

**HEARING TO CONSIDER THE NOMINATIONS
OF: DR. ASHTON B. CARTER TO BE UNDER
SECRETARY OF DEFENSE FOR ACQUI-
SITION, TECHNOLOGY, AND LOGISTICS; DR.
JAMES N. MILLER, JR., TO BE DEPUTY
UNDER SECRETARY OF DEFENSE FOR POL-
ICY; AND AMBASSADOR ALEXANDER R.
VERSHBOW TO BE ASSISTANT SECRETARY
OF DEFENSE FOR INTERNATIONAL SECU-
RITY AFFAIRS**

THURSDAY, MARCH 26, 2009

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

The committee met, pursuant to notice, at 9:35 a.m. in room SH-216, Hart Senate Office Building, Senator Carl Levin (chairman) presiding.

Committee members present: Senators Levin, Lieberman, Reed, McCaskill, Hagan, Begich, Burris, McCain, Inhofe, Sessions, Chambliss, Thune, Burr, and Vitter.

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

Majority staff members present: Madelyn R. Creedon, counsel; Richard W. Fieldhouse, professional staff member; Mark R. Jacobson, professional staff member; Gerald J. Leeling, counsel; Peter K. Levine, general counsel; William G.P. Monahan, counsel; Russell L. Shaffer, counsel; and William K. Sutey, professional staff member.

Minority staff members present: Joseph W. Bowab, Republican staff director; Pablo E. Carrillo, minority investigative counsel; Richard H. Fontaine, Jr., deputy Republican staff director; Paul C. Hutton IV, professional staff member; Daniel A. Lerner, professional staff member; David M. Morriss, minority counsel; Lucian L. Niemeyer, professional staff member; Christopher J. Paul, professional staff member; and Richard F. Walsh, minority counsel.

Staff assistants present: Kevin A. Cronin, Jessica L. Kingston, and Christine G. Lang.

Committee members' assistants present: Jay Maroney, assistant to Senator Kennedy; Christopher Griffin and Vance Serchuk, assistants to Senator Lieberman; Elizabeth King, assistant to Senator Reed; Christopher Caple, assistant to Senator Bill Nelson; Jon

Davey, assistant to Senator Bayh; Gordon I. Peterson, assistant to Senator Webb; Michael Harney, assistant to Senator Hagan; Brady King, assistant to Senator Burr; Anthony J. Lazarski, assistant to Senator Inhofe; Lenwood Landrum and Sandra Luff, assistants to Senator Sessions; Clyde A. Taylor IV, assistant to Senator Chambliss; Jason Van Beek, assistant to Senator Thune; Dan Fisk and Brian W. Walsh, assistants to Senator Martinez; Chris Joyner and Kevin Kane, assistants to Senator Burr; Michael T. Wong, assistant to Senator Vitter; and Chip Kenneth, assistant to Senator Collins.

OPENING STATEMENT OF SENATOR CARL LEVIN, CHAIRMAN

Chairman LEVIN. Good morning, everybody. The committee today considers the nominations of Ashton Carter to be Under Secretary of Defense for Acquisition, Technology, and Logistics; James Miller to be Deputy Under Secretary of Defense for Policy; and Alexander Vershbow to be assistant Secretary of Defense for International Security Affairs.

Each of our nominees has a long track record of public service. Dr. Carter served as assistant Secretary of Defense for International Security Policy from 1993 to 1996. Since that time he's continued to serve as a member of the Defense Science Board and the Defense Policy Board, co-chair of the Review Panel on Future Directions for the Defense Threat Reduction Agency, member of the National Missile Defense White Team, and a member of the National

Academy of Sciences Committee on International Security and Arms Control.

Dr. Miller served as Deputy assistant Secretary of Defense for Requirements, Plans, and Counterproliferation Policy from 1997 to 2000 and as a professional staff member for the House Armed Services Committee from 1988 to 1992.

Mr. Vershbow is a career foreign service officer who has served as Ambassador to the Republic of Korea from 2005 to 2008, as Ambassador to Russia from 2001 to 2005, and as Ambassador to NATO from 1998 to 2001.

We welcome our witnesses and we welcome their families to today's hearing. Senior Department of Defense officials put in long hours every day. We appreciate the sacrifices that our nominees and their families—and we emphasize that—are willing to make to serve their country.

Dr. Carter, if confirmed, will assume leadership of the Department of Defense's acquisition organization at a particularly difficult time. According to recent estimates, the Department's 95 major defense acquisition programs have exceeded their research and development budgets by an average of 40 percent, seen their acquisition costs grow by an average of over 25 percent, and experienced an average schedule delay of almost 2 years.

Last summer the GAO reported that cost overruns on these major acquisition programs now total \$295 billion over the original estimates, even though we have cut unit quantities and reduced performance expectations on many programs in an effort to hold down costs. These programs are the consequence of the Department's continuing failure to develop reasonable cost and schedule

estimates at the beginning of program, failure to establish realistic performance expectations, failure to use mature technologies, and failure to avoid costly changes to program requirements, production quantities, and funding levels in the middle of ongoing programs.

