

**HEARING TO RECEIVE TESTIMONY ON THE  
CHALLENGES FACING THE DEPARTMENT  
OF DEFENSE**

---

**TUESDAY, JANUARY 27, 2009**

U.S. SENATE  
COMMITTEE ON ARMED SERVICES  
*Washington, D.C.*

The committee met, pursuant to notice, at 9:35 a.m. in Room SD-106, Dirksen Senate Office Building, Hon. Carl Levin, chairman of the committee, presiding.

Committee Members Present: Senators Levin (presiding), Lieberman, Reed, Akaka, Bill Nelson, E. Benjamin Nelson, Bayh, Webb, McCaskill, Udall, Hagan, Begich, Burr, McCain, Inhofe, Sessions, Chambliss, Graham, Thune, Martinez, Wicker, Burr, and Collins.

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

Majority staff members present: Jonathan D. Clark, counsel; Gabriella Eisen, counsel; Richard W. Fieldhouse, professional staff member; Creighton Greene, professional staff member; Michael J. Kuiken, professional staff member; William G.P. Monahan, counsel; Michael J. Noblet, professional staff member; John H. Quirk V, professional staff member; Arun A. Seraphin, professional staff member; Russell L. Shaffer, counsel; and William K. Sutey, professional staff member.

Minority staff members present: Joseph W. Bowab, Republican staff director; Adam J. Barker, research assistant; Richard H. Fontaine, Jr, Deputy Republican staff director; Paul C. Hutton IV, professional staff member; David M. Morris, minority counsel; Lucian L. Niemeyer, professional staff member; Diana G. Tabler, professional staff member; Richard F. Walsh, minority counsel; and Dana W. White, professional staff member.

Staff assistants present: Jessica L. Kingston, Christine G. Lang, Ali Z. Pasha, and Brian F. Sebold.

Committee members' assistants present: Jay Maroney, assistant to Senator Kennedy; James Tuite, assistant to Senator Byrd; Elizabeth King, assistant to Reed; Bonni Berge, assistant to Senator Akaka; Christopher Caple, assistant to Senator Bill Nelson; Jon Davey, assistant to Senator Bayh; Gordon I. Peterson, assistant to Senator Webb; Andrew R. Vanlandingham, assistant to Senator Ben Nelson; Stephen C. Hedger, assistant to Senator McCaskill; Elizabeth McDermott, assistant to Senator McCaskill; Jennifer Barrett, assistant to Senator Udall; Anthony J. Lazarski, assistant

to Senator Inhofe; Lenwood Landrum, assistant to Senator Sessions; Sandra Luff, assistant to Senator Sessions; Clyde A. Taylor IV, assistant to Senator Chambliss; Adam G. Brake, assistant to Senator Graham; Jason Van Beek, assistant to Senator Thune; Brian W. Walsh, assistant to Senator Martinez; Brian W. Walsh, assistant to Senator Martinez; Erskine W. Wells III, assistant to Senator Martinez; Kevin Kane, assistant to Senator Burr; and Rob Epplin, assistant to Senator Collins.

**OPENING STATEMENT OF HON. CARL LEVIN, U.S. SENATOR  
FROM MICHIGAN**

Chairman LEVIN. Good morning, everybody. This morning is the first committee hearing since new committee members were approved, so I'd like to recognize our new committee members: Senator Mark Begich, Senator Richard Burr, Senator Roland Burris, Senator Kay Hagan, Senator Mark Udall, and Senator David Vitter. A warm welcome to you all. You will enjoy your work on this committee for many reasons, but one surely is its history of a bipartisan approach to our national security.

We also want to welcome Secretary Gates, who will testify on the challenges facing the Department of Defense. As we can I'm sure notice, the Secretary's got one arm a little bit immobile this morning. I guess the snow this morning reminds him of his losing combat with a snow plow a week or so ago. We wish you well, Secretary. We know you're on the mend, and this is not the first time we've seen the one-armed Secretary before us.

We welcome you. When you previously testified in September, I suggested that it would be likely your last appearance before this committee. I'm glad to say I was wrong. I commend Senator Obama's decision to ask you to stay on as Secretary of Defense. We all appreciate your dedication, your willingness to continue to serve, and we appreciate your family's support for that decision of yours.

Given your unique position as the only Cabinet member to serve across the Bush and Obama Administrations, the continuity and experience that you provide will be of great value to our Nation. While this is not a nomination hearing today since you do not need one as a carryover, it is an opportunity to ask you how you plan to transition to the policies and priorities of the new administration.

The challenges facing the Department at home and abroad are extraordinary. Foremost will be shifting the emphasis and the balance between two ongoing wars, drawing down in Iraq as we build up in Afghanistan. Secretary Gates, you have called for deploying additional combat brigades and support units to Afghanistan, potentially doubling the current 31,000 U.S. troops deployed there. But making these additional forces available as currently scheduled is slow, slower than the commanding general of the NATO International Security Assistance Force, U.S. General David McKiernan, said last October was needed.

The past year has seen increasing violence in Afghanistan, with roadside bombs reaching an all-time high and spreading insecurity among the Afghan people. Secretary Gates's opening statement tells us this morning that there is "little doubt our greatest mili-

tary challenge right now is Afghanistan,” where again we have 31,000 troops. President Obama has called Afghanistan and Pakistan the central front in America’s war against terrorism. Admiral Mullen said recently that “The availability of troops for Afghanistan is tied to the drawdown of our 140,000 troops from Iraq.” Add to that the fact that Iraq now has 265,000 of its own trained Iraqi troops and 310,000 trained police personnel.

Hopefully, the Secretary this morning will address these disparities, which have existed for many months.

The security challenges in Afghanistan require that the United States and its coalition allies not only provide additional combat forces, but also increased capacity and capabilities. We need to deploy key enablers that serve as force multipliers. In particular, we need more trainers more quickly for the Afghan National Army, which is a highly motivated and effective fighting force. We also need more intelligence, surveillance, and reconnaissance assets in Afghanistan, including unmanned aerial vehicles, that are tailored to the unique requirements that the situation in Afghanistan presents.

Secretary Gates has said that in the long run this conflict must be Afghanistan’s war, and I agree. We should be doing all we can to enable Afghan security forces to take responsibility for their country’s security.

Hopefully, Pakistan will find a way to slow the activities of terrorists using their borderlands as safe havens and bases for attacks on Afghanistan. But I’m afraid we can’t count on that to stop cross-border incursions. We not only need to aggressively increase the number of trainers and mentors for building the capacity of the Afghan National Army and Afghan National Police; we need to actively seek to get the best Afghan security forces deployed where the greatest threat is coming from.

That’s why I have urged Secretary Gates as well as General McKiernan, former President Bush, his National Security Adviser Stephen Hadley to seek the deployment of the Afghan National Army along the Afghan-Pakistan border to counter the threat of incursions coming across that border. Brigadier General John Nicholson, the Deputy Commanding General of the Regional Command South says that “We’re not there. The borders are wide open.”

The challenges in Afghanistan also require that we mobilize the full range of U.S. power, not just our military power, but our civilian institutions, for diplomacy and development. Secretary Gates has spoken and written with great persuasiveness that “Military success is not sufficient to win,” and that the ingredients for success in the long term include economic development, rule of law, good governance, training and equipping internal security forces, and public diplomacy. Yet the chronic underresourcing of the State Department and the U.S. Agency for International Development has left our military and civilian instruments of U.S. power “out of balance.”

The challenges facing the Department are not confined to Iraq and Afghanistan. Iran continues to be a destabilizing force throughout the Middle East because of uncertainty as to Iran’s nuclear weapons goal and its support of insurgent and terrorist groups in the region.

In Europe, the United States will hopefully work with our NATO allies in efforts to improve our relationship with Russia. That relationship has become strained over a proposed missile defense deployment in Europe and further NATO enlargement. We should seek common ground with Russia where it is in our mutual interests, including fighting terrorism, preventing the proliferation of weapons of mass destruction, reducing the numbers of nuclear weapons and possibly even missile defense.

For instance, if we could work out a joint program with Russia on missile defense against Iranian missiles, it would change the entire dynamic of regional power and put major pressure on Iran to drop any plans for nuclear weapons and long-range missiles to carry them.

We need to remain vigilant in the Asian Pacific region, where North Korea remains a threat to regional stability and China's strategic influence continues to grow.

The challenges confronting U.S. Africa Command are vast and complex: ungoverned or undergoverned areas that offer potential havens and recruiting grounds for terrorist extremists, nations emerging from conflict, where peace is fragile and international forces provide much of the security and stability.

In the coming months, the Secretary of Defense will have to make some tough decisions. The committee is interested in any insights that you may have, Mr. Secretary, into changes the new administration may be planning to major weapons systems, priorities, and funding, to strike a better balance between the needs of our deployed forces today and the requirements for meeting the emerging threats of tomorrow.

Of particular interest would be plans for the Air Force's F-22 fighter, the C-17 cargo aircraft, combat search and rescue helicopter program, the Next Generation Aerial Refueling Tanker, the Navy's Littoral Combat Ship, the DDG-1000, DDG-51, and the Army's Future Combat System, and missile defense systems. These programs require tough choices, which will be all the more difficult due to the current economic crisis.

A top priority for the Department of Defense and Congress must be the reform of the acquisition system. Each year hundreds of billions of dollars of products and services are purchased. Last year the committee received testimony that cost overruns on the Department's 95 largest acquisition programs now total almost \$300 billion over the original program estimates, even though the Department has cut unit quantities and reduced performance expectations on many programs to reduce costs. Acquisition reform will be a top priority for this committee this Congress.

Care for our wounded warriors must remain a priority. The Department of Defense needs to continue to work closely with the Department of Veterans Affairs in crafting and implementing policies and processes to ensure seamless care and transition for our wounded warriors and their families.

It is also essential that the Department continue to focus on supporting all of our service members, not only those who are injured or ill, but also their families, as they face the numerous challenges that lengthy and frequent deployment present.

In the area of personnel, the Department will hopefully continue to address and evaluate the appropriate active duty and Reserve end strengths for all the services. The Army and Marine Corps continue to grow the active force. While the committee has supported growth in the active ground forces, we must remain vigilant that we do not sacrifice quality to enhance quantity. We must ensure that recruiting standards are high and waivers are limited.

The Air Force and the Navy have in recent years reduced the size of their active duty end strengths, in part to pay for equipment. Recently both services halted the decline. The Department must work with Congress to determine the appropriate active and Reserve end strengths for all the military services as measured against current and future missions and requirements. We expect the Department to comprehensively address end strength levels in the upcoming Quadrennial Defense Review.

Some of the Department's choices may become clearer when the second emergency supplemental '09 appropriations request is submitted in the coming weeks. The Department has indicated it will provide a preliminary 2010 defense authorization budget request, as required by law, on the first Monday in February. But the more meaningful submission this year will be the amended budget request reflecting the priorities of the new administration, which are expected in the middle of April.

[Whereupon, at 9:48 a.m., the committee proceeded to other business, then reconvened at 9:49 a.m.]

Chairman LEVIN. One other personnel note. The nomination of Bill Linn is before the committee and a number of additional questions have been asked relative to any service by Mr. Linn. Those are appropriate questions and we will attempt to act on that nomination as soon as we can after the answers to those questions are received.

Senator McCain.

**STATEMENT OF HON. JOHN McCAIN, U.S. SENATOR FROM ARIZONA**

Senator MCCAIN. Thank you very much, Mr. Chairman. I again look forward to working with you and all the members of the committee as we begin the 111th Congress. I join you in welcoming all the new members of the committee. It's been a privilege to sit on this committee for 8 years and I've always appreciated its bipartisan tradition, and I'm certain that the new members of our committee will find their participation very rewarding.

I'd also like to welcome Secretary Gates back to the Armed Services Committee. Mr. Secretary, you have been a tireless champion of our men and women in uniform and I cannot think of a more qualified person to serve as our country's Secretary of Defense. We all owe you a debt of gratitude for your outstanding service, your willingness to continue to serve in one of the most difficult jobs in America, and I'm confident that you will continue to serve in an exemplary fashion.

Secretary Gates, you know well the challenges that our country faces in the areas of national security, Afghanistan, the drawdown of troops in Iraq, dwell times, closing the prison at Guantanamo Bay, ensuring the readiness of our combat units, and achieving

meaningful acquisition reform. In all these areas and more, we face enormous and difficult decisions.

I look forward to working with you and the new administration as we pursue the foremost responsibility of the American government, to secure the security of the American people. Obviously, Afghanistan must be at or near the top of any priority list. The situation there is increasingly challenging and we need to develop and articulate a clear strategy with measurable performance goals in order to prevail there.

I am pleased that the administration is moving in the right direction by increasing the number of U.S. troops on the ground, particularly in the south of Afghanistan. But more troops are just a piece of what is required, as you well know.

We need to put into place a comprehensive civil-military plan, ensure unity of command among those fighting in Afghanistan, and increase dramatically the size of the Afghan National Army, improve the police forces, and address the corruption, governance, and narcotics problems much more forthrightly than we have so far.

Last year, Mr. Secretary, you testified before this that you worried that NATO would become a two-tiered alliance of those willing to die to protect people's security and those who were not. We must convince our NATO allies and their citizens that a stable and prosperous Afghanistan is in all of our interests and therefore worthy of a greater contribution from each member state. I look forward to your thoughts in this regard.

Undergirding the efforts of all NATO members in Afghanistan must be an absolute commitment to success in that country. We cannot allow Afghanistan to revert to a safe haven for terrorists who would plot attacks against the American people or our friends around the world. I'll do all I can to convince our allies that, while this war will be hard, it is necessary.

