.” SO GETTING AT UNNECESSARY OVERHEAD SPENDING WITHOUT HARMING IMPORTANT FUNCTIONS IS EXTREMELY HARD WORK – LIKE A HUGE EASTER EGG HUNT, BUT IT CAN AND MUST BE DONE.

A BRIEF WORD HERE ON RESISTING THE USUAL APPROACH OF REDUCING BUDGETS WITH ACROSS THE BOARD CUTS. I HAVE SEEN COUNTLESS WASHINGTON REFORM EFFORTS OVER THE YEARS RESULT IN MINDLESS SALAMI SLICING OF PROGRAMS AND ORGANIZATIONS. THAT IS NOT REFORM. IT IS MANAGERIAL AND POLITICAL COWARDICE. TRUE REFORM REQUIRES MAKING TRADES

AND CHOICES AND TOUGH DECISIONS, RECOGNIZING THAT SOME ACTIVITIES ARE MORE IMPORTANT THAN OTHERS. IT IS HARD TO DO, BUT ESSENTIAL IF YOU ARE TO RE-SHAPE ANY ORGANIZATION INTO A MORE EFFECTIVE AND EFFICIENT ENTERPRISE.

FURTHER, THE CONGRESS MUST CONTAIN ITS OWN BAD BEHAVIOR – SUCH AS INSISTING ON CONTINUING UNEEDED PROGRAMS BECAUSE OF PAROCHIAL INTERESTS, PREVENTING THE CLOSURE OF THE ROUGHLY ONE QUARTER OF ALL OF DEFENSE FACILITIES DEEMED EXCESS, BURDENING THE DEPARTMENT WITH EXCESSIVE – AND FREQUENTLY EXPENSIVE – RULES AND REPORTING REQUIREMENTS, AND MORE.

THIRD, WITH REGARD TO THE INTERAGENCY PROCESS, FROM TIME TO TIME THE IDEA ARISES TO RE-ORGANIZE THE U.S. NATIONAL SECURITY APPARATUS – PUT TOGETHER IN 1947 – TO BETTER INTEGRATE DEFENSE, DIPLOMACY AND DEVELOPMENT – A “GOLDWATER-NICHOLS FOR THE

INTERAGENCY” IF YOU WILL. GOLDWATER-NICHOLS HAS MOSTLY WORKED AT THE DEFENSE DEPARTMENT BECAUSE, WHEN PUSH COMES TO SHOVE – AS IT OFTEN DOES THERE – EVERYONE IN AND OUT OF UNIFORM WORKS FOR ONE PERSON: THE SECRETARY OF DEFENSE. AND HE OR SHE HAS THE LAST WORD AND CAN TELL EVERYONE TO GET IN LINE. WHEN MULTIPLE CABINET DEPARTMENTS ARE INVOLVED, HOWEVER, THERE IS ONLY ONE PERSON WITH THAT KIND OF AUTHORITY – THE PRESIDENT.

THE NATIONAL SECURITY COUNCIL AND ITS STAFF WERE CREATED TO PROVIDE THE PRESIDENT WITH AN ORGANIZATIONAL MECHANISM TO COORDINATE AND INTEGRATE THEIR EFFORTS. HOW WELL THAT WORKS DEPENDS ENTIRELY ON THE PERSONAL RELATIONSHIPS AMONG PRINCIPALS AND THE TALENTS AND SKILLS OF THE NATIONAL SECURITY ADVISOR. EVEN THIS STRUCTURE, HEADQUARTERED JUST DOWN THE HALL FROM THE OVAL OFFICE, WORKS POORLY IF THE SECRETARIES OF STATE

AND DEFENSE CAN'T STAND ONE ANOTHER, AS WAS THE CASE FOR A GOOD PART OF MY TIME IN GOVERNMENT; OR, IF THE NATIONAL SECURITY ADVISOR IS NOT AN HONEST BROKER. HOW WELL THE PLANNING, ACTIVITIES AND EFFORTS OF STATE, DEFENSE AND OTHERS ARE COORDINATED AND INTEGRATED IS THE RESPONSIBILITY OF ONE PERSON – THE PRESIDENT. AND THERE IS NOTHING ANYBODY ELSE – INCLUDING CONGRESS -- CAN DO ABOUT IT.