Over the last few years, these problems have been compounded by an alarming lack of acquisition planning across the Department, the excessive use of time and materials contracts, undefinitized contracts, and other open-ended commitments with DOD funds, and a pervasive failure to perform contract oversight and management functions necessary to protect the taxpayers' interest.

Dr. Miller will join the Department of Defense when almost 200,000 U.S. soldiers, sailors, airmen, and marines are deployed in harm's way in Iraq and Afghanistan alone. Dr. Miller will play a key role in facing the challenge of managing the transition between two ongoing wars, drawing down in Iraq as we build up in Afghanistan. He will help shape our policies in other key areas around the world, from countering the potential threat of a nuclear Iran to developing a common approach with our international partners for addressing North Korea. He will also help lead the 2010 Quadrennial Defense Review, which should get under way in the next future.

Ambassador Vershbow when he becomes assistant Secretary of Defense for International Security Affairs will have the responsibility for helping to develop the Department's policies relating to Iraq, the Middle East, Europe, Africa, and Eurasia. In this capacity he will oversee our relations with our NATO partners who are contributing to coalition operations in Afghanistan, Kosovo, and elsewhere. He is also likely to play a key role as we seek to improve our relations with Russia, a country where he served with distinction as Ambassador for 5 years.

I look forward to the testimony of our nominees on these issues.

Senator McCain is on his way, and in a way it's a break that he's a little bit late because that gives us an opportunity to call on Senator Lieberman, who has another responsibility as Chairman of the Homeland Security Committee in just a few minutes. So we're going to call on you, Senator Lieberman, for your introduction. We're delighted you're here.

**STATEMENT OF HON. JOSEPH I. LIEBERMAN, U.S. SENATOR
FROM CONNECTICUT**

Senator LIEBERMAN. Thanks very much, Mr. Chairman. I appreciate your courtesy. I'm sorry that I can't stay for the hearing because we have one on Homeland Security and some nominees.

I must say, this gives me a different perspective on the committee and the staff, being at this lower altitude.

Chairman LEVIN. We hope you'll remember that.

[Laughter.]

Senator LIEBERMAN. Exactly. I was going to say, I will show you more than the normal respect that I do from this altitude.

Thank you. I'm here to introduce and to support the nomination of Dr. Ash Carter, but I must say that these are three remarkable individuals. We're very fortunate that they're prepared to serve our country, and I think it does show President Obama's good judgment and really high standards in making these picks.

I must say as a U. Conn. Huskies fan that my confidence in the President's judgment has been shaken somewhat by his failure to put the Huskies in the Final Four for the NCAA brackets.

Chairman LEVIN. He has a lot on his plate, so I think it's understandable.

Senator LIEBERMAN. I understand. My confidence has been shored up by these three nominees.

I am here to introduce Ash Carter. I suppose that my constituency claim to Ash is that he spent 4 great years of his life in New Haven, Connecticut, at college. But we've come to know each other very well over the ensuing years. I'm proud to consider him a friend. I've greatly benefited from his thinking on matters of national security. He has an extraordinary CV, which is before you: a double major, interestingly, in medieval history and physics at Yale; then a Rhodes scholarship and a doctorate at Oxford in theoretical physics.

Of course, he comes to us now from his position on the faculty and at the Kennedy Center at Harvard. He served on the Defense Science Board from '91 to '93, and then as assistant Secretary of Defense for International Security Policy. He was that for 4 years, during his tenure led the multi-billion dollar Cooperative Threat Reduction, the Nunn-Lugar Program supporting the removal of nuclear, biological, and chemical weapons from the former Soviet Union; worked very closely with former Secretary Perry.

He really brings a remarkable array of talents to this position of Under Secretary of Defense for Acquisition, Technology, and Logistics. He combines both program execution experience with remarkable capability to both formulate and see through policy transformations. Ash Carter understands that the acquisition part of this position is of intense interest to members of this committee, to Congress, to the country, because of the persistent overruns in the cost of systems that we are acquiring. He understands our concern about the number and quality of acquisition personnel. I think he really will bring a tough, fresh pro-taxpayer, pro-national security view to this work.

As I say, he has remarkable policy judgment and policy experience, which I think will benefit the Department overall on some of the major questions about, particularly in a resource-constrained environment, which systems should we acquire. For instance, how can we through the acquisition process implement the high hopes of the Goldwater-Nickles joint warfighting vision, which has been realized in many ways and still not fully in acquisition.

So I can go on a long time about Ash Carter. Just to say that I think we're very fortunate in him and his wonderful family that's with him that he's agreed to come back to Washington to serve our Nation. We will all be better and safer as a result of it, and of course I hope that our committee will recommend him favorably to the Senate.

Thanks very much, Mr. Chairman.

[The prepared statement of Senator Lieberman follows:]

[COMMITTEE INSERT]

Chairman LEVIN. Thank you, Senator Lieberman. Your introduction's not only significant to Dr. Carter. It's very significant, of course, to us. Thank you for working this into your schedule.

Senator McCain.

STATEMENT OF SENATOR JOHN MCCAIN

Senator MCCAIN. Thank you, Mr. Chairman.