I look forward to hearing your assessment of the NATO mission in Afghanistan, the viability of the Afghan government, the relationship and necessity of a better interaction with the Pakistan government, and how best to develop a comprehensive civil-military strategy.

Also, Mr. Secretary, I think it's important—the most important thing that I have to say to you today: The American people must understand that this is a long, hard slog we're in in Afghanistan. It is complex. It's difficult. It's challenging. And I don't see, frankly, an Anbar Awakening, a game-changing event in Afghanistan, such as we were able to see in Iraq. So I think the American people need to understand what's at stake and they need to understand that this is going to take a long time to bring America's national security interests—to secure America's vital national security interests in the region.

In Iraq, obviously, we continue to worry about too rapid a draw-down, and I'm convinced that leaving a larger force in place in the short run will permit us to make greater reductions later. Critical elections are coming up in Iraq. The status of forces agreement will be up for some kind of referendum. So we are by no means finished with the situation in Iraq, but we can be proud of the enormous

success, at great sacrifice, of the men and women who have served so nobly and so courageously.

I'm encouraged by Vice President Biden's pledge that the new administration will not withdraw troops in a manner that will threaten Iraqi security, and I look forward to hearing specifically what such a commitment means.

Mr. Secretary, I just want to mention, on the issue of Guantanamo Bay, I am one who said Guantanamo Bay needed to be closed, but I think that we should have made the tough decisions along with it. What do we do with those people who are in our custody who have no country to send them back to? What do we do with the people in our custody that we know if they are returned to the countries, in some cases failed states like Yemen, that they won't be right back in the battle, such as we have found out about former prisoners who have been released who are now leading members of al Qaeda? Also, I think that decisions have to be made as to where these inmates are going to be located.

I believe the military commissions, after long and difficult and arduous process, were starting to function effectively. I'm disappointed that they have been suspended.

Finally, we all know that there will be more prisoners that will be kept at Bagram, so maybe we should anticipate the way we deal with that situation rather than be faced with one which may cause us more difficulties if we don't fully anticipate that there's going to be a situation that has to be addressed at Bagram in Afghanistan.

I share the chairman's commitment to acquisition reform.

Tough choices are going to have to be made quickly on the F-22, the C-17s, and others, but true acquisition reform is long overdue.

Finally, Mr. Secretary, I'm pleased at the information that I've been receiving lately about the improvements that have been made both in recruiting and retention in the military. I'm sure there's a number of factors and I hope you'll cover some of those as to why we are improving significantly, both retention and recruiting. I'd like hopefully that some of the actions of Congress would be helpful there.

I also think that it's very good for morale when you win a conflict and don't lose one. But I'd be interested very much in your views about how we've been able to basically dramatically improve recruiting and retention and what we need to do to continue that as we face the challenges of a continued conflict in Afghanistan as well as possibly other parts of the world.

Thank you, Mr. Chairman.

[The prepared statement of Senator McCain follows:]

[COMMITTEE INSERT]

Chairman LEVIN. Thank you, Senator McCain.

Secretary Gates, again our warm welcome and we turn it over to you for your statement.

#### **STATEMENT OF HON. ROBERT GATES, SECRETARY OF DEFENSE**

Secretary GATES. Thank you, Mr. Chairman, Senator McCain, members of the committee. Thank you for the opportunity to provide an overview of the challenges facing the Department of De-

fense and some of my priorities for the coming year. In so doing, I am most mindful that the new administration has only been in place for a few days and new or changing policies will likely arise in the weeks and months ahead. Later this spring I will present President Obama's defense budget and at that time will be better equipped to discuss the details of his vision for the Department.

On a personal note, I want to thank many of you for your very kind farewell remarks at my last hearing. I assure you you are no more surprised to see me back than I am. In the months ahead I may need to reread some of those kind comments to remind myself of the warm atmosphere up here as I was departing.

Seriously, I am humbled by President Obama's faith in me and deeply honored to continue to lead the United States military. I thank the committee for your confidence in my leadership and your enduring steadfast support of our military.

My submitted testimony covers a range of challenges facing the Department: North Korea, Iran, proliferation, Russia, China, wounded warrior care, ground force expansion and stress on the force, National Guard, nuclear stewardship, defending space and cyberspace, and wartime procurement. But for the next few minutes I'd like to focus on Afghanistan, Iraq, and defense acquisition.

There is little doubt that our greatest military challenge right now is Afghanistan. As you know, the United States has focused more on Central Asia in recent months. President Obama has made it clear that the Afghanistan theater should be our top overseas military priority.

There are more than 40 nations, hundreds of NGOs, universities, development banks, the United Nations, the European Union, NATO, and more, all involved in Afghanistan, all working to help a nation beset by crushing poverty, a thriving drug trade fueling corruption, a ruthless and resilient insurgency, and violent extremists of many stripes, not the least of which is Al Qaeda.

Coordination of these international efforts has been difficult, to say the least. Based on our experience, our past experience in Afghanistan and applicable lessons from Iraq, there are assessments under way that should provide an integrated way forward to achieve our goals. As in Iraq, there is no purely military solution in Afghanistan. But it is also clear that we have not had enough troops to provide a baseline level of security in some of the most dangerous areas—a vacuum that has increasingly been filled by the Taliban.

That is why the United States is considering an increase in our military presence in conjunction with a dramatic increase in the size of the Afghan security forces, and also pressing forward on issues like improving civil-military coordination and focusing efforts on the district level.

While this will undoubtedly be a long and difficult fight, we can attain what I believe should be among our strategic objectives—above all, an Afghan people who do not provide a safe haven for Al Qaeda, who reject the rule of the Taliban and support the legitimate government they have elected and in which they have a stake.

Of course, it is impossible to disaggregate Afghanistan and Pakistan, given the porous border between them. Pakistan is a friend

and partner and it is necessary for us to stay engaged and help wherever we can. I can assure you that I continue to watch the situation in Pakistan closely.

As you know, the status of forces agreement between the United States and Iraq went into effect on January 1st. The agreement calls for U.S. combat troops to be out of the Iraqi cities by the end of June and all troops out of Iraq by the end of 2011 at the latest. It balances the interests of both countries as we see the emergence of a sovereign Iraq in full control of its territory.

Provincial elections in just a few days are another sign of progress. The SOFA marks an important step forward in the orderly drawdown of the American presence. It is a watershed, a firm indication that American military involvement in Iraq is winding down.

Even so, I would offer a few words of caution. Though the violence has remained low, there is still the potential for setbacks and there may be hard days ahead for our troops.

As our military presence decreases over time, we should still expect to be involved in Iraq on some level for many years to come, assuming a sovereign Iraq continues to seek our partnership. The stability of Iraq remains crucial to the future of the Middle East, a region that multiple presidents of both political parties have considered vital to the national security of the United States.

As I focused on the wars these past 2 years, I ended up toward the end of last year punting a number of procurement decisions that I believed would be more appropriately handled by my successor and a new administration. As luck would have it, I am now the receiver of those punts, and in this game there are no fair catches.

Chief among the institutional challenges facing the Department is acquisition, broadly speaking how we acquire goods and services and manage the taxpayers' money. There are a host of issues that have led us to where we are, starting with longstanding systemic problems. Entrenched attitudes throughout the government are particularly pronounced in the area of acquisition. A risk-averse culture, a litigious process, parochial interests, excessive and changing requirements, budget churn and instability, and sometimes adversarial relationships within the Department of Defense and between Defense and other parts of the government.

At the same time, acquisition priorities investment changed from Defense secretary to Defense secretary, administration to administration, and Congress to Congress, making any sort of long-term procurement strategy on which we can accurately base costs next to impossible.

Add to all of this the difficulty in bringing in qualified senior acquisition officials. Over the past 8 years, for example, the Department of Defense has operated with an average percentage of vacancies in key acquisition positions ranging from 13 percent in the Army to 43 percent in the Air Force. Thus the situation we face today, where a small set of expensive weapons programs has had repeated and unacceptable problems with requirements, schedule, cost, and performance. The list spans the services.

Since the end of World War II there have been nearly 130 studies on these problems, to little avail. While there is no silver bullet,

I do believe we can make headway, and we have already begun addressing these issues. First, I believe that the fiscal year 2010 budget must make hard choices. Any necessary changes should avoid across the board adjustments, which inefficiently extend all programs. We must have the courage to make hard choices.

We have begun to purchase systems at more efficient rates for the production lines. I believe we can combine budget stability and order rates that take advantage of the economies of scale to lower costs. We will pursue greater quantities of systems that represent the 75 percent solution instead of smaller quantities of 99 percent exquisite systems.

While the military's operations have become very joint and impressively so, budget and procurement decisions remain overwhelmingly service-centric. To address a given risk, we may have to invest more in the future-oriented program of one service and less in that of another, particularly when both programs were conceived with the same threat in mind.

We must freeze requirements on programs at contract award and write contracts that incentivize proper behavior. I feel that many programs that cost more than anticipated are built on an inadequate initial foundation. I believe the Department should seek increased competition, use of prototypes, including competitive prototyping, and ensure technology maturity so that our programs are ready for the next phases of development.

Finally, we must restore the Department's acquisition team. I look forward to working with you and the rest of Congress to establish the necessary consensus on the need to have adequate personnel capacity in all elements of the acquisition process. This is no small task and will require much work in the months ahead.

Which brings me to a few final thoughts. I spent the better part of the last 2 years focused on the wars we are fighting today and making sure that the Pentagon is doing everything possible to ensure that America's fighting men and women are supported in battle and properly cared for when they come home. Efforts to put the bureaucracy on a war footing have in my view revealed underlying flaws in the institutional priorities, cultural preferences, and reward structures of America's defense establishment, a set of institutions largely arranged to plan for future wars, to prepare for a short war, but not to wage a protracted war.

The challenge we face is how well we can institutionalize the irregular capabilities gained and means to support troops in the theater that have been for the most part developed ad hoc and funded outside the base budget. This requires that we close the yawning gap between the way the defense establishment supports current operations and the way it prepares for future conventional threats. Our wartime needs must have a home and enthusiastic constituencies in the regular budgeting and procurement process, while procurement and preparation for conventional scenarios must in turn be driven more by the actual capabilities of potential adversaries and less by what is technologically feasible given unlimited time and resources.

As I mentioned, President Obama will present his budget later this spring. One thing we have known for many months is that the spigot of defense spending that opened on 9-11 is closing. With two

major campaigns ongoing, the economic crisis and resulting budget pressures will force hard choices on this Department.

But for all the difficulties we face, I believe this moment also presents an opportunity, one of those rare chances to match virtue to necessity, to critically and ruthlessly separate appetites from real requirements, those things that are desirable in a perfect world from those things that are truly needed in light of the threats America faces and the missions we are likely to undertake in the years ahead.

As I've said before, we will not be able to do everything, buy everything. And while we have all spoken at length about these issues, I believe now is the time to take action. I promise you that as long as I remain in this post I will focus on creating a unified defense strategy that determines our budget priorities. This, after all, is about more than just dollars. It goes to the heart of our national security.

I will need help from the other stakeholders, from industry and from you, the members of Congress. It is one thing to speak broadly about the need for budget discipline and acquisition reform. It is quite another to make tough choices about specific weapons systems and defense priorities based solely on national interests and then to stick to those decisions over time. The President and I need your help as all of us together do what is best for America as a whole in making those decisions.

I have no illusions that all of this will be solved while I'm at the Pentagon. Indeed, even if I am somewhat successful on the institutional side, the benefits of these changes may not be visible for years. My hope, however, is to draw a line and from here forward make systemic progress to put the Department on a glide path for future success.

I look forward to working with each of you to gain your insight and your recommendations along the way. Once again, I thank you for all you've done to support the Department of Defense and the men and women wearing our Nation's uniform.

I look forward to your questions.

[The prepared statement of Secretary Gates follows:]

Chairman LEVIN. Thank you, Mr. Secretary.

We're going to have a 6-minute round of questions. We have a lot of members here. I don't know that we'll be able to get to a second round. That's going to depend on how quickly the first round goes. But we'll have to limit the first round to 6 minutes.

Mr. Secretary, what is the relationship between the speed of our force drawdown in Iraq and the speed of our force increase in Afghanistan? Let me put it another way more specifically. What is the earliest that a first, second, third, and fourth additional combat brigade can deploy to Afghanistan, and why is this driven by our force rotation strategy in Iraq?

Secretary GATES. Mr. Chairman, at this point I think that we are actually in a position to address most of General McKiernan's requirements in the relatively near future. Should the President make the decision to, the final decision to deploy additional brigades to Afghanistan, we could have two of those brigades there probably by late spring and potentially a third by mid-summer.

Quite honestly, in terms of the remaining requests that he has, the infrastructure requirements that are needed in Afghanistan to be able to support and sustain a force that size would probably make it not possible for us to deploy them before they would be ready in any event later this year.

Chairman LEVIN. Thank you.

The SOFA with Iraq requires that U.S. forces withdraw from Iraqi cities and towns by the end of June. Approximately how many of the 140,000 troops that we have in Iraq are affected by that repositioning requirement?

Secretary GATES. I don't know the answer to that, Mr. Chairman. I'll get it for you.

Chairman LEVIN. Mr. Secretary, last month, December 9th, I sent you two letters regarding proposed contracts that seem to pave the way for a significant increase in the use of private security contractors in Afghanistan. I expressed concern in those letters about these steps and I laid out a number of those concerns: the extent to which the use of deadly force to protect government facilities and personnel should be an inherently governmental function that should not be performed by contractors; the requirement for proper oversight and supervision of private security contractors; what are the rules applicable under the law of war to private security contractors who exercise deadly force?