I WILL CONCLUDE WITH THREE OTHER REASONS THE NATION IS PAYING MORE FOR DEFENSE IN REAL DOLLARS TODAY THAN THIRTY YEARS AGO AND GETTING LESS. ONE IS THAT MEN AND WOMEN IN UNIFORM TODAY DRIVE, FLY OR SAIL PLATFORMS WHICH ARE VASTLY MORE CAPABLE AND TECHNOLOGICALLY ADVANCED THAN A GENERATION AGO. THAT TECHNOLOGY AND CAPABILITY COMES WITH A HEFTY PRICE TAG. A SECOND REASON FOR THE HIGHER COST IS THE EXPLODING PERSONNEL COSTS OF

THE DEPARTMENT, A VERY REAL PROBLEM ON WHICH I KNOW YOU ARE AT LEAST BEGINNING TO MAKE SOME INROADS AFTER YEARS OF FUTILITY.

BUT THE THIRD FACTOR CONTRIBUTING TO INCREASED COSTS, AND ONE OF IMMENSE IMPORTANCE, IS THE ROLE OF CONGRESS ITSELF. HERE I AM TALKING ABOUT THE YEARS-LONG BUDGETARY IMPASSE ON THE HILL AND BETWEEN CONGRESS AND THE PRESIDENT. THE DEPARTMENT OF DEFENSE HAS HAD AN ENACTED APPROPRIATIONS BILL TO START THE FISCAL YEAR ONLY TWICE IN THE LAST DECADE – THE LAST SEVEN YEARS ALL BEGAN UNDER A CONTINUING RESOLUTION. DURING THE FIRST SIX FULL FISCAL YEARS OF THE OBAMA ADMINISTRATION, THE DEFENSE DEPARTMENT HAS OPERATED UNDER CONTINUING RESOLUTIONS FOR A THIRD OF THE TIME – A CUMMULATIVE TOTAL OF TWO YEARS.

DEPARTMENT LEADERS ALSO HAD TO DEAL WITH THE THREAT, AND IN ONE YEAR, THE IMPOSITION, OF

SEQUESTRATION – A COMPLETELY MINDLESS AND COWARDLY MECHANISM FOR BUDGET CUTTING. BECAUSE OF THE INABILITY OF THE CONGRESS AND THE PRESIDENT TO FIND A BUDGET COMPROMISE, IN 2013 DEFENSE SPENDING WAS REDUCED MID-YEAR BY \$37 BILLION -- ALL OF THOSE CUTS APPLIED EQUALLY IN PERCENTAGE TERMS TO SOME 2,500 LINE ITEMS OF THE DEFENSE BUDGET, AND REQUIRING PRECISE MANAGEMENT OF EACH CUT TO COMPLY WITH THE ANTI-DEFICIENCY ACT WITH ITS CRIMINAL PENALTIES FOR VIOLATIONS. SEQUESTRATION EFFECTIVELY CUT ABOUT 30% OF DAY-TO-DAY OPERATING FUNDS IN THE SECOND HALF OF FY2013.

BUT THEN ADD TO THIS MESS THE FACT THAT THE DEPARTMENT – PROBABLY THE LARGEST ORGANIZATION ON THE PLANET – IN RECENT YEARS HAS HAD TO PLAN FOR FIVE DIFFERENT POTENTIAL GOVERNMENT SHUTDOWNS. IN THE FALL OF 2013, WITH SEQUESTRATION STILL ONGOING, THE PENTAGON ACTUALLY HAD TO IMPLEMENT ONE OF

THOSE SHUTDOWNS FOR 16 DAYS, AFFECTING 640,000 EMPLOYEES OR 85% OF THE CIVILIAN WORK FORCE.