Thanks, Senator Lieberman, for introducing our nominees today. Dr. Carter and Dr. Miller each have previously served in the Office of the Secretary of Defense, and Ambassador Vershbow, you have a distinguished career of service in the foreign service. I thank you all for your willingness to serve in these extraordinary positions of importance in the Department of Defense.

Dr. Miller and Ambassador Vershbow, I expect that they're awaiting your arrival. Your responses to the committee's advance policy questions reflect, I believe correctly, the high priority that must be placed on achieving success in Iraq and Afghanistan. I look forward to working with you.

Dr. Carter, the need for comprehensive acquisition reform at the Department of Defense is an imperative. The American people can't afford the costly weapons procurement, failures, and mismanagement we've seen in the past. If confirmed as Under Secretary of Defense for Acquisition, obviously you must ensure that acquisition decisionmaking is fiscally sound and responsive to our National security imperatives.

Perhaps no two programs reflect the problems in DOD procurement more than the F-35 Joint Strike Fighter program and the Army's Future Combat Systems program. The cost of the Joint Strike Fighter program has increased 47 percent since 2001, from \$65 million to \$105 million per aircraft. What's even more troubling is that we don't know how much higher the cost of the program will go because the program is scheduled to buy 360 aircraft under a cost reimbursable contract, with only 2 percent of its development flight testing completed and critical technologies essential for the program remaining immature.

Similarly, the FCS program, according to GAO, is "unlikely to be executed within the Department's \$159 billion cost estimate." In fact, consensus is emerging that the cost of that program is likely to balloon to over \$200 billion. Yet, having already invested billions in that program, the Army is in many respects closer to the beginning of development than it is to the end.

Adding to the existing litany of failed or failing major defense programs, the status of the JCS and FCS programs lead to the unavoidable conclusion that the current acquisition process is broken. I won't go into the presidential helicopter issue.

Unless difficult decisions are made and serious reform measures undertaken, our ability to provide for our National security will be over time fundamentally compromised. The endless cycle of run-away costs, prolonged delivery schedules, and poor performance in the acquisition of major weapons has in my view mired us in a form of unilateral disarmament.

Dr. Carter, your cumulative experience and expertise in a wide range of defense-related matters is notable. However, I do have concerns about your lack of in-depth experience in acquisition-related matters. I'll look forward to you telling us about that. By the same token, I understand that experience alone is no guarantee of success in the arena you're about to enter.

I sincerely hope that you will bring needed clarity of vision and skill in management to this position. I look forward to your testimony.

Thank you, Mr. Chairman.

[The prepared statement of Senator McCain follows:]

[COMMITTEE INSERT]

Chairman LEVIN. Thank you very much, Senator McCain.

Now, we do expect Senator Reed to be here at any moment to make his introduction of Dr. Miller, but we are going to proceed and if he is able to get here he will make that introduction at that time.

I would suggest, Ambassador Vershbow, that you now move over one seat to your right and shift your name plate for us.

Let me ask you the standard questions here. Well, let me ask you first for your opening statements. Dr. Carter, let me call on you first, and then I'll ask you the questions when you're all done with your statements. Dr. Carter.

STATEMENT OF ASHTON B. CARTER, PH.D., NOMINATED TO BE UNDER SECRETARY OF DEFENSE FOR ACQUISITION, TECHNOLOGY, AND LOGISTICS

Dr. Carter: Thank you, Mr. Chairman, members. Thank you for giving me the opportunity to appear before you as the nominee for the position of Under Secretary of Defense for Acquisition, Technology, and Logistics. I thank Senator Lieberman for introducing me, and my wonderful wife Stephanie and my daughter Ava and my son Wil for their support.

I'm humbled, but challenged, by the magnitude of President Obama's, Secretary Gates', and this committee's needs for this job in these times, times in which the world is perilous, but moreover when the perils are changing rapidly, times of severe budget pressures against a background of economic crisis, and times of poor performance in how we conceive and buy the defense systems we need, poor performance that is widely acknowledged.

What is not changing is that the world looks to the United States to use its power for good, and that power depends in the first measure on the impressive quality of the soldiers, sailors, airmen, and marines who make up our military, but importantly also on the equipment and technology they have.

I seek the consent of this committee and the Senate for this job. The constitutional phrase is "advice and consent." I certainly require your consent. But in view of the challenges to the Department, I'm going to need your advice, too. Some of that advice is contained in your legislation, the Weapons Acquisition Reform Act of 2009. I've read it carefully and I endorse its aims. If confirmed, I pledge to you, Mr. Chairman, to you, Senator McCain, and the other members of this committee to benefit from your long experience and dedication in this field.

The job of Under Secretary of Defense for Acquisition, Technology, and Logistics has several dimensions and I'd like to address each one briefly in turn. First and foremost is to get under control the many troubled programs that are supposed to be supporting our troops, present and future. As this committee well knows, too many of these programs are failing their cost, schedule, and per-

formance expectations, and some are failing even more fundamentally the test of whether they are needed for the future military challenges we are most likely to face.