I urged you not to enter those contracts until those questions and other questions had been resolved. I haven't received an answer yet to those letters, but let me ask some of the questions here this morning.

Do you intend to conduct the requested review of the appropriate use of private security contractors in a battlefield situation before those contracts are entered into?

Secretary GATES. We will probably be doing them simultaneously, Mr. Chairman. We have the need for these protective capabilities in Afghanistan. They guard convoys, they guard some of our facilities. Frankly, until we can get additional U.S. troops into Afghanistan these capabilities are necessary. We are creating the supervisory structure in Iraq that we developed over the course of the last year—I'm sorry, in Afghanistan, that we developed over the course of the last year or so, in Iraq to ensure that the commander on the field sets the guidelines and the rules for the employment of these security forces.

I would say that, of all the security forces, contract security forces in Afghanistan at this point, I think only nine are U.S. citizens. The rest or almost all the rest are Afghans.

Chairman LEVIN. If we could get quick answers to those letters of mine, I'd appreciate it.

The Wall Street Journal reported this morning that the U.S. military has come into conflict with private security companies in Afghanistan, Afghan-hired companies, on a number of occasions. According to the article, these private security companies have generally been hired either by Afghan authorities or by private companies, and that some of the employees may actually be taking orders from Taliban forces.

How serious a problem do you think this is?

Secretary GATES. This is the first I've heard of it, Mr. Chairman. Let me check into it.

Chairman LEVIN. Thank you.

Last week the population foreign ministry issued a statement calling U.S. missile strikes on population territory counter-productive and requesting that they be discontinued. What's your reaction to that?

Secretary GATES. I think that the strikes that are being undertaken are—well, let me just say both President Bush and President Obama have made clear that we will go after Al Qaeda wherever Al Qaeda is, and we will continue to pursue that.

Chairman LEVIN. Has that decision been transmitted to the Pakistan government?

Secretary GATES. Yes, sir.

Chairman LEVIN. Secretary Gates, some time ago, I think it was end of '07, you had discussions with your Russian counterpart on proposals for missile defense cooperation, at least the possibilities of that cooperation, and certain proposals were formulated with the assistance of your Department, that were then presented to Russia.

Would you support further exploration with the Russians of a possible cooperative arrangement in the area of missile defense?

Secretary GATES. Sure. I think that there's real potential there. I've outlined it to, first to President Putin and subsequently to President Medvedev. I think there are some real opportunities here. Russia is clearly not the target of our missile defense endeavors. Iran is. We have a mutual concern there. I think the Russians have an unrealistic view of the time line when an Iranian missile with the range to attack much of Russia and much of Europe will be available. But I am very open to the idea of pursuing further cooperation on missile defense with Russia.

Chairman LEVIN. And is that also the position of the Obama administration as far as you know?

Secretary GATES. Frankly, the subject has not been discussed as far as I know. I expect it'll be on the agenda here pretty soon.

Chairman LEVIN. I had a very brief discussion with the Secretary, the new Secretary of State, on this subject and I think her thoughts are very similar to yours, and I think that's good news.

Senator McCain.

Senator MCCAIN. Thank you, Mr. Chairman.

Mr. Secretary, how large do you believe the Afghan National Army should be?

Secretary GATES. Well, we have, working with the Afghans, have just agreed to an increase in the size of the Afghan army from a nominal 80,000 to 134,000. I'm not sure that even that number will be large enough, but I believe that our highest priority needs to be increasing the size of that army and training, and that army. I think we have money in the budget, in the budget submissions that we have made, that would help us accelerate that growth.

Senator MCCAIN. That's a vital ingredient in any comprehensive strategy for success in Afghanistan, a dramatically increased Afghan army.

Secretary GATES. I couldn't agree more, Senator McCain.

I think that, as I've told our European allies, ultimately a strong Afghan National Army and a capable, reasonably honest Afghan National Police represents the exit ticket for all of us.

Senator MCCAIN. Do you agree with the facts on the ground that in Helmand Province and Kandahar the Taliban basically operates fairly freely?

Secretary GATES. I must confess, Senator, that I get different readings on the freedom of action that they have and the success that they have between analysts here in Washington and what I hear when I go into the field. When I visited Kandahar late last year, all of the commanders in RC-South told me: The situation here is no worse; it's just different.

And I'm not quite sure entirely what that means, but I believe that the relatively open border that the chairman talked about and the ability of not just the Taliban, but other insurgent groups, to cross that border easily have created an environment in which the Taliban have greater freedom of action than they've had in the last couple of years.

Senator MCCAIN. I think it's indicated by the charts that map out the increases in attacks, particularly along the Ring Road, the Taliban attacks have been significantly increased, particularly over the last 2 or 3 years. Do you have any evidence that there are more or fewer Iranian-made weapons or EFP components going into Iraq?

Secretary GATES. My impression from the intelligence that I have seen is that there is some modest increase, but overall the number of Iranian weapons going into Afghanistan remains at a relatively small level.

Senator MCCAIN. What can you tell us about Iranian involvement in Afghanistan?

Secretary GATES. I think the Iranians are trying to have it both ways, to cultivate a close relationship with Afghanistan and the Afghan government for both political and economic reasons and at the same time impose the highest possible costs on ourselves and on our coalition partners.

Senator MCCAIN. How serious is the issue of corruption in the Afghan government and society?

Secretary GATES. It is a very serious problem.

Senator MCCAIN. It reaches the highest levels of government?

Secretary GATES. I don't know about the highest levels of government, but it certainly reaches into high levels of government.

Senator MCCAIN. We won't be able—

Secretary GATES. But it actually is as much the pervasiveness as it is the level of officials that are involved in the corruption that I think is a concern.

Senator MCCAIN. We agree we won't be able to achieve our goals in Afghanistan without addressing the drug problem?

Secretary GATES. I think that's right, and I think that that was one of the reasons why at the defense ministerial last December Minister Wardak on behalf of the Afghan government requested NATO's help in going after the drug lords and the rules of engagement for those NATO nations willing to participate said that where there's a link between drug lords and drug labs and support for the Taliban that their troops were authorized to go after them both.

Senator MCCAIN. Thank you.

Do you have all the legislative authorities you require to go after the drug labs and the drug lords in Afghanistan?

Secretary GATES. We have changed our own rules of engagement just in recent weeks to try and make sure that our commanders have that authority. I think we ought to let it play out for a few months and if we find that we need legislative help we'll be right up here asking for it.

Senator MCCAIN. Do you believe we can count on the Afghan central government to seriously address the drug problem during the upcoming election period?

Secretary GATES. Probably not.

Senator MCCAIN. Is it going to take some pretty careful balancing of withdrawals from Iraq and at the same time a buildup in Afghanistan to prevent a very difficult stress on our combat troops?

Secretary GATES. It does require a careful balancing, but I think we are on the right path. The estimates that I've been given are that by the end of fiscal year '09 we should be in a position where our brigade combat teams have a year deployed and 15 months at home, in fiscal year 2010 a year deployed, 2 years at home, and by fiscal year 2011 a year deployed, 30 months at home.

So I think we're on the right track. The next few months will continue to be hard. The last units that have the 15-month deployments will be coming home I think by late spring or early summer.

Senator MCCAIN. I thank you very much, Mr. Secretary.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator McCain.

Senator Lieberman.

Senator LIEBERMAN. Thanks, Mr. Chairman.

Thank you, Secretary Gates. Welcome back. Thanks for coming back.

I'd like to begin with a few questions about Iraq. I appreciate what you said in your opening statement, that we've taken important steps forward in the orderly drawdown of the American presence, that American military involvement is winding down. Even so, words of caution. There's still the potential for setbacks. This is not an irreversible situation.

I know that last week President Obama convened the National Security Advisers and there was discussion about the pace of withdrawal. I gather that you have been charged, and our military leaders, to consider various options for withdrawal from Iraq. Could you describe those to the committee?

Secretary GATES. Well, I would just say that there is—we are working on a range of options for the President that range from a withdrawal of—essentially, a completion of the work of the brigade combat teams and a translation to an assist and advisory role, beginning in 16 months and then at various intervals proceeding further forward from that. And we're drawing those out for him along with the risks attendant to each.

Senator LIEBERMAN. So my interpretation of that is that the plans would go from the 16 months where there would be no combat forces left in Iraq and that the outer point would be the end of 2011, which was the end of the SOFA?

Secretary GATES. Yes, we're looking at all of those.

Senator LIEBERMAN. Earlier on a lot of us on this committee urged you and others to give a lot of attention and respect with regard to decisions of action in Iraq to the commanders on the ground. I assume, but I wanted to ask you, that General Odierno will have a significant part of the discussion of the various options for withdrawal from Iraq?

Secretary GATES. Senator, it's been my approach since I took this job that on all these major decisions I believe it is important for the President to hear directly from his senior military commanders. So in every one of these decisions I have structured a process so that the President hear's from the ground commander, who would be General Odierno, the CENTCOM commander, General Petraeus in this case, and the Joint Chiefs of Staff, and then from the Chairman and myself.

President Obama has agreed to that same kind of approach.

I think you've read in the newspapers he's coming over to the Pentagon tomorrow to meet with the Chiefs. So I believe the President will have had every opportunity to hear quite directly from his commanders about what they can accomplish and what the attendant risks are under different options.

Senator LIEBERMAN. That's very reassuring. I thank you for that.

Let me ask a quick question or two about Afghanistan. Clearly one of the lessons we all learned, as your testimony indicates this morning, is that there's no purely military solution to these kinds of conflicts, Iraq or Afghanistan, and one of the great prefaces to our success in Iraq was the development of a nationwide civil-military plan. It's my impression last time I was to Afghanistan, twice last year, that there still is no nationwide joint civil-military plan in Afghanistan. Am I right about that, and if so why, and when can we expect one?

Secretary GATES. Well, I think that part of the problem that we face in Afghanistan is also a reflection of our success. That is the number of partners that we have. As I mentioned in my testimony, we have 40-some countries, the UN, the EU, NATO, hundreds of NGOs. So there are a lot of people trying to help Afghanistan come out right. But figuring out how to coordinate all of that and then how to coordinate it with the military operations is a very complex business, and I think a lot of the reviews that have been going on toward the end of the last administration and now under this administration is to figure out how do we get at that problem.

Our hope had been that—and I must say still has to be—that the UN Senior Special Representative, Ambassador Kai Eide, is perhaps in the best position to do this and finally, after long delays, he has begun to get both the financial and human resources from the UN that would enable him to do this.

We're also trying an experiment in RC-South where all of the Nations who are participating in the security operations in RC-South have committed to build a civil-military cell in the headquarters of RC-South that would have civilian representatives from each of our governments, where there could be better coordination of the civilian-military operations.

So I think we're going to have to experiment with some of these things. But unlike in Iraq, where we basically, Ambassador Crock-

er and General Petraeus, were essentially able to put together an integrated strategy because we were basically doing most of the work, the situation is much more complex in Afghanistan.

Senator LIEBERMAN. But you would say that ideally we should be moving toward a unified and joint civil-military plan for the whole country in Afghanistan?

Secretary GATES. Absolutely.

Senator LIEBERMAN. A final question, very different. We're obviously focused very much on an economic stimulus program here in Congress now. We're looking directly at infrastructure spending around the country because it's so-called shovel-ready and it creates jobs and moves throughout the economy. There has been some discussion about whether some defense projects might also fit into that. The standard that President Obama, the standards that he has laid out, create jobs and be quick to go into the economy and be consistent with national goals.

I'm thinking—wondering how you feel about that. I'm not thinking about getting into controversial programs, but things we're going to have to spend money on anyway over the next 5, 6, 7 years. Should we be thinking about accelerating investments in those programs now?

Secretary GATES. We were asked to make a submission to the White House of programs that fell within the guideline of being able to be started within a matter of months. We have given them some suggestions in terms of military hospitals, clinics, barracks, some child care centers, and things like that, where we think the work could begin right away or is already under way and could be accelerated.

Senator LIEBERMAN. Well, I appreciate that. I hope that we on the Senate side—I know in the House the number of military projects in the stimulus is small relative to the size of the package, and I hope we'll take another look at your list and see if we can add some more.

Thank you very much.

Chairman LEVIN. Thank you, Senator Lieberman.

Senator Inhofe.

Senator INHOFE. Thank you, Mr. Chairman.

To maximize my time, let me just ask unanimous consent that the very kind remarks I made about Secretary Gates at the time of his departure be made a part of the record today.

Chairman LEVIN. Without objection.

[The information previously referred to follows:]

[COMMITTEE INSERT]

Senator INHOFE. Secretary Gates, last July you had—I never quite understood the position that you were taking relative to increasing the State Department's authority and perhaps their budget in terms of things that are quasi-military. Do you have any thoughts on that that you'd like to share with us for clarification?

The reason I ask that, there are some programs I feel very strong about, strongly about, such as the IMET program, which was at one time a program that had certain requirements.

The idea was we're doing these countries a favor by training their people, which I think they're doing us a favor, and then the

expansion of the 1206, 1207, 1208 train and equip, that these should remain as DOD-run programs.

Secretary GATES. I continue to agree with that. I think that those—I think they should be funded through the Department of Defense. 1206 is basically—well, is basically a dual-key program, where nothing goes forward without the support of the Department of State, the Secretary of State. We've done a lot of good things with that program in Lebanon, Malaysia, Indonesia, the Philippines, and elsewhere.

1207 is more an initiative for the State Department, but where the funding is in the Defense Department and we work cooperatively with the State Department in implementing those programs. Of course, 1208 has to do with Special Forces and training.

So I think these are all very important programs and I think that the approach that has been taken heretofore in the way they've been managed is the way they ought to continue to be managed.

Senator INHOFE. That's good.