IT IS HARD TO QUANTIFY THE COST OF THE BUDGETARY TURMOIL OF THE PAST FIVE YEARS – THE CUTS, THE CONTINUING RESOLUTIONS, SEQUESTRATION, FURLOUGHS AND SHUT-DOWNS, THE UNPREDICTABILITY AND MORE. DURING CONTINUING RESOLUTIONS IN PARTICULAR, THE INABILITY TO EXECUTE PROGRAMS ON SCHEDULE, LIMITS ON BEING ABLE TO RAMP UP PRODUCTION OR START NEW PROGRAMS, OR TO TAKE FULL ADVANTAGE OF SAVINGS OFFERED BY MULTI-YEAR PURCHASES, THE TIME-CONSUMING AND UNPREDICTABLE PROCESS OF RE-PROGRAMMING EVEN SMALL AMOUNTS OF MONEY TO HIGHER PRIORITY PROJECTS ALL IMPOSE TREMENDOUS COSTS ON THE DEFENSE DEPARTMENT – AND THE TAXPAYER. AND THIS DOESN'T EVEN BEGIN TO ACCOUNT FOR THE COSTS INVOLVED IN HUNDREDS OF THOUSANDS OF MAN-HOURS REQUIRED TO TRY TO COPE

WITH THIS EXTERNALLY IMPOSED LEADERSHIP AND
MANAGERIAL NIGHTMARE. MOREOVER, RE-IMPOSITION OF
FULL-SCALE SEQUESTRATION LOOMS IN JANUARY ABSENT
A BIPARTISAN BUDGET AGREEMENT.

GIVEN THE HARM ALL THIS POLITICALLY DRIVEN
MADNESS INFLICTS ON THE U.S. MILITARY, THE RHETORIC
COMING FROM MEMBERS OF CONGRESS ABOUT LOOKING
OUT FOR OUR MEN AND WOMEN IN UNIFORM RINGS VERY
HOLLOW TO ME. FURTHER, THIS LEGISLATIVE
DYSFUNCTION IS EMBARRASSING US IN THE EYES OF THE
WORLD AT A TIME WHEN ALLIES AND FRIENDS ARE
LOOKING TO US FOR LEADERSHIP AND REASSURANCE.

ALL THE SMART DEFENSE REFORMS YOU CAN COME UP
WITH WILL BE OF LITTLE USE IF THE MILITARY IS UNABLE
TO PLAN, SET PRIORITIES AND MANAGE ITS RESOURCES IN A
SENSIBLE AND STRATEGIC WAY.

THE FAILURE OF CONGRESS IN RECENT YEARS
BECAUSE OF THE PARTISAN DIVIDE TO PASS TIMELY AND

PREDICTABLE DEFENSE BUDGETS – AND ITS CONTINUING PAROCHIALISM WHEN IT COMES TO FAILING PROGRAMS AND UNNEEDED FACILITIES -- HAS NOT ONLY GREATLY INCREASED THE COST OF DEFENSE, IT HAS CONTRIBUTED TO WEAKENING OUR MILITARY CAPABILITIES, AND IT HAS BROKEN FAITH WITH OUR MEN AND WOMEN IN UNIFORM.

THIS COMMITTEE, WITH ITS COUNTERPART IN THE HOUSE, HAS LONG SUPPORTED – ON A BIPARTISAN BASIS -- A STRONG DEFENSE AND PROTECTED THOSE IN UNIFORM. AS YOU CONSIDER NEEDED REFORMS IN THE PENTAGON, I FERVENTLY HOPE YOU ALSO WILL URGE YOUR COLLEAGUES IN CONGRESS TO BREAK WITH THE RECENT PAST AND PLACE THE NATIONAL INTEREST – AND OUR NATIONAL SECURITY – AHEAD OF IDEOLOGICAL PURITY OR ACHIEVING PARTISAN ADVANTAGE. BECAUSE, AS YOU KNOW AS WELL AS I, OUR SYSTEM OF GOVERNMENT – AS DESIGNED BY THE FOUNDERS WHO WROTE AND NEGOTIATED THE PROVISIONS OF THE CONSTITUTION -- IS

DEPENDENT ON COMPROMISE TO FUNCTION. TO DO SO IS
NOT “SELLING OUT” – IT’S CALLED GOVERNING.

THANK YOU.

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