The state of these programs is not acceptable to the warfighter or to the taxpayer, and job one for the person who occupies the position for which I appear before you as the nominee is to get them under control.

I've had 25 years of experience working with and for the Defense Department and its supporting defense industry and laboratories. I began my work in DOD with Secretary Caspar Weinberger on technical aspects of space, nuclear, command and control, and strategic defense programs in the 1980s. In the 1990s I was privileged to serve as assistant Secretary of Defense.

In between government service, I have been a faculty member at Harvard's Kennedy School, director of its largest research center, and chair of the International and Global Affairs Faculty, a senior partner of Global Technology Partners, and a consultant and adviser to defense companies, to DOD laboratories and FFRDCs, a member of the Defense Science Board and of DOD's Threat Reduction Advisory Council.

I believe I know the challenges this Nation, security challenges this Nation faces, the needs and workings of the DOD, the nature of the defense industry and the demands upon it, and the views and policies laid down by this committee. I believe I know how to work with all parties over time to find the right path out of the woods for these many troubled programs, and if confirmed I will try to do just that.

A second challenge for the incumbent of this job is to reform the acquisition system itself so we don't get ourselves into this situation again. One problem among many that Secretary Gates has stressed and that is just unacceptable in time of war is the apparent inability of the acquisition system to provide systems in months rather than years or even decades.

I concur with Secretary Gates that there is no silver bullet that will fix defense acquisition, and indeed the many troubled programs in DOD today—and Senator McCain has named two of them—have each its own history and reasons for getting into trouble, and no changes to the acquisition system itself can substitute for good sense, good discipline, alignment of what we buy with what our strategy requires, and above all good people performing the acquisition function. But it's also true, to paraphrase Eisenhower, that the right system might not guarantee success, but the wrong system guarantees failure.

I participated in many panels and studies that have assessed the defense acquisition system going back to the 1980s. I've even written a few books about it. I've also served for nearly 2 decades as a board member and consultant to the MITRE Corporation, which is DOD's systems engineering and acquisition support FFRDC. I've a strong familiarity with the acquisition practices and key programs of DOD and the intelligence community and also a strong commitment to reform.

A third critical responsibility of this job is to oversee the science and technology efforts of the Department. As a physicist, I have a deep appreciation for the fact that science and technology are the

key sources of this Nation's comparative advantage in military affairs. But this advantage is not a birthright and needs constant attention, especially in a world where the science and engineering base outside of defense and outside of this country is growing rapidly.

I keep closely abreast of the development in defense technology, among other ways, through my affiliations with the Massachusetts Institute of Technology's Lincoln Laboratory and the Draper Laboratory and through membership in various panels of the National Academy of Sciences. If confirmed, I will be committed to preserving DOD's technological edge.

Fourth and finally, the Under Secretary of Defense for Acquisition, Technology, and Logistics plays a key role in our nuclear deterrent and in other strategic issues—missile defense, space, and cyber. I've been deeply involved in technical aspects of nuclear weapons and missile defense since the 1980S, when I worked on technical aspects of MX missile basing in the Strategic Defense Initiative. I conducted the 1994 nuclear posture review for President Clinton and, through the Nunn-Lugar program for which I had responsibility, worked to de-nuclearize Ukraine, Kazakhstan, and Belarus. More recently, I have served as expert working group chair for the Commission on the Future Strategic Posture of the United States, the so-called Perry-Schlesinger Commission.

As far as missile defense is concerned, that was the first area of defense technology I ever worked in, assessing the possibility that lasers or neutral particle beams could intercept ascending ballistic missiles from space. I've written and edited two technical manuals on missile defense and for the last 10 years I've been a member of the Missile Defense Agency's White Team.

If confirmed, I will use this background to inform and implement the Nation's policies on these important programs in consultation with this committee.

In sum, Mr. Chairman and members, I believe I have experience and demonstrated commitment relevant to each of the several dimensions of the important job for which you are considering me. But even more, I have a strong desire to help President Obama, Secretary Gates, and the Congress put the Department of Defense on a solid strategic, programmatic, and budgetary path, where our troops and the taxpayer expect it.

I look forward to your questions.

[The prepared statement of Dr. Carter follows:]

Chairman LEVIN. Thank you, Dr. Carter.

Now, Senator Reed, we'll call on you to introduce Dr. Miller.

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

Senator REED. Well, thank you very much, Mr. Chairman and Senator McCain and my colleagues. I'm delighted to be able to introduce Dr. James Miller, the President's nominee for Deputy Under Secretary of Defense for Policy. Dr. Miller has a distinguished academic career, a B.A. at Stanford and a master's and doctorate in public policy from the Kennedy School of Government at Harvard University. He has served on the Hill as a staff member for the Armed Services Committee in the House from 1988 to

1992. He served in the Pentagon as Deputy assistant Secretary of Defense for Requirements, Plans, and Counterproliferation Policy. He has advised the Defense Science Board. He's been recognized for his service.

He brings to this task both great academic preparation and great practical experience, both in the Department of Defense and here on Capitol Hill. He has been working for the last several years, not only with the Center for Strategic and International Studies, but also for the Center for New American Security. He's been thoughtfully pursuing the whole range of policy issues which will confront both himself and Secretary Flournoy. He has the experience and the qualifications and the character to do a remarkable job.