I've been concerned, as all of us have been up here, with some of our ground capabilities, where we have the Abrams and we have the Bradley Vehicle, the Paladin, the Stryker, all on different chassis and all of that. And then along came FCS, and I think that there has been a lot of discussion. It is on track right now where we will have all of these systems with the same common chassis. It seems to be working pretty well right now.

Do you maintain your commitment? I know tough decisions have to be made, but I'd like to know where you would rank the Future Combat System in your priorities?

Secretary GATES. Well, one of the useful things that I think the Army did last summer or fall was to reexamine the Future Combat Systems and see what capabilities being developed in FCS could be accelerated and spun out for the use of forces in the field today. I have seen some of those capabilities down at Fort Bliss.

I think that in terms of the longer lead time items, along with the—along with many other large-scale weapons systems, we're going to have to take a close look at it and take a look at the other elements of FCS, as we do the major programs of the other services, see what can be made available, what is useful in this spectrum of conflict from what I would call hybrid complex wars to those of counterinsurgency, where you may encounter high-end capabilities that have been sold to some of our adversaries by near-peers, but they are in use in a conflict such as we face in Afghanistan or in Iraq or perhaps elsewhere.

So I think all these things are going to have to be looked at. I don't think anything's off the table at this point.

Senator INHOFE. I've appreciated some of the comments that General Chiarelli has made concerning this. An area that has not been brought up yet that I have a particular interest in is AFRICOM. Of course, we worked through several years of the continent of Africa being under the Pacific Command, the Central Command, and EUROCOM. Now we have our own AFRICOM, which I think is long overdue, but I'm glad we do.

However, I'm concerned with all the problems that are there, that with the squeeze of terrorism in the Middle East and a lot of

it going down through Djibouti and the Horn of Africa, that there are serious problems there. Everyone talks about the Sudan, they're familiar with that, but there are other problems like Joseph Kony and the LRA and what's happening with Mugabe down there.

My concern with AFRICOM is it doesn't seem as if they have the resources that they need. I know there's a lot of competition for these resources. General Ward is doing a great job, General Wald before him was, and of course Admiral Mueller is right in the middle of this. I would like to ask you to maybe have your people evaluate the potential there in AFRICOM and then see what kind of resources they need.

Right now I know that they don't even have an airplane down there to get back and forth. A lot of us had thought that the headquarters should have been in Ethiopia or someplace on the continent. However there's resistance down there to that.

So do you have any thoughts about AFRICOM and about their lack of resources and how we might address that?

Secretary GATES. Well, it's a reality that we're having to deal with. I would say this, though. As we have tried to help African countries understand what we have in mind with AFRICOM and the role that we would like for it to play in terms of helping them create more democratically oriented, better trained internal security and military forces and train them for peacekeeping, train them to deal with humanitarian missions, and so forth, clearly our eagerness to present a military face in terms of civil conflicts or conflicts between states down there has been important.

Now, when it comes to Al Qaeda I think General Ward does have the resources that he needs in the Horn of Africa and elsewhere. But this is something that we will have to continue to look at.

I would say with respect to the headquarters, I made the decision to leave the headquarters in Europe for the time, for a 3-year period, because it seems to me what's key for AFRICOM now is building relationships in Africa, and in 3 years we may have a better idea or the kind of relationship with other countries that will allow us to move the headquarters of AFRICOM to Afghan, to be on the continent. I don't think that's possible right now and so I didn't want to make a permanent decision about moving the headquarters back to the United States.

Senator INHOFE. I think you did the right thing and I appreciate that. But frankly, when you talk to Museveni and some of the presidents of these countries, they think it would better function down there, but they can't sell it to their own people. So that is where we are now.

My time has expired, but I hope you got the message I left at your office that, while there are a lot of us on this panel, and the President has talked about the closing of Gitmo, some of us don't think that's a good idea and we want to at least be heard as well as the other side.

Thank you very much, Mr. Chairman.

Chairman LEVIN. Thank you, Senator Inhofe.

Senator REED.

Senator REED. Thank you, Mr. Chairman.

First, Mr. Secretary, let me join my colleagues in thanking you for your continued selfless service to the Nation and the men and

women who wear the uniform of the United States, and extend that appreciation to your family, who in a very real sense serve with you. This is a singular act of patriotism.

We have many challenges and you have many challenges. With respect to the transfer of resources from Iraq to Afghanistan, it seems that it's not just a question of numbers of troops, but it's also a question of the types of forces—engineers, civil affairs, military police, those enablers that really increase your effectiveness on the ground, and particularly equipment like UAVs, which might in fact go a long way to help the situation there, rotary aircraft.

Is there any thought of not just sheer numbers, but increasing specialized units, increasing the number of UAVs, special requests for that?

Secretary GATES. We have pretty dramatically increased the number of ISR platforms, intelligence, surveillance, and reconnaissance platforms, in Afghanistan over the past 6 or 8 months. We are now in the process of standing up an Afghan equivalent to Task Force Odin that in Iraq enjoyed considerable success in locating IEDs and people planting IEDs. We're establishing that kind of capability. It began last month to stand up in Afghanistan, particularly focusing on the Ring Road.

The question you raise really is the more difficult question raised by the chairman in his question in terms of the tradeoffs. The tradeoff difficulty has been less actually at the brigade combat teams and the Marine regiments than it has been the enablers, the rotary lift capability, ISR, engineers, and so on. That's where we've been working very hard in terms of what can we afford to move from Iraq to Afghanistan or re-mission instead of going to Iraq to go to Afghanistan.

Frankly, I think this is for the Joint Forces Command and the folks on the Joint Staff, this has been the biggest challenge about strengthening our forces in Afghanistan, is really where to get these enablers to ensure that the troops have what they need.

An aspect of this, for example, that I'm wrestling with right now. Philosophically or in terms of the regulations or however you want to put it, we have a different standard for medevac in Afghanistan than we do in Iraq. In Iraq our goal is to have a wounded soldier in a hospital in an hour. It's closer to 2 hours in Afghanistan. So what we've been working on the last few weeks is how do we get that medevac standard in Afghanistan down to where, to that golden hour, in Afghanistan.

Where our forces are thicker, in RC-South and RC-East, that's probably more manageable than in the more scattered areas of the north and west. But it's an example of the kind of enablers and the kinds of support capabilities where we're having to make some tough choices.

Senator REED. There's another aspect. There are so many with respect to Afghanistan. But when there are incidents in combat actions with collateral casualties, disputes about whether they're civilians or whether they're just combatants, I think having more of these type of enablers, particularly the intelligence platforms, the UAVs, might minimize that. Is that something that you've considered?

Secretary GATES. I think it would help. The truth of the matter is I think 40 percent of the air missions that are called in are called in by our allies, because they don't have enough forces there. So this is not strictly an American problem, if you will.

But I will tell you that I believe that the civilian casualties are doing us enormous harm in Afghanistan, and we have got to do better in terms of avoiding casualties. And I say that knowing full well that the Taliban mingle among the people, use them as barriers. But when we go ahead and attack, we play right into their hands. We have got to figure out a better way to do these things or to have the Afghans in the lead, because my worry is that the Afghans come to see us as part of their problem rather than part of their solution, and then we are lost.

Senator REED. Mr. Secretary, you stress continuously that this is an inter-agency effort, that military action will buy time, but without effective economic development, political institution capacity-building, all of those factors, the it will be a very difficult challenge ahead. Can we expect legislative proposals and budget proposals to truly energize other Federal agencies, the Department of Justice, Department of Agriculture, etcetera? Are you and your colleagues in the Cabinet working on that?

Secretary GATES. I have not yet had the opportunity to sit down with Secretary Clinton and the others, but my impression is that the Department of State is in fact going to have some proposals that will be made a part of the fiscal year—the remaining part of the fiscal year 2009 supplemental.

Senator REED. Again, thank you for your service, Mr. Secretary. Thank you.

Chairman LEVIN. Thank you, Senator Reed.

Senator Chambliss.

Senator CHAMBLISS. Thank you, Mr. Chairman.

Secretary Gates, I was participating in one of my favorite pastimes the other day, which is watching college basketball, and I happened to be watching Texas and Texas A&M, and you flashed through my mind and that you could have been sitting there watching that basketball game instead of coming out of the private sector and serving your country again, and for that we are all grateful.

Senator CHAMBLISS. Probably a lot less stress here, Senator. [Laughter.]

Senator CHAMBLISS. They were wearing you out pretty good. Your Aggies were struggling.

I could spend all my time talking to you about the F-22, but you and I have been down this road over the last couple of years and I know these hard choices that you're talking about directly implicate that program, as well as the C-17, the tanker program, and others. I know also that senior Air Force officials are going to be briefing you on these programs and their recommendations over the next couple of weeks.

So I'm not going to dwell on that, except to say, along the lines of what Senator Lieberman alluded to, and that is from a stimulus standpoint. We are wrestling with an issue that's entirely outside the Pentagon relative to stimulating this economy. But if you take any one of these programs—and I just cite the F-22 program as an

example. If we shut down that line, we're talking about the loss of 95,000 jobs on top of the other woes that we are looking at in the economy right now.

While there were a number of folks during the campaign who talked about reduction in the defense budget, I would argue very strongly for the opposite, that if we truly want to stimulate the economy there is no better place to do it than in defense spending. When you look at the specific programs that are in place, you're talking about not only maintaining jobs, but increasing jobs. As we look at, whether it's 16 months, 22 months or whatever, coming out of Iraq, there are going to be issues relative to what sort of equipment you leave there versus what you bring back. You've got reset costs versus acquisition costs.

So I think there are any number of factors that I hope you will discuss in great detail with the President as you talk about not only what we're going to do from an acquisition standpoint, but from a stimulus standpoint when it comes to truly stimulating our economy.

I want to go back to something also that Senator McCain mentioned, and that is the Guantanamo issue. I am very skeptical of what's going to happen down there. I don't have a lot of confidence that the Europeans and other countries are going to step up and take these hardened killers that we know that are there. In addition to that, there's a whole separate issue that he alluded to somewhat and that's the issue relative to Bagram. I don't know whether we have any prisoners still at Baqubah or not, but we've got thousands of prisoners in Iraq today that are not in Guantanamo, that something has got to be done with.

What is the thinking of this administration, entirely separate from Guantanamo, as to what we intend to do with those prisoners?

Secretary GATES. Well, to take Iraq as an example, we have released probably on the order of 16 or 17,000 detainees over the course of the past year or so. Of course, those detainees under the SOFA, those that remain will fall under the jurisdiction of the Iraqi government pretty shortly, and we're working out procedures to do that.

I'm heartened—in terms of the Afghan experience, we've returned probably 500 prisoners overall to Afghanistan from Guantanamo. The Afghans have put I think 200 of those on trial and have a conviction rate of about 80 percent. So I think that we will continue to work with the Afghan government in this respect. But we certainly continue to hold detainees at Bagram. We have about 615 there, I think something on that ballpark.

Senator CHAMBLISS. How many of those that have been either turned back to Afghanistan and not tried or have been found not guilty that we know have returned to the battlefield?

Secretary GATES. I don't know the number for Afghanistan. The recidivism numbers that I've been told until recently from Guantanamo have been on the order of about 4 or 5 percent, but there's been an uptick in that just over the last few months.

Senator CHAMBLISS. May I ask you about Afghanistan. It's really a two-part question. I have real concerns about Afghanistan from a different perspective than Iraq. In Iraq at least we've got the po-

tential for their economy to be rejuvenated and I think it is being rejuvenated, primarily because of the natural resources that they have, versus Afghanistan where we don't have anything like that.

But unless we get their economy going again, it simply is going to take a much longer period of time to ever hopefully see some sort of peaceful Afghanistan. What is your thought relative to the U.S. participation in stimulating that economy?

Second, there was a quote made by John Hutton, Britain's defense secretary, the other day where he criticized members of NATO. He said they were "freeloading on the back of U.S. military security." Do you think our NATO allies are doing enough, and if not what do we need to be pushing them on?

Secretary GATES. I think that there are three areas where our allies need to do more. I think that there is a need for them to provide more caveat-free forces. I think that there is a need for them to provide more civilian support in terms of training and civil society. I also think they need to step up to the plate in helping to defray the costs of expanding the Afghan army. That cost is going to be probably \$3 or \$4 billion in the first year or two, steady state somewhere around \$2.5 billion. Total Afghan national government income this past year was probably \$800 million.

So this country is going to—as Senator McCain said, this is going to be a long slog. Frankly, my view is that we need to be very careful about the nature of the goals we set for ourselves in Afghanistan. My own personal view is that our primary goal is to prevent Afghanistan from being used as a base for terrorists and extremists to attack the United States and our allies. Whatever else we need to do flows from that objective. Afghanistan is the third or fourth poorest country in the world and if we set ourselves the objective of creating some sort of Central Asian Valhalla over there, we will lose because nobody in the world has that kind of time, patience, or money, to be honest.

Now, we can help the Afghans. They are good farmers. They do need a lot of technical help to modernize the way they go about things. They have some minerals. So there is an economy there to be developed. But it seems to me that we need to keep our objectives realistic and limited in Afghanistan. Otherwise we will set ourselves up for failure.

Senator CHAMBLISS. Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator Chambliss.

Senator Akaka.

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

Mr. Secretary, I want to add my welcome and gratitude to you for your leadership of our armed forces and look forward to working with you. My questions are not about Iraq and Afghanistan, but more about the troops. As a strong advocate for the readiness and quality of life for troops and their families, I recognize that the ability of the armed forces to attract and retain quality personnel to the future depends on how we meet the needs of those serving today.