I also want to recognize the fact that he is supported by an extraordinarily strong and decent family. His wife Adele is here. He has four of his five children here: Zoe, Colin, Lucas, and Adrienne. The fifth daughter, Allison, is on Pomona College, I guess watching this on some type of webcast, I'm told. And his mother is here, Doris Miller; his sister Amy Lockhart; his nephew James Leipshur; and a special family friend, Brooks Hoffman. So I think if it was a simple show of hands he'd be confirmed.

But I am delighted to be here and I want to thank you, Mr. Chairman and Senator McCain, for graciously allowing me to introduce the designee. Thank you.

[The prepared statement of Senator Reed follows:]

[COMMITTEE INSERT]

Chairman LEVIN. I know how much Dr. Miller appreciates your introduction, and we do too. I'm sure we'll now call on him to live up to that introduction. Dr. Miller.

STATEMENT OF JAMES N. MILLER, JR., PH.D., NOMINATED TO BE DEPUTY UNDER SECRETARY OF DEFENSE FOR POLICY

Dr. Miller: Thank you, Mr. Chairman, Senator McCain, and members of the committee. I'm very grateful to Senator Reed for his kind introduction and for his strong leadership on national security over the years. I do want to also thank members of my family whom he introduced for being here and for their love and support.

It is a great honor to be here before you today as President Obama's nominee for Deputy Under Secretary of Defense for Policy. I want to thank President Obama for nominating me and I want to thank Secretary Gates, Deputy Secretary Linn, and Under Secretary Flournoy for their support.

As the chairman noted, with over 200,000 soldiers, sailors, airmen, and marines deployed in harm's way in Afghanistan and Iraq and more around the world, it is a critical time for the country. And even as our military strives to succeed in current operations, it must also prepare for a wide spectrum of possible conflicts overseas, while coping with challenges in cyber space and outer space, and at the same time preparing to support the defense of our homeland.

Secretary Gates has often talked about the need for a strategy that balances between the many competing demands on our military. If confirmed, I look forward to assisting in developing and refining such a strategy and in applying it in support of sound policy

decisions that strengthen our military and that protect our Nation. If confirmed, I expect to spend much of my first year on the Quadrennial Defense Review and on Congressionally mandated reviews on nuclear posture, missile defense, and space policy, among others.

I believe that my background in government, the private sector, academia, and as director of studies at a think tank, as Senator Reed referred to, as well as time I have spent advising the Department in other capacities, has prepared me well for these major reviews and for the myriad other issues that would arise during my tenure.

If confirmed, an important part of my job would also be assisting the Under Secretary in managing and leading the policy organization as a whole and helping to improve its effectiveness and its capacity to cope with the very complex strategic environment. I believe that my experience over the past 2 decades plus in the Pentagon and in both the private and nonprofit sectors provides a solid foundation for leading and managing in OSD Policy.

I started my professional career over 20 years ago working for Les Aspin as a staffer on the House Armed Services Committee and had the great honor to serve during the Clinton Administration as the Deputy assistant Secretary of Defense. If confirmed, I will be humbled by the privilege to serve my country again, this time during a time of war.

Thank you, Mr. Chairman and members, Senator McCain, members of the committee. I look forward to any questions.

[The prepared statement of Dr. Miller follows:]

Chairman LEVIN. Thank you, Dr. Miller.
Now Ambassador Vershbow.

**STATEMENT OF HON. ALEXANDER D. VERSHBOW, NOMINATED
TO BE ASSISTANT SECRETARY OF DEFENSE FOR INTERNATIONAL SECURITY AFFAIRS**

Ambassador Vershbow: Thank you, Mr. Chairman, Senator McCain, and members of the committee. It's an honor for me to appear before this committee as President Obama's nominee for the position of assistant Secretary of Defense for International Security Affairs. I'm very grateful to the President, Secretary of Defense Robert Gates, and Under Secretary of Defense for Policy Michele Flournoy for supporting my candidacy for this important position.

I'm very pleased that my wife Lisa, who's been my partner during our 32-year journey in the foreign service, is here today. Unfortunately, our two grown sons, Benjamin and Gregory, weren't able to travel from New York and Boston to attend this hearing, but some close friends are here with their kids to represent ours.

If confirmed for this position, I look forward to working with this committee and with other members of Congress to shape a bipartisan policy toward the many national security challenges that confront our Nation, our allies, and our friends, and to seize the many opportunities that exist to resolve conflicts and establish a more peaceful world.

The portfolio of the assistant Secretary for International Security Affairs is a daunting one as it encompasses defense relations with the countries and international organizations of Europe, including

NATO, the Middle East, and Africa. If I'm confirmed, among the many issues on which I'll advise the Secretary and Under Secretary I see a number of especially urgent priorities:

Implementing the President's strategy to end the war in Iraq, draw down our forces, and develop a normal long-term security relationship with a sovereign, democratic Iraq;

Combatting terrorism, preventing WMD proliferation, and strengthening security and stability across the Middle East;

Transforming NATO to meet the challenges of the 21st century, while ensuring the success of the alliance's current ISAF mission in Afghanistan;

Promoting a more cooperative security relationship with Russia in areas of common interest, while also strengthening the security and independence of other European partners;

And developing the role of our new Africa Command in helping build the capacity of African nations and organizations to address security challenges on the continent.