In 2008 Congress approved the Veterans Educational Assistance Act of 2008, which is known as the 21st Century GI Bill. This bill provides enhanced educational benefits for veterans and service members who have served in our armed forces after September 11,

2001. Secretary Gates, the 21st Century GI Bill grants authority for service members to meet certain criteria to transfer unused educational benefits to family members.

What progress has DOD made with the Department of Veterans Affairs in establishing policy to implement this critical part of this bill across the services?

Secretary GATES. First of all, Senator Akaka, let me say, with a nod to Senator Webb, I think that the bill as it finally was passed really hit the sweet spot. Obviously, the economy is helping us in recruitment over the last number of months, but the surveys we've taken indicate that the enhanced educational benefits have contributed to a greater willingness to enlist and to enter the armed forces.

But the transferability provision that you just cited is also an incentive in terms of retention, in terms of people seeing this as an opportunity for their spouses or their children. My understanding—I'm not exactly familiar, and we can get you a precise answer, but my understanding is that the provisions—that the transferability provisions are set to be put into practice this fall, that the procedures are being worked out right now and that the first availability of that transferability provision would be this fall.

Senator AKAKA. Yes, and we're looking forward to that taking place in August.

Secretary, in May 2007, as a result of problems identified at Walter Reed Army Medical Center, you and the Secretary of Veterans Affairs established the Senior Oversight Committee to address the concerns of the treatment of wounded and ill and injured members of the armed services. Based upon concerns about sustaining these efforts, the 2009 Defense Authorization Act directed the Departments to continue the SOC's activities until December 2009.

I'm concerned that in the waning days of the Bush Administration the effort to achieve a united effort on behalf of the wounded warriors became fragmented due to interdepartmental differences on how best to organize the SOC.

As a result of DOD's reorganization, VA now has to coordinate its efforts through multiple offices within DOD.

I greatly value the efforts of SOC. Secretary Gates, do you have your commitment to work with Secretary Shinseki to get things back on track?

Secretary GATES. Yes, sir, Senator. In fact, I attended Secretary Shinseki's swearing in and it was the first time we'd had a chance to talk since he had been nominated and confirmed. I told him at his swearing in that we needed to get the SOC back up, running. And I told him that one of my worries, as is often the case with the bureaucracy, this thing has been going now for a year or a year and a half and it's done some amazing things, but if you take away the energy and the pressure from the top these things tend to get bureaucratic and institutionalized again and the energy goes out of continuing to make changes.

So we've just expanded the pilot program in terms of trying to cut the time down on the disability evaluation system. That's now expanded out of this metropolitan area into a number of other areas. So I think it's important to keep the energy going and the creativity in addressing the recommendations with respect to

wounded warriors, and Secretary Shinseki and I are in total agreement that this special operations committee be continued.

Senator AKAKA. I would like to ask you, Mr. Secretary, if you would get back to me in 30 days to let me know how you are proceeding on that policy.

Secretary GATES. Sure.

Senator AKAKA. Secretary, our military has experienced strains after nearly 7 years of warfare. It is imperative that we support our forward deployed forces engaged in current operations, but we must not overlook other important developments in the international system. In your opening statement you address China's military modernization. China's continued investment in its military transformation has grown and the balance of power in Asia and the Pacific region has changed. In March 2007 Beijing announced a 19.47 percent increase in its military budget.

In light of China's continuing military modernization efforts, do you believe that the U.S. forces in the Pacific Command are properly equipped to address any possible future threats related to China's modernization, particularly with regards to Pacific Command's forward basing strategic needs?

Secretary GATES. Yes, sir. I think that we need to complete the relocation programs with respect to Guam and Okinawa, as well as in South Korea. But I think with those, with the forward deployment of the George Washington to Japan, I think they are—I think that the U.S. forces, both Navy and Air Force in particular, are well positioned.

We have a number of programs under way in development that are intended to counter some of the Chinese technological advances that have the potential to put our carriers at risk, and I think we're making good progress on those and I think we have the capability in place to be able to deal with any foreseeable Chinese threat for some time to come. correct

Senator AKAKA. Thank you very much, Mr. Secretary.

Thank you, chairman.

Chairman LEVIN. Thank you, Senator Akaka.

Senator Thune.

Senator THUNE. Thank you, Mr. Chairman.

Thank you, Mr. Secretary, for your willingness to continue on and to serve in this very important role. Many of us I think when the President was filling out his Cabinet were very pleased when he announced that he was going to ask you to continue, and even more pleased to hear that you would agree to do that. So I thank, as my other colleagues have said, your family as well for their continued sacrifice and service to our country.

I want to address briefly an issue which is of great concern to me and I think should be an issue of concern to all Americans, and that is the very dangerous overdependence that we have on foreign energy. In my view that is a national security issue. We transfer over half a trillion dollars a year to foreign countries to purchase oil.

Of course, the military is one of the biggest purchasers of fuel. The Air Force alone in 2007 spent \$5.6 billion for aviation fuel. As you well know, increased oil prices in the past couple of years have had a directly—a very negative effect on Air Force readiness.

One of the things that the Air Force is doing—last month Air Force Secretary Donnelly had signed an Air Force energy program policy memorandum establishing the goals of certifying the entire Air Force fleet to use a synthetic fuel blend by the year 2011 and to acquire 50 percent of the Air Force’s domestic aviation fuel requirement via an alternative fuel blend by the year 2016.

I guess my question is, do you think that the Air Force’s energy initiative regarding synthetic and alternative fuels is something that should be considered for Department-wide implementation?

Secretary GATES. Yes, and in fact one of the transition papers that was prepared for my successor had to do with a consolidation of oversight within the Department of Defense on energy-related issues that would enable—we have many individual programs in the Department of Defense oriented toward energy conservation and toward alternative fuels. But there is no one place where it all comes together for oversight or for the sharing of ideas and the sharing of technologies and so on.

I think that, if I’m not mistaken, there is a position provided for in the Department at a fairly senior level to do this, and it would be my intention to fill that position to accomplish what you just suggested, but with a broader mandate than that.

Senator THUNE. One of the things that I think would help achieve that objective and something that I have supported and tried to get included in the defense authorization bill up here is an initiative that would allow for greater private sector investment in synthetic fuel production, which would increase multi-year procurement authority for the Department.

One of the things that we believe would incentivize private sector development and production of synthetic fuels is knowing that they would have a multi-year authority through the Department to actually enter into contracts that would give them some certainty about the future.

I guess my question is is that something that you could see the Department supporting?

Senator THUNE. I think that there are some real opportunities for partnerships with the private sector. What you’ve mentioned is one. Another that I encountered at the Red River Depot is one. Most of the vehicles that come back from Iraq come back with their petroleum supply, petroleum already—still in them, the oil, diesel, and so on. That material used to be—we had to pay to have that material discarded. We entered into a contract with a private company and we now sell that material to a private company that refines that material and sells it on the open market. So all of this in the past waste POL is now being converted back to useful fuels, and at the same time we get paid for providing it.

So I think there are a lot of opportunities like this.

Senator THUNE. I think the multi-year procurement authority is one initiative that would help accomplish some of the things you are talking about doing, and we would like to work with you toward that.

Mr. Secretary, you mentioned in a recent article that our ability to strike from over the horizon will be at a premium and will require a shift “from short-range to longer-range systems, such as the Next Generation Bomber.” In your opinion, how will the Next Gen-

eration Bomber fit into our national defense strategy and what steps do you see the Department taking to ensure that that Next Generation Bomber achieves initial operational capability by the stated goal of 2018?

Secretary GATES. Well, first of all, I would say that I think that I made that speech at a time when the economic outlook was rather different than it is now and the prospects for the defense budget perhaps differed accordingly. I think we have to look at all of the aspects of our strategic posture. I think that the role of a Next Generation Bomber along with some of the other systems that we've been talking about clearly have to be a focus of the Quadrennial Defense Review. It is my intent to launch that next month and to do so in an accelerated way so that it can, if not shape the fiscal year 2010 budget, have a dramatic impact on the fiscal year 2011 budget. And the bomber would be looked at in that context.

Senator THUNE. I want to follow up on a question that Senator Lieberman asked you earlier about the stimulus and ask you if you have any unfunded requirements related to reset that should be included in the pending economic recover package?

Secretary GATES. I would say that I think we do not. If the requests that we have put in in the context of the remaining fiscal year 2009 budget supplemental are attended to, I think that the reset requirements that we have currently are taken care of.

Senator THUNE. Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator Thune.

Senator THUNE. Thank you, Mr. Secretary.

Chairman LEVIN. Senator Webb.

Senator WEBB. Thank you, Mr. Chairman.

Secretary Gates, I want to say how great it has been over the last year or two to hear and read so much that you have said and so many of your thoughts about where we need to proceed forward as a Nation in terms of our foreign policy. I think your sensible and informed views have really helped calm down a lot of the debate here in this country.

I think again your statement today, your realistic views of how we need to proceed forward with Russia, I think are very welcome in this debate. I'm not quite as optimistic as you are about China. I'm probably as hopeful as you are about China, but, having watched that situation for many years and just having returned from a fairly extensive trip to East Asia, I hope we can have a discussion on that at some point.

With respect to Afghanistan, I'm looking forward to hearing the views of the special emissary that the President just created. For the purposes of the DOD, I certainly would hope that we don't at this point let our operational policy get ahead of a clearly enunciated strategy, which I think was one of the big pratfalls in going into Iraq.

But principally today I would like to comment on the last portion of your statement, which I haven't heard anybody mention, and I think it was a vitally important commitment that you have just made, that you are going to get into the procurement side of the Department of Defense and the management side. I spent, as you know, 5 years in the Pentagon, 4 of them working under the leadership and with Cap Weinberger. I think the job that you have is

beyond cavil the hardest job in the Executive Branch except for the President himself—every day working on three different budgets: implementing one, arguing one, developing one.

The Pentagon is in my view really in need of that kind of tightening of the process that I think pretty much got out of control after 9–11. We need to see more discipline and more leadership and a clearer articulation of the priorities of where this money is going and why. You can look at the Department of the Navy as I think a classic example of how these problems have evolved.

You'll recall last year you and I exchanged correspondence about this question I had with the Blackwater contract out in San Diego. In that process I discovered that a relatively low-level official in the Department of the Navy had the authority to let a \$78 million contract, contracts of \$78 million or below, without even having the review at the Secretary of the Navy level, much less DOD level.

We have the Navy coming over here telling us in the '09 budget that they have a \$4.6 billion decrement in unfunded requirements—requirements, not priorities. They are trying to build their fleet up to 313 ships. They're now at 282, which is half, almost exactly half, the size of the Navy when I was Secretary of the Navy. The procurement programs in Naval air are in total disarray, as are the shipbuilding programs. They have \$450 million in critical maintenance that's unfunded.

And then they turn around and say they want to spend a billion dollars putting a nuclear aircraft carrier down in Mayport, Florida. We haven't needed that since 1961. No one's asked about that since 1961. We got a commitment from the individual who, if confirmed, will be your deputy that this will be reviewed at the OSD level. But it's just a classic example to me of how this process has gotten so out of control that we're not focusing on the areas that can truly help the country, like rebuilding the fleet and putting aircraft out there into the squadrons, and getting sidetracked.

I would also like your thoughts on reviewing the notion of civilian contractors. Years ago when I was in the Pentagon, we used to talk about civilian contracting as kind of a default position, long-term civilian contracting. We had the total force, which was active, guard, and Reserve, and career civilian force; and then when things went wrong we'd go into civilian contracting. Now I keep hearing this phraseology that civilian contractors are a part of the total force.

I would hope, with the growth of this area and the difficulties that we've had in terms of legal issues and these sorts of things, that you would put that on your plate as well.

Secretary GATES. I think that it has to be. I think one of the things that's under way right now is a study on the use of civilian contractors in contingency operations. I think that the use of contractors in many respects grew willy-nilly in Iraq after 2003, and all of a sudden we had a very large number of people over there and, as became clear, inadequate capacity to monitor them.

One of the benefits of the exchange you and I had, the exchanges you and I had last year, was really in a way bringing to our attention through the Blackwater contract the way that elements of training had been contracted out. There are parts of the training

that legitimately and properly and probably less expensively can be done by private contractors.

But again, it had grown without any supervision or without any coherent strategy on how we were going to do it and without conscious decisions about what we will allow contractors to do and what we won't allow contractors to do.

So I think we have not—I think we have not thought holistically or coherently about our use of contractors, particularly when it comes to combat environments or combat training, and those are the areas that I think especially we need to focus on first.

Senator WEBB. Thank you. Thank you very much.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator Webb.

Senator MARTINEZ.

Senator MARTINEZ. Mr. Chairman, thank you very much.

Mr. Secretary, I might add my word of thanks to you and your family for continuing to serve our country so capably and to thank you for the continuing sacrifice that you're making in this service. So I add to the chorus of thanks and continued best wishes for all that you are doing for our country.

The issue of NATO and its participation in Afghanistan—and I was very taken by your comments some months ago about a two-tiered alliance. In fact, I continue to be concerned about that. I know my colleague Senator Chambliss discussed this with you. I want to just ask if this administration has a strategy on how to obtain the true participation without the caveats of our NATO allies in the fight in Afghanistan.

I recognize the need for us to have additional troops. I also recognize what you mentioned as the need, which is to build the Afghan army. There's going to be a need for there to be serious commitment. What is the strategy to get that to take place for this administration?

Secretary GATES. I think, with all fairness to the new administration, they've been in office 6 days.

Senator MARTINEZ. Actually 8 today.

Secretary GATES. Or 7. But I think that this clearly is going to be an issue that we will have to address very soon. I know it's an issue that Secretary Clinton has thought about.

It is an issue that the President clearly has thought about.

But there are three forcing events, I think. One is I have a defense ministerial, NATO defense ministerial meeting, in mid-February. Secretary Clinton will have a foreign ministers ministerial, NATO ministerial, a couple weeks after that. And then of course there's the 60th anniversary of the alliance in April. These three will I think require us to develop a strategy on how we approach our European allies and at what level in terms of asking them to do more, and I think do more in each of the areas that I've talked about.

My sense is from some of the information and diplomatic comments and public comments that some leaders have made in Europe that they are prepared to be asked and that they are prepared to do something. In fact, there's some indications that a few of our allies have been sitting on a capability so that they could give the new President something when he asks.

So I think there are opportunities not only in terms of caveat-free troops or additional military capability, but again the civilian enablers, if you will, and also perhaps better, bigger contributions in terms of defraying the costs of the growth of both the police and the army in Afghanistan.

All three areas seem to me to be areas where our allies can and should do more.

Senator MARTINEZ. I want to thank your Department for the very far-sighted decision, the strategic dispersal of our nuclear fleet on the East Coast of the United States. I applaud the decision to make Mayport a nuclear-ready home port for our nuclear fleet. I think that it's a matter of national security to understand the need for there to be more than one strategically situated base on the East Coast. So I applaud the decision and look forward to working with you and others in the Department on the funding priorities for that to take place.

I want to ask your thoughts on the LCS program. I recognize that perhaps this may be too much in the total weeds, but I do think that the LCS is an integral part of the future of our fleet. I believe that getting our fleet back to that 313-ship Navy is essential and the LCS is a big part of that.

I'm wondering whether any movement forward has been made in terms of deciding on which of the two prototypes to pursue, whether the Lockheed or the General Dynamics version of this particular vessel?

Secretary GATES. I don't know the answer to that, Senator. But I will tell you that I think the LCS or LCS-like ship is really needed for us in the kinds of conflicts, as I look around the world, that we're likely to face. As I look at the Persian Gulf, as I look at various other places, I think it is a capability that we need.

Senator MARTINEZ. The strategic situation on the East Coast, of course, also impacts our Fourth Fleet and the issue in the area of Latin America, which we often don't talk about, which I think increasingly becomes a security concern. We know that Venezuela did some naval exercises with Russia in recent days and also the continuing involvement of Iran with Cuba and Venezuela raises concerns for many.

What are your thoughts on the potential threats emanating from our southern border?

Secretary GATES. I'm concerned about the level of, frankly, subversive activity that the Iranians are carrying on in a number of places in Latin America, particularly in South America and Central America. They're opening a lot of offices and a lot of fronts, behind which they interfere in what is going on in some of these countries.

To be honest, I'm more concerned about Iranian meddling in the region than I am the Russians. I felt that our best response to the Russian ship visits to Venezuela was nonchalance, and in fact if it hadn't been for the events in Georgia in August I probably would have tried to persuade the President to invite the Russian ships to pay a port call in Miami, because I think they'd have had a lot better time than they did in Caracas.

But basically I think at \$40 oil the Russian navy does not bother me very much. They clearly have some capabilities.

This is the first time they've had an out-of-area exercise in a decade or so. It's important for us to keep perspective about their capabilities. When they complained about our escorting their Black-jack bombers to Venezuela, I wanted to say that we just wanted to be along there for search and rescue if they needed it.

So these deployments by the Russians I think should not be of particular concern to us. On the other hand, Iranian meddling is a concern.

Senator MARTINEZ. I love the idea of promoting Florida tourism. We can work together on that.

[Laughter.]

Senator MARTINEZ. And I do concur with your assessment of the Iranian situation and I think it's something that we need to keep a close eye on because I think it's going to be a potential future threat.

Thank you very much.

Chairman LEVIN. Thank you, Senator Martinez.

Senator McCaskill.

Senator MCCASKILL. Thank you, Mr. Chairman.

Mr. Secretary, I'm also thrilled that you are here today and I will tell you that I fully appreciate the knife fight that you're going to be in as it relates to procurement, particularly as it relates to the competition between the different services and the competitions between the various members of Congress to take care of the folks at home. Please consider me a partner in that alley in your knife fight and I think more of us need to get our knives out for the good of the whole as opposed to looking after some of the parochial interests that occurs around here.

I want to start with substance abuse in the military. As I'm sure you're aware, we've had a 25 percent increase in soldiers seeking help for substance abuse. I'm sure you're also aware that we had a scandal of sorts at Fort Leonard Wood in Missouri where we discovered that over 150 soldiers who had wanted help had not been given help, some of them waiting for as long as 9 months for substance abuse treatment. We have more than a fourth of the slots are open military-wide for substance abuse counselors.

Most important and my question to you today is the culture. Is this a command notification issue or is this an issue where we should be more supportive of the soldiers that come forward, particularly in light of the pain medication addictions that we're seeing more frequently as it relates to those who have been injured, and obviously the alcohol and illegal drug problems?

This has always been a "notify the commander" and so the culture has been don't come forward and ask for help. As we look at all of the mental health issues, domestic issues, as the OPTEMPO of deployment in Iraq, of dwell time, I think that that's something that we need to get figured out at the very top, are we going to change the culture of command notification for those who are seeking substance abuse help in the military?

Secretary GATES. This is something that I'm happy to look into. I think that one of the things that I've seen just in the reporting that I receive is the concern that in more than—in a significant number of cases where we have substance abuse, it began with prescribed medication for wounds or for psychological wounds. In that

respect it seems to me we have an obligation to these folks to try and help them get past this substance abuse. The objective is not to end their career, but to cure them and get them back to work.

Senator MCCASKILL. Well, I look forward to—I know that Secretary Geren is looking at all the issues surrounding this in response to a letter I wrote him at the end of last year. I look forward to continuing information about how we're going to change the ability of these folks to get help when they need it.

As we talk about drawing down in Iraq, and to follow up on Senator Webb's question, who is the person that I can hold accountable for the drawing down of the contract forces? We've got—the CRS said in December that we had 200,000 contractors on the ground in Iraq. As we pull out our active military, who's in charge of winding up these contracts? And what steps have you taken to make sure that the lessons that we learned in Bosnia, which it was admitted to me that we didn't follow in Iraq in terms of contracting, what are we doing to make sure that these incredible mistakes—I think “willy-nilly,” by the way, is kind as to what happened with contracting in Iraq.

What are we doing to make sure that we don't repeat these same mistakes in Afghanistan?

Secretary GATES. Well, the commander in Afghanistan is in the process of setting up the same kind of oversight monitoring group for contracting that was established by the MNFI commander in Iraq last year. So we're trying to take the lessons learned out of Iraq over the last couple of years in terms of the lack of oversight and transfer that to Afghanistan.

Overall, the responsibility for certainly DOD contracting in Iraq is in the hands of MNFI and the people who work for him. This is one of the issues, frankly, as we withdraw that is going to be a challenge for us. That is, first of all we have been rotating troops into equipment that was already in Iraq. The contractors in Iraq are using a lot of equipment that belongs to the United States Government. The question as we draw down in significant numbers over the next 18 months or whatever the period of time is, 16 months, the question is we are going to have to bring the equipment that belongs to us back, but we have to decide what of the equipment that belongs to us that the contractors are using are we going to bring back.

So I think all of this is going to require a high level of supervision, and I think we need to think pretty quickly and with some agility in the Department of Defense to make sure that we get this right.

Senator MCCASKILL. I'm worried we're going to have 30,000 troops in Iraq and 100,000 contractors. I think if we're not careful that could happen, if we don't pay attention to that side of it.

Finally, Mr. Secretary, I wanted to bring your attention to a situation that I think is deserving of your attention and that is the scandal at the Defense Contracting Audit Agency as it relates to the incredibly negative essentially peer review they got from the GAO, their failure to abide by the appropriate government auditing standards, and how that kind of shakes the timbers.

If we don't have the Defense Contracting Audit Agency with a clean report from a fellow auditing agency, we've got serious prob-

lems. More importantly, when the whistleblower wanted to provide information as it related to the problems internally at DCAA, she received an incredibly threatening letter that was signed by an audit supervisor, but in fact I found out was drafted by a lawyer at DOD under the general counsel.

I want to make sure that I bring this letter to your attention. Nothing strikes more fear in the heart of I hope everybody in this room and everybody in America than the idea that someone who is trying to fix a problem in government is threatened with criminal prosecution if they pursue the information that they need to document the claim they're making in terms of inappropriate auditing standards at the agency. I would ask you to look into that.

I believe that lawyer is still there and I don't believe anything has happened to that lawyer that wrote that letter. The fact that his name wasn't on the letter doesn't change anything. There needs to be some accountability in that regard. I will forward a copy of the letter to you and ask for your follow-up on that situation.

Secretary GATES. Okay. I have the—I agree it's important, and some while ago I asked the Defense Department Inspector General to look into these abuses at DCAA, and particularly the allegation of the abusive terrorism treatment of one of the auditors.

Senator MCCASKILL. Thank you very much.

Chairman LEVIN. Thank you, Senator McCaskill.

Senator WICKER.

Senator WICKER. Thank you, Mr. Chairman.

Mr. Secretary, thank you for your service and for your straight answers today. I think it's just remarkable that someone like you could serve in the previous administration and be asked to stay over in the new administration. So thank you for your willingness to do that.

Our chairman mentioned in his opening remarks his hope that we might move toward a possible joint missile defense program with Russia against a potential strike from Iran. I think it's your testimony today that you think that it indeed is important to pursue such an idea and that Secretary Clinton shares this goal.

Do we have any indication at all that the Russian government is interested in talking with us meaningfully about moving to something like this?

Secretary GATES. I think that I had the distinct impression when I presented a range of opportunities for cooperation and transparency to President, then-President Putin, that he was actually taken by some of the ideas, that there were some opportunities for cooperation. I think, being an old Kremlinologist, what got my attention was the fact that when Secretary Rice and I first sat down to meet with Putin and they brought in all the press Putin basically just beat the tar out of the United States on every conceivable subject, and once the press left we then had a nice civil conversation.

But after our meeting it was clear he had talked to—his comments to the press were very positive, that he'd heard some very interesting ideas. And equally important, when we began our two-plus-two meeting with Foreign Minister Lavrov and my Russian counterpart, Lavrov, instead of opening with the same kind of screed against the United States, started off by talking about how

there had been some interesting exchanges of ideas, interesting possibilities for cooperation, and that they looked forward to pursuing that subsequently.

We've also heard informally from some of their military that there was interest in pursuing some of these possibilities. They were intrigued by the possibility of working together on some of this, for example a joint data center in Moscow and sharing the radar capability and so on.

So I think in writing, no. But in some of the things that have been said, some of the inferences, I think if we were able to get some of the political baggage out of the way that there is actually some potential for cooperation.

Senator WICKER. Is it your view that in any event it's essential that the United States continue its current plans for missile defense deployment in Eastern Europe?

Secretary GATES. Well, as I said earlier, we have not had the opportunity to pursue this in the new administration and to discuss the administration's policy on it. I will say this. All of the NATO heads of government unanimously last April in Bucharest endorsed the importance of a NATO-wide, European-wide missile defense capability. So this is a commitment that has been made by the alliance and so I think we at least need to take it very seriously.

Senator WICKER. Thank you.

I note in your prepared testimony you mention working closely with the Department of Veterans Affairs to better share electronic health data and track patients' long-term recovery process. I understand you and Senator Akaka had a conversation about the Senior Oversight Committee and the fact that you attended General Shinseki's swearing in ceremony, and that you're determined to work together to oversee joint activities of the two Departments.

A couple of weeks ago I had the opportunity to participate in General Shinseki's confirmation hearing and I asked him about the ongoing effort to create a joint electronic medical record between DOD and VA. In my judgment, our ultimate goal, Mr. Secretary, should be a joint electronic medical record, a common record shared by both Departments to allow this seamless transition that we all talk about.

On the other hand, there are those people in the government who say that it will suffice to have an information interoperability plan, IIP, which would simply give us the ability to share information. When I asked General Shinseki about this, he expressed the opinion that the primary barrier to implementing a joint record was not technical, but a question of leadership. I just wondered if you've had a chance to think about this issue and if you'd care to respond to us about that.

Secretary GATES. Well, I think that—I actually think that it's both—there are some technical challenges in terms of building the kind of joint capability that you describe. But I think that those challenges can be overcome with leadership and, frankly, I look forward to working with Secretary Shinseki to seeing if we can't make some significant progress on this. I think this is an area where we probably, instead of trying to eat the whole pizza in one bite, we probably need to take several steps to get us to the joint capability.

I don't want to wait several years while we've got a massive new kind of program coming into place and not do anything in terms of sharing and having interoperable information. So I'd rather get to the first and then move on to the second, rather than wait several years and put all our chips on a new technology or a new capability. But I think we can get there and, what's more, I think with our leadership, talking about leadership, I think if we can get this done in the very near term, if we can get this done in the next year or two, what we achieve may in some respects serve as a model for what I think is the President's desire to look at doing this more broadly for the national in terms of the civilian health care system.

Senator WICKER. Thank you, sir.

Chairman LEVIN. Thank you, Senator Wicker.

Senator Udall.

Senator UDALL. Welcome, Secretary Gates. You and I had a chance to interact and work together on the House side. I don't know whether I followed you over here or you followed me over here, but it's excellent to see you here today. I share the sentiments and praise of my colleagues here today on both sides of the aisle for your service and am looking forward to working with you as we face these big challenges, but I think significant opportunities.