I believe that my 32 years of experience in the foreign service equip me to deal with these and the many other security issues that are among the responsibilities of the assistant Secretary of Defense for International Security Affairs. Throughout my State Department career I have worked very closely with the Department of Defense in shaping and implementing U.S. policy for the former Soviet Union and NATO, in contributing to U.S. efforts on non-proliferation and counterterrorism, and in managing a wide range of international conflicts and crises.

Over the years I've had the privilege of working closely with the U.S. military in U.S.-Soviet arms negotiations, in two tours of duty at NATO when the alliance acted to end the conflicts in former Yugoslavia, and most recently in keeping the peace on the Korean Peninsula. I've come to respect the courage, vision, and dedication of our armed forces and I've become a true believer in the importance of close civil-military coordination in meeting today's threats. Indeed, I think our success in Iraq and Afghanistan depends critically on our ability to craft a comprehensive strategy that integrates all the tools of national power, military and civilian, in support of our objectives.

If confirmed, I will strive to embody the spirit of Defense-State cooperation that the President and Secretary Gates have called for.

Once again, Mr. Chairman and distinguished members of this committee, I am honored to appear before you today. I look forward to hearing your views and ideas, both today and in the future, and I would be pleased to answer your questions. Thank you.

[The prepared statement of Ambassador Vershbow follows:]

Chairman LEVIN. Thank you very much, Ambassador.

Let me ask you now all the standard questions. Have you adhered to applicable laws and regulations governing conflicts of interest?

Dr. Carter: Yes.

Dr. Miller: Yes.

Ambassador Vershbow: Yes.

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

Dr. Miller: No.

Dr. Carter: No.

Ambassador Vershbow: No.

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

Ambassador Vershbow: Yes.

Dr. Carter: Yes.

Dr. Miller: Yes.

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

Dr. Miller: Yes.

Ambassador Vershbow: Yes.

Dr. Carter: Yes.

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

Ambassador Vershbow: Yes.

Dr. Carter: Yes.

Dr. Miller: Yes.

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

Dr. Carter: Yes.

Dr. Miller: Yes.

Ambassador Vershbow: Yes.

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

Ambassador Vershbow: Yes.

Dr. Miller: Yes.

Dr. Carter: Yes.

Chairman LEVIN. Thank you.

We'll maybe have an 8-minute round here.

First for you, Dr. Carter. This year John Young, who's the current Under Secretary of Defense for AT and O wrote a memo in which he stated that many of the problems we've encountered in the acquisition of major weapons systems are attributable to programs that have a poor foundation at milestone B, which is the starting point for major development and manufacturing design.

He said that: "Fundamentally, these programs move past that milestone with inadequate foundations built upon artificially low cost estimates, optimistic schedules and assumptions, immature design or technology, fluid requirements, and other issues."

Now, as you've mentioned in your opening comments and as you're aware of, Senator McCain and I have introduced a bill, S. 454, that's designed to help put major defense acquisition programs on a sound footing from the outset by addressing program shortcomings in the early phases, particularly of the acquisition process. Dr. Carter, you've already commented on this, but generally would you agree with John Young's assessment that many of our acquisition problems arise out of programs that are built on unreasonable cost and schedule estimates, unrealistic performance expectations, and immature technologies?

Dr. Carter: I do, Mr. Chairman.

Chairman LEVIN. If you are confirmed, will you work with us to enact legislation which addresses those problems?

Dr. Carter: Absolutely.

Chairman LEVIN. By the way, we are going to have a markup on that bill next Thursday morning.

You've worked long and hard in the missile defense area, and one of the issues which has arisen is whether or not we should have exempted or should continue to exempt missile defense programs from many of the most basic requirements of the DOD acquisition system. Until now, missile defense programs are not considered to be acquisition programs and therefore they're not required to have requirements validated by the Joint Requirements Oversight Council, JROC; they're not required to undergo analyses of alternatives and business case analyses; they're not required to undergo analyses of alternatives—they're not required, excuse me, to obtain independent certification of technological maturity; they're not required to receive milestone approval from the AT and L; they're not required to have formal baselines for system cost, schedule, and performance; and they're not required to track and report on deviations in planned acquisition costs and program schedules. They're also not required to develop comprehensive test plans leading up to operational test and evaluation.

Do you believe, Dr. Carter, that the MDA programs should be subject to cost and schedule baselines against which performance can be measured?

Dr. Carter: I do.

Chairman LEVIN. Do you believe that the principle of fly before you buy should apply to missile defense programs as it is to other defense acquisition programs? In other words, should missile defense programs be subject to operationally realistic testing before they're fielded?

Dr. Carter: I think missile defense, like other programs, should be subject to such testing, yes.

Chairman LEVIN. Will you, if confirmed, review the current DOT and E reports on missile defense testing, including classified portions, and inform the committee of your views of any concerns and your assessment, including any corrective steps that you feel are necessary to ensure that our ground-based missile defense program is operationally effective, suitable, and survivable?

Dr. Carter: Absolutely, I will.

Chairman LEVIN. Throughout the—and this will go to any or all of you. Throughout the Iraq war we've used private security contractors to perform a wide variety of security functions that require the use of deadly force in a hostile environment. To some extent this was done out of necessity because we didn't have sufficient troops to provide needed security. However, the extensive use of private security contractors in Iraq resulted in some abuses, including the September 2000 shooting incident in Baghdad.

Would you agree that the Department of Defense needs to undertake a comprehensive review of whether and to what extent it is appropriate for contractors to engage in functions that require them to make discretionary decisions about the use of deadly force outside of the military chain of command and on a routine basis?

So first, do we need to undertake that comprehensive review? Let me call first—Dr. Miller, let me ask you.

Dr. Miller: Yes, Mr. Chairman, I believe we do.

Chairman LEVIN. Okay. I don't know, Dr. Carter, if you want to—

Dr. Carter: I would agree with that, absolutely.

Chairman LEVIN. Ambassador?

Ambassador Vershbow: Yes, I agree as well, Senator.

Chairman LEVIN. This is for you, Dr. Carter, going back to the acquisition bill that we've introduced. One of the provisions in that bill is the provision that relates to putting some teeth in the Nunn-McCurdy statute, which already exists. We would establish a presumption that a program that exceeds its critical cost threshold would be terminated unless it can be justified from the ground up.

In your response to one of our advance policy questions, you stated that you believe that the current statutory provision provides the authorities that are needed and that you do not see the need for any changes at this time. Now, on this question, this is what GAO had to say about the issue earlier this month about DOD's tendency to initiate programs with unrealistic cost estimates based on a lack of knowledge and overly optimistic assumptions. This is the GAO speaking: that that tendency on the part of the Department of Defense is "reinforced by an acquisition environment in which there are few ramifications for cost growth and delays. Only in very rare instances," they said, "have programs been terminated for poor performance. When the Department consistently allows unsound, unexecutable programs to begin with few negative ramifications from poor outcomes, accountability suffers."

According to the GAO, tougher requirements for programs that exceed Nunn-McCurdy thresholds could force programs "to be more candid and up-front about potential costs, risks, and funding needs, increasing the likelihood of successful program outcomes."

Would you agree with the GAO assessment?

Dr. Carter: I would, and I'd add a little bit to that and say that staring a Nunn-McCurdy breach in the face is and ought to be a disciplining factor. What I meant—for any program manager.

What I meant in the APQ was that as I understand it the Department now has the authority to terminate a program if it makes a Nunn-McCurdy breach. And also it's true, as I understand it, that programs can breach the thresholds for reasons other than poor management. That's not to say that in many cases poor management isn't the reason, but sometimes it's for other reasons that they breach the threshold. So some flexibility in how the Department responds to the fact of a breach is appropriate.

But, that said, the terror factor, I can tell from program managers I know, about facing a Nunn-McCurdy breach is there and is real and is a healthy factor.

Chairman LEVIN. Thank you.

Senator McCain.

Senator McCAIN. Thank you, Mr. Chairman.

Ambassador Vershbow, you have extensive experience in Korea and relations with North Korea. What do you think the implications are and what it means that the North Koreans have announced that they're going to have another "missile test"?

Ambassador Vershbow: Well, Senator, although I'm not going to be dealing with Korea if confirmed for my proposed position, I have been working that very—

Dr. Miller: Well, I would think that North Korean activity may pose a threat to our security in the Pacific and in the region.

Ambassador Vershbow: Indeed, indeed, and it's something that we need to ensure that our allies, even far away from Korea, recognize. The proliferation of ballistic missile technology and nuclear weapon technology from North Korea is a global threat.

I think that their announced intentions to launch a ballistic missile, ostensibly to launch a satellite, which we can't yet confirm, is an effort to escalate the pressure on the United States and the international community to legitimize North Korea's possession of these kinds of technologies and their nuclear weapons programs. And at the same time, it is clearly going to be inconsistent with the two UN Security Council resolutions that were adopted in 2006. So it's clearly going to be a serious provocation and, as I think Secretary Clinton just said yesterday, there will be consequences. I'm not yet in my position, so I can't say what those consequences will be, but it will be a very serious act.

Senator MCCAIN. Thank you.

Dr. Carter, you're experienced in weapons acquisition. Is—

Dr. Carter: Well, Mr. Chairman—I mean, Senator—I've been working for 25 years in and with the Defense Department, the defense industry, and defense laboratories on defense programs. That's where I began my career. That's the background I come from in physics. And I know that we have interacted some over the years on policy questions as well, but most of my career in this field has been devoted to and involved in programs and defense technology.

Senator MCCAIN. The Defense Business—Dr. Carter, the Defense Business Board has warned that DOD's procurement plan is "unsustainable," and with respect to the Department's budget decisions that "business as usual is no longer an option." The board found that DOD can only meet its priorities if it makes hard budget decisions on its largest and costliest acquisition programs.

Do you agree with that viewpoint as expressed by the Defense Business Board?

Dr. Carter: I do.

Senator MCCAIN. Can you give the committee some insight into how you intend to address unfunded acquisition commitments that are currently in the DOD's procurement plan?

Dr. Carter: Well, thanks for that question, because I rather suspect those unfunded commitments are large, and when I assume this job, if I assume this job, one of the first things I'm going to want to do is look program by program through the pipeline of programs that we have and try to get in front of the process that we've experienced over the last few years of discovering, oops, all of a sudden midway through a program, how much trouble it's in.

Senator Levin quoted what we know now about the MDAPs and the cost overruns in the major defense acquisition programs. I'm not sure that's the end of the story, and one of the things I would do if confirmed is see whether there isn't more to that iceberg.

Senator MCCAIN. Do you believe we should have a policy of no cost-plus contracts?

Dr. Carter: Ideally, one would like to get into a situation where by the time one gets to the procurement phase of a program the program's parameters, technical and production, manufacturing, engineering, and so forth, are well enough known that one can have a competition of that kind. Earlier in a program, or in a program that is inherently riskier technologically, it may just not be possible to anticipate exactly what it's going to cost until one gets into it.

So I would say in answer to your question that in earlier phases of a program that kind of contracting might not work. In later phases it should be our aspiration to do that kind of contracting.

Senator MCCAIN. You would agree there's been a dramatic consolidation of major defense contractors and corporations since your early days in the Pentagon?

Dr. Carter: Absolutely. In fact, I was at the so-called "last supper," the famous last supper that Les Aspin and Secretary Bill Perry, John Deutch, and I attended along with the defense industry leaders of that time. There were I suppose 16 of them around the table. It's Norm Augustine who's called it the "last supper," because he famously turned to two industry leaders to his left and his right at that time and said: "Next year one of the two of you won't be here." And we went down from 16 to 5.

Senator MCCAIN. The point is, with this consolidation it's hard to have true competition.

Dr. Carter: Exactly right.

Senator MCCAIN. So the conundrum is that you've got basically an uncompetitive or very dramatically changed competitive environment than we had some years ago. So if you—and the result has been, at least evidence might suggest, that with the lack of competition and combined with a cost-plus contract environment, the initial cost proposals made are usually far less than even those who are making the—competing for the contract believe. Is there any validity to that suspicion?

Dr. Carter: I think there is validity to the suspicion that low-balling goes on in programs. It's also true that there are fewer primes now. I do think that competition is the great discipliner, and it's still possible to have competition even in the defense industry that we have. The bill that the chairman and you have introduced makes note of that and suggests some ways that that can be done.

For example, even if competition at the production phase is not possible, competition at earlier phases in the programs might still be possible. You can have competition below the prime levels, at the levels of the subcontractors who are building the subsystems. So I think there are various ways that we can keep competition alive even in the defense system and it's necessary to do that.

Senator MCCAIN. You really believe that?

Dr. Carter: I think it's not something that can be done across the board, but I think it's something that can be done very substantially, and it certainly would be my aspiration, if confirmed, to get as much competition as we possibly can.

Senator MCCAIN. Well, I appreciate your support for the legislation that Chairman Nunn and—excuse me, Chairman Nunn. Up-

dating of Nunn-McCurdy is one of the real intents of this. But I'm not positive we're really getting at the magnitude of the problem. Do you share that concern?

Dr. Carter: Well, I think—

Senator MCCAIN. Including a change in attitude inside the Pentagon.

Dr. Carter: I think the bill's provisions get at the heart of the matter as regards programs in their early phases, which as I understand it is its intent. Now, if I'm confirmed that's not going to be my only problem. There are all these programs that are well past that stage. The mistakes were made, whatever they were, back in the past and you can't start all over again.

So you've got the problem that we are where we are, with lots of problems, programs, that had your provisions been in place when they were born wouldn't be where they are now. But they are where they are now. So that's a separate problem, which I understand the bill wasn't intended to address.

But as regards programs in their early phases, it seems to me it touched on all of the things that we now know are problems in early phases of programs and if addressed would lead to results later in phases of the program that would be very different from the ones we're facing today.

Senator MCCAIN. Well, I'm very pleased to join Chairman Levin on this effort, but I also think that unfortunately, as you say, there are some already in being, such as I mentioned in my opening comments, such as Future Combat System, Joint Strike Fighter, and others that are already huge, big ticket items. I just don't see the funding being there to continue these programs that have already been initiated.

I'm sure you share that view and I look forward to working with you on it. And I thank you, Chairman Levin.

Chairman LEVIN. Thank you so much, Senator McCain.

Let me first thank Senator Reed for taking the gavel for an hour or so, and call on Senator Begich.

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

I have a few questions. Mr. Carter, I'm going to follow a little bit up on Mr. McCain's, Senator McCain's, comments. The issue of acquisition is one of those complex problems, especially when you're developing new technology. I come from a little different perspective, I think, on this