If I might, I'd like to turn to a couple of Colorado-specific situations and do that quickly and turn back to some other broader scale opportunities we have. You're familiar with the Pinyon Canyon Maneuver Site, I believe, in southern Colorado. It's been the focus of some controversy, given the Army's interest in expanding that facility. The GAO has conducted a study of the Army's report on those training needs and I wanted to urge you today to work with the GAO to answer fully all the questions that the Army posed for itself, but that the GAO in its follow-on report suggested hadn't been fully answered.

Can you commit to me that the Army will work to answer fully those questions that the GAO has posed?

Secretary GATES. Sure.

Senator UDALL. I appreciate that.

Second, in regards to the site as well, the Army has made it clear, and you and I have exchanged correspondence, as to the use of condemnation. The indications we've received is that the Army won't pursue condemnation authority today, tomorrow, or ever when it comes to those Pinyon Canyon expansion plans. Can you continue that commitment?

Secretary GATES. I'm not familiar with the details, Senator. But if the Army has made that commitment to you, then I would stand behind it.

Senator UDALL. I appreciate that. It's I believe an opportunity here for this to be worked out to the satisfaction of all the parties involved. But there are many ranchers and farmers who fear for their way of life, who ironically or interestingly enough, also many of them are veterans and they're patriots. But they want to have a clear and transparent process under way.

In that spirit, let me turn more broadly. I was pleased to hear you talk about the importance of consolidating energy issues at the DOD and the position that was established in the Defense Author-

ization Act to do this. I hear you plan to fill the position quickly. I look forward to working with you in any way possible, as in many ways the military is leading in this cause of energy independence. The men and women in uniform know more than almost any Americans the price of having to defend oil supply lines and our dependence on regimes that don't particularly like us. So I commend you for this effort and again look forward to working with you.

Let me turn to the recent article that you wrote in Foreign Affairs where you said "We must not be so preoccupied with preparing for future conventional strategic conflicts that we neglect to provide all the capabilities necessary to fight and win conflicts, such as those the United States is in today."

How do you envision institutionalizing a counterinsurgency focus in the DOD and what can we do in the Senate and in the House to support you in those efforts?

Secretary GATES. I think that there are two broad approaches, Senator. One is to institutionalize the thinking about counterinsurgency, particularly in the Army, and it's one of the reasons why I've worked with the Chairman and also with General Casey, quite frankly, to put the people in the proper places to make sure that the Army does institutionalize what it's learned both for good and ill in Iraq and Afghanistan. So putting General Dempsey in at the Trade and Doctrine Command, putting General Petraeus at Central Command, General Chiarelli as the Vice Chief of Staff of the Army, General Odierno at MNFI, General Austin—I mean, all of these people really get it in terms of what needs to be done.

I'm also long-time enough in the bureaucracy to know that an institution can always beat one or two people, but it's tough to beat four or five. That's a long time to wait in your career, to wait for all those guys to retire. So I think that institutionalizing the thinking is the first thing.

The second is to figure out a way better to institutionalize support for the warfighter in terms of the regular procurement and acquisition process, development, acquisition, and procurement process in the Department of Defense that we use for the longer term kinds of equipment. The question I keep coming back to is, why did I have to go outside the regular Pentagon bureaucracy in order to build MRAPs and to get additional ISR? We need to figure out a way where that happens within the institution and where there are institutional supporters of getting that kind of thing done in a prompt and timely way.

The problem is there are two different mentalities involved. The one is the typical culture in the Defense Department, which is 99 percent exquisite solutions over a 5 or 6 or 10-year period; and the other is a 75 percent solution in weeks or months. People approach problem-solving in very different ways when they have that different kind of experience. We've got to figure out how to be able to walk and chew gum at the same time.

Senator UDALL. Thank you for that outline.

Let me end on this note. I commend you for your willingness to wade into procurement reform and count on me as an ally, as I think there are many members on this committee.

Your statement was compelling on the need to move forward in that direction.

So thank you again for being here.

Secretary GATES. Thank you.

Chairman LEVIN. Thank you, Senator Udall.

Senator SESSIONS.

Senator SESSIONS. Thank you, Mr. Chairman.

Thank you, Secretary Gates, for serving longer. We appreciate that. I think not only does it speak well of you and the success of your tenure, but of President Obama in selecting you. I can't think of a single thing he's done that's been a more comforting and bipartisan act of leadership than retaining you as Secretary of Defense. He's seen in you some fine qualities that I think this entire committee has seen over the years. I do think that you have accomplished quite a lot and I look forward to working with you in the future.

I really appreciated your thought, and we briefly discussed this earlier, about Afghanistan and what our goals should be there. The Afghani people that I've seen when I'm there are wonderful people, but they are not prepared to want to be like us now.

Rory Stewart, who walked across Iraq and wrote the book "Places In Between" and now has a foundation there, talks about respecting the people of Iraq, accepting them pretty much as they are and helping them develop and become more prosperous and more educated, but to be patient and a bit humble about that process.

How do you see us there at this point? Is there—and I would ask fundamentally, where are we going with more troops?

How far do we see that happening? And don't in some ways we just have to be more patient about what we can expect this country to achieve in the years to come?

Secretary GATES. Senator, I'm perhaps more mindful of some of the lessons in Afghanistan than some others, both as a historian but also as somebody who 23 years ago was on the other side of that border trying to deal with the Soviets. The Soviets couldn't win that war with 120,000 troops and a completely ruthless approach to killing innocent civilians. They had the wrong strategy and they were regarded, properly, as an invader and an occupier. It's not for nothing Afghanistan is known as the graveyard of empires.

I am prepared to support the requirements that General McKiernan has put forward in terms of being able to work with more additional U.S. troops, many of whom will serve as trainers as well as being deployed in combat. I'm willing to support that. I think it's necessary. But I would be very skeptical of any additional force levels, American force levels, beyond what General McKiernan has already asked for.

The secret to success from a security standpoint is the Afghan National Army and the Afghan National Police and, I might add, a more effective border control police. So I think that we need, as has been discussed here before, we need a fully integrated civilian-military strategy. We need to, I think, have modest, realistic goals. And I think we need to, above all—above all, there must be an Afghan face on this war. The Afghan people must believe this is their war and we are there to help them, because if they think we are

there for our own purposes then we will go the way of every other foreign army that has been in Afghanistan.

So one of the things that I've been focused on, in addition to trying to see what more we could do to reduce civilian casualties, is how do we get more of an Afghan face on every single one of our operations, how do we get them out in front, so that the villagers see that it's their army that we're helping; it's not us kicking down their door, it's an Afghan who's kicking down their door to try and find the bad guy.

I think that this Afghan aspect of this has to be at the absolute forefront of any strategy going forward in that country for any of us to be successful over the long term. That's one of the reasons why I would be deeply skeptical about additional U.S. forces beyond those that General McKiernan has already asked for.

Senator SESSIONS. Thank you, Mr. Secretary. I think you should ask tough questions. It's easy to feel we need more troops, and we may well and I'll defer to your decision. But I do think that this country ultimately will have to make it on its own. It'll have to be true to its own history and its own culture, and it's going to be a slow thing to see one of the poorest nations in the world, most remote nations in the world, develop. We can't be too optimistic about our abilities to snap our fingers and make that change occur.

Mr. Secretary, you are really focusing on defense acquisition. I think that's important. Senator McCain, who was here earlier, raised a question some time ago about basically a sole source lease arrangement to purchase the Air Force's number one priority, which is a refueling aircraft tanker. This committee, Senator Levin and everybody on the committee, supported a bid process. I think at that time I referred to Senator McCain as the seven billion dollar man. I think it was more than that, by GAO standards accounting review, how much it saved the government to bid this contract.

So we've had some difficulties in moving forward. You punted it, I was disappointed to see, and now I guess you'll have to catch your own punt and move forward with selecting this aircraft.

First, don't you think we should not depart from our fundamental acquisition strategy to get the best value product for the American warfighter on a fair and competitive basis, because that's what Congress has directed explicitly the Defense Department to do, to bid this contract? Second, what are your plans to move forward?

Secretary GATES. Well, I'm firmly committed to a competitive process. My plan, frankly, is if—when a new deputy gets confirmed and when a new Under Secretary for Acquisition, Technology, and Logistics is confirmed, then I would sit down with the two of them and with the Secretary of the Air Force and the Chief of Staff of the Air Force and determine the best way forward.

It seems to me that this is an issue that obviously arouses strong feelings around the country, but it seems to me that the key is a competitive bid, meeting technical requirements, and the best deal for the taxpayer. But I certainly intend to proceed with a competitive process.

Senator SESSIONS. Thank you, and I will take that as a commitment that you will work to ensure we get the best product for the taxpayer and the warfighter.

Thank you.

Chairman LEVIN. Thank you, Senator Sessions.

Senator Hagan.

Senator HAGAN. Thank you, Mr. Chairman.

Thank you, Secretary Gates. I'm pleased that President Obama has asked you to remain in this position and that you've accepted it and that you are willing to forego witnessing firsthand the stress of watching those college basketball games.

A lot of what the discussion around here today is concerning procurement and acquisition, and in some of the prepared remarks that you put together you said that the Department of Defense has difficulty in bringing in qualified senior acquisition officials and that in the past 8 years the average percentage of vacancies in key acquisition positions has been 13 percent in the Army to 43 percent in the Air Force.

When you're talking about the number of contracts, the number of cost overruns, etcetera, what's the problem here?

Secretary GATES. Well, I think that there are a couple of problems. The first is that there was a dramatic reduction in the number of people involved in the acquisition and procurement process in the Department of Defense following the end of the Cold War. The Defense Contract Management Agency, for example, fell from 27,000 people to around 8 or 9,000. The number of people involved in procurement in the Department overall fell from about 500 to 600,000 to about half that number. So part of the problem is just plain numbers, and we've been working with the committee. DCMA plans to hire 2300 additional people over the course of the next 18 months or so. The Army is adding 1,000 civilians and 400 military in this area. I think either the Air Force or the Navy are adding a thousand.

So I think the services and OSD are beginning to address this problem, but it will take us some period of time to get back. The other factor I would tell you, Senator—and I take a back seat to no one in terms of the ethics, in terms of the importance of ethics, ethical behavior, ethical standards, and the importance of integrity in office. But in a way, over a period of time—and I would say going back 20 years—in some respects we have worked ourselves into a box canyon, because we have created a situation in which it is harder and harder for people who have served in industry, who understand the acquisition business, who understand systems management, to come into the public service, and particularly when they are not coming in as career people, but perhaps at more senior levels to serve for a few years and then go out.

Last thing I would do is criticize the ethics executive order that the new President has just signed. This is a cumulative problem that has taken place over many, many years.

My own view is on a lot of these issues transparency is the answer and the recusal approaches that we have, the President recognized the need for some of these—to be able to get some of these people he would need to exercise a waiver and he provided for that, I think wisely, in the executive order.

But there is a reason we have those kinds of vacancies and that they endure year after year after year. I think all of us, the Congress, the Executive Branch together, need to look at this and see

whether we're cutting off our nose to spite our face, if we haven't made it so tough to get people who have the kind of industry experience that allows them to know how to manage an acquisition process to come into government, do public service, and then return to their careers.

I can't pretend I have an answer to it, but I will tell you that's a part of the problem.

Senator HAGAN. Well, it certainly seems like something that we need to work together on, because with these huge numbers of vacancies it's certainly, I would think, posing problems and risks in this area.

Secretary GATES. You know, it's not a problem when we hire an accounting major or a business major out of a university and they decide to make a career at the Department of Defense. It's not a problem when we try to create, recreate a contracting career field in the Army, which had basically disappeared. When we're dealing with career people it's not really an issue. But it's when you're trying to go after more senior officials, like the senior acquisition executives in each of the services. These people manage billions of dollars and you need somebody who has real world experience to be able to make those decisions and those recommendations. Getting people at that level and more senior levels who have the credentials to be able to do the job is very tough.

Senator HAGAN. Thank you.

I also wanted to ask a question on drawing down the troops in Iraq. As President Obama has stated, and you've discussed that too about drawing down the troops—the question I've got is how secure will the remaining troops be?

I get that question all the time. Do you believe that we're doing all we need to do in order to ensure that the remaining troops are secure? And do you foresee any situation where we would have to put more people, more troops, in Iraq in a situation? And do you have contingency plans that you're preparing for that?

Secretary GATES. No, I don't see a circumstance in which we would have to put more people into Iraq. I think that the plans that General Odierno has drawn up for consolidating our forces and the idea would be that there would be several sites in Iraq that would not only have our military forces, remaining military forces consolidated, but that that's where our civilian capacity would be concentrated as well, so we can provide protection for the civilians who are out working in the communities and out doing that part of the job in Iraq as well.

I've seen General Odierno's plans to move to this advisory and assistance role for the United States, both civilian and military, and I have great confidence in the plans that he has drawn up.

Senator HAGAN. Thanks, Secretary Gates. I look forward to working with you.

Chairman LEVIN. Thank you, Senator Hagan.

Senator Graham.

Senator GRAHAM. Thank you, Mr. Chairman.

Mr. Secretary, thanks for staying on. I was delighted when I heard it, a bit surprised, but America wins when you stay. So we really appreciate that.

From Iraq's point of view, let's look down the road at the end of the SOFA. Do you think it's in our national security interest long-term to have a sustained relationship with the people of Iraq if they are willing to do that?

Secretary GATES. Yes, sir, I do.

Senator GRAHAM. It would be a stabilizing force in the Mideast not known today; would that be true?

Secretary GATES. Yes, sir.

Senator GRAHAM. They're right between Syria and Iran and it would be good to have a friend in that neighborhood.

Secretary GATES. And there are a lot of our friends and partners in that region that I think would welcome it a lot.

Senator GRAHAM. Now, we have about 15,000 prisoners still at Camp Bucca, I believe. Are you confident that the Iraqi penal system, prison system, and legal system can accommodate all these people in the next year, 2 years?

Secretary GATES. Well, my hope is that the transition plans that are being put in place by General Odierno and with the Iraqis will be satisfactory. As I mentioned earlier, we have over the last year or so released probably 16,000 people from Camp Bucca. I must say that beginning about 2 or 3 years ago the leadership that we had, beginning with General I think Stone, the leadership we've had at Camp Bucca has been absolutely extraordinary in sort of separating the wheat from the chaff and getting some rehab programs going and reconciliation programs.

So I think those programs combined with the transition should give us some heart that this will work out okay.

Senator GRAHAM. I couldn't agree with you more. I think it's one of the unsung heroes of the war would be General Stone and the process he's put in place at Camp Bucca.

But I'm fairly familiar with the prison population. There are going to be hundreds, if not thousands, that are going to be hard to reconcile, that are foreign fighters, and I just encourage you to work with the Iraqi government to make sure that we are thinking long and hard about when to let these people go and where to let them go.

Now let's go to Afghanistan. You said something I think America needs to understand, that we need to have realistic goals. That is to make sure that Afghanistan is not a safe haven for international terrorism, the Taliban, Al Qaeda, like it was on 9-11. I understand that and I think people need to know that.

But we cannot win in Afghanistan without Pakistan's help; do you agree with that?

Secretary GATES. Absolutely.

Senator GRAHAM. Do you believe the Biden-Lugar legislation would be beneficial to the relationship between our country and Pakistan?

Secretary GATES. Absolutely, and the amount of money is important, but just as important is the fact that it is a multi-year commitment. One of the problems that we have with Pakistan is that more than once in the past we have turned our backs on Pakistan, and so they don't have confidence they can count on us over the long term. So the multi-year aspect of it is really important.

Senator GRAHAM. I think the American people need to understand that our economy is on its knees at home and that there is no end in sight. But the money that would be spent under Biden-Lugar and the sustained relationship that that would envision between us and Pakistan is worth its weight in gold literally. We cannot win in Afghanistan unless Pakistan is on board.

Is it fair to say that casualties in Afghanistan are likely to go up?

Secretary GATES. I think that's likely.

Senator GRAHAM. And the amount of money we spend is likely to go up in the short term, maybe the foreseeable future?

Secretary GATES. Yes, sir.

Senator GRAHAM. Now, when you said that the goal was a place that did not harbor terrorists, one of the ways to achieve that goal is to make sure the Taliban does not fill in the vacuum, right? So that means you've got to have a legal system the people can trust and not a shura court run by the Taliban?

Secretary GATES. Right.

Senator GRAHAM. It means an economy that people can make a living without turning to drugs, right? It means governance, where people buy into the idea that their government represents their interests. All those things are essential to not provide a safe haven for the Taliban or any other group; do you agree with that?

Secretary GATES. Correct.

Senator GRAHAM. When we say don't have unreasonable expectations, I agree. But the basic elements to keep the country from becoming a safe haven requires institutions to be built that don't exist today. So on behalf of my view of this and the new administration, I think the time and the money and the casualties we're going to sustain in Afghanistan are necessary and important to make sure that Afghanistan does not become in the future a safe haven for terrorism to strike this country again.

Bottom line is it's going to be tough, it's going to be difficult, in many ways harder than Iraq. Do you agree with that?

Secretary GATES. Yes.

Senator GRAHAM. Now, when it comes to civilian casualties in Afghanistan, are you spending a lot of time to minimize that?

Secretary GATES. Yes, sir. I have taken a lot of time with this myself. It was the primary subject of my conversations with both President Karzai and with General McKiernan and his staff when I last visited Kabul. I think we have—I think we have, particularly in terms of how we respond when there are civilian casualties, I think we've been too bureaucratic about it. Our approach has been in a way classically American, which is: Let's find out all the facts and then we'll decide what to do. But in the mean time, we have lost the strategic communications war.

So the guidance that I provided is that our first step should be: If civilian casualties were incurred in this operation we deeply regret it, and you have apologies, and if appropriate we will make amends. Then we will go investigate, and then we will figure out whether we need to do more or, frankly, if we paid somebody we shouldn't have, frankly I think that that's an acceptable cost.

But we need to get the balance right in this in terms of how we interact with the Afghan people or we will lose.

Senator GRAHAM. I could not agree with you more. Instead of saying there were 14, not 16, we need to say we're sorry if there was one, and move forward.

I just want to end on this note. There's two sides to this story. The Afghan government army doesn't have an air force. Do you believe that the rhetoric of President Karzai when it comes to civilian casualties has been helpful or hurtful? Quite frankly, I am very displeased with the rhetoric coming from the president. We're trying very hard to minimize civilian casualties. The enemy integrates itself among the civilian population on purpose. And I would love an Afghan to go through every door in Afghanistan, not an American soldier, but they don't have the capacity. I would argue that our Air Force and our Navy is probably the best people in town to have to minimize casualties.

Do you believe that his rhetoric has been helpful or hurtful when it comes to dealing with this issue?

Secretary GATES. I don't believe that his rhetoric has been helpful. I must tell you that when I was last there and visited Bagram, I got a briefing on the procedures that our pilots go through to try and avoid civilian casualties and how, with film clips of how they abort missions at the last minute if a truck drives into a village, and things like that.

I took a significant element of the Afghan press with me, with their cameras, so that they could see that briefing and see just how hard we do work at trying to avoid civilian casualties.

Chairman LEVIN. Thank you, Senator Graham.

Senator Begich.

Senator BEGICH. Thank you very much, Mr. Secretary, and congratulations, I guess again, that you're going to continue on to serve. After Senator McCaskill mentioned that she wanted to be in the alley with you with the knife, I'm not sure I want to do my two parochial things here at this moment, but I will, and have a broader couple questions.

This one here, I just want a quick short I guess comment on how you feel. I know you're aware of the midcourse defense system we have in Alaska and Fort Greeley, the GMD, the Ground-Based Midcourse Defense System. I'm just curious of what your comments are on that and how you feel that fits into the strategic needs of the military?

Secretary GATES. Well, I think that we have a rudimentary—we have a missile defense capability that is able to take on a rudimentary threat. It is clearly not aimed at dealing with a large-scale threat, for example from either Russia or from China. I happen to think it's important. I think that having a layered defense such as we are building, that includes the ground-based interceptors, is very important.

Senator BEGICH. Very good. Thank you very much.

The single ones are very, very small. I just want to make you aware that the delegation—Congressman Young, Senator Murkowski, and I—sent you a letter regarding an issue with some of our folks, our Territorial Guard. These are 26 folks that are probably in their mid-80s now. They have been receiving military retirement for about 7, 8 years, and they were just notified as of Feb-

ruary 1 they will no longer receive it because of some glitch in the law.

We are working on a piece of legislation to solve that problem. But the reality is this is in the middle of winter in Alaska. It is folks who have served our country as Territorial Guard. They are Alaska Native community and they are subsistence livers, so the cash that they receive in retirement is their only lifeblood to a cash economy.

So there's a letter that's been sent to you and I hope you would take note of it. It is a small group, but a significant impact to us. So I just wanted to bring that to your attention if I could while you were here.

Secretary GATES. Okay, and my understanding is that Secretary Geren is working on this issue.

Senator BEGICH. He is and he's been very supportive on the new legislation. Our concern is February 1 is around the corner, so we're concerned and we're trying to figure out how to ensure that they continue to receive payments.

I am very happy that you're looking at the procurement process, the purchasing process. As a former mayor, I had to deal with this more than I probably ever thought I would as an executive. But I do want to just give you a couple comments.

That is, I agree with your comments on how you deal with recruitment of those senior members. I guess I would be very anxious to help in any way I can.

I know as a mayor we had to do that on a regular basis. They were high-priced folks. Sometimes they had worked in the private sector, people who had bid on city stuff in the past.

But they had the experience we needed, so we had to really recruit aggressively in order to get them and maintain them in our workforce. So I recognize the struggle. I would be anxious to work with you on that.

Is there also a pay issue or not with these senior levels? To have this kind of vacancy factor, 43 percent, that's very significant.

Secretary GATES. I don't think—I don't think the pay aspect is a significant one. That is not something that has been brought to my attention as an issue.

Senator BEGICH. Well, I would be very anxious to work with you on that.

Also, a technique we implemented in our city. When people do capital projects, especially private contractors—and we did a \$100 million plus building—and what we did with them this time, the first time in the city's history, we required the owners of the company to personally guarantee any cost overruns, which has never been done, because usually they just come in with, you know, an order to up the amount and get their check.

We made them personally guarantee it. And lo and behold, the project came in a month early, it came in \$6 million under budget.

But we also made an incentive, that we would split the difference with them. They save it, we'll split it. It was a design and build project. So on smaller projects it's amazing how quickly they become responsive when they have to sign personally. In that project we had four owners and they were required to pay \$8 million personally if they did not meet the guarantees that they had com-

mitted to in their contracts. The first time the City of Anchorage had ever done that, and it worked.

So I just—it's small. The bigger ones are much more difficult, but it sure did get them responsive.

The other thing I'll just mention, you had in your written testimony, you had talked about PTSD and some of the issues surrounding that. Your comment here was, I believe, "We have yet to muster and coordinate the various legal policies, medical and budget resources across the Department to address these types of injuries."

Are you working or is it your intent to work on a plan that we could see what kind of resources you need? This is a strong interest to me and I would be very anxious to see how you proceed on that.

Secretary GATES. Sure. The Congress actually, Senator, has been very generous to us in terms of money for dealing with both PTS and TBI. I think the issue is more making sure that the money get spent in the right way and is targeted properly.

Senator BEGICH. Is that something that, as your comment here indicates, will you then at some point report back to us on how you're achieving and whatever areas you need assistance in?

Secretary GATES. Sure.

Senator BEGICH. Last two quick ones. One is you'll hear from me on probably a regular basis, the status of the military family and how we need to do additional work and additional services. Are you willing to—and maybe you have already done it and I'm just not familiar with it—but kind of a report to the Congress in regards to the status of the military family and the needs they have as the military has changed dramatically over the last 30, 40 years?

Secretary GATES. I think we've done—I think we've done a lot of that over the last couple of years and perhaps even before, Senator. We'd be happy to send some folks up to brief you. The services all have extremely ambitious family support programs and I can assure you that the leadership, both civilian and military, of the services, as well as the Department, take this extremely seriously.

You know, the saying is you enlist the soldier and you reenlist the family. I think it's one of the—this is the longest war we have fought with an all-volunteer Army since the Revolution. We have learned a lot in terms of the stresses on the families in an all-volunteer force, and particularly with repeated deployments of the service member and so on.

So along with the lessons we've learned about counterinsurgency and so on, it seems to me one of the important lessons we need to absorb and institutionalize is the importance of taking care of our military families, and that the range of resources that are out there for them to provide support both when the soldier is at home and deployed.

Senator BEGICH. Thank you very much.

My time is up. The last comment I'll just make; no answer at this point. But if you ever get an opportunity to move to a 2-year budgeting cycle, I would be a big, big supporter, so you can manage people rather than paper. We did that in the city and it made a huge difference. So anything I can do to help you in that endeavor, I will be there.

Secretary GATES. Thank you.

Senator BEGICH. Thank you.

Chairman LEVIN. The first thing I would hope you would do is touch base with our appropriators.

You see the kind of struggle that the Secretary has.

I just have a few loose ends I want to pull together here. One, I want to commend you on the Afghan policy which you've enunciated, the wisdom of it, the strength of it, the passion you put into it; that this war has got to be a war of the Afghan people against those who would try to destroy their country and their hopes and dreams. Minimizing civilian casualties is part of that, but the economic picture is part of it as well.

I would just bring to your attention in terms of the economic hopes one program, which is called the National Solidarity Program. I don't know if you're familiar with it, but it's a program where our agency, I think it's U.S. AID, gives a few tens of thousands of dollars directly to villages, without anything skimmed off by the central government. I visited near Bagram three villages that had come together to build a school with a few tens of thousands of dollars. The feeling, the possessive feeling that they had about that school finally in their area—it's something like "Three Cups of Tea" on the Pakistan side, that book that was written.

These villagers, their leaders came together just to greet me and to tell me that the Taliban would never dare touch that school; they will protect that school with their lives.

I'd like you to become familiar with that National Solidarity Program because it fits in directly with what you have talked about.

Second, in terms of the comments about trying to explore the possibilities of doing some things jointly with Russia on missile defense and the importance of exploring that, what it could mean strategically in terms of kind of reducing the Iranian threat if they saw us and the Russians working together. You mentioned that you do think it's worthy of continuing those explorations.

You pointed out that NATO has been supportive of exploring—NATO has been supportive of what we've been doing up to now with Poland and the Czech Republic. Would NATO in your judgment likely support those kind of explorations between us and the Russians if we undertook them?

Secretary GATES. I think they'd welcome it.

Chairman LEVIN. Finally, a number of us have raised the question of the use of contractors in Iraq, including security contractors, and that we need to look at that, particularly for lessons learned purposes as it might affect what we do in Afghanistan, and you're in the middle of looking at that and reviewing that, which is more than welcome.

Again, I would in that line request that you promptly respond to the December 9 letter, because that's really what that letter from me to you is all about.

We thank you again. Obviously, I think every member of this committee thanked you for continuing your service to this country, and that consensus I hope gives you a real boost. I know you're struggling with the arm wrestling that you undertook. But we hope that you're given a real boost by the support that you got from every member of this committee for your—and the gratitude that

we expressed for your continued service. If you'll pass that along to your family as well.

With that, we will stand adjourned.

[Whereupon, at 12:18 p.m., the hearing was adjourned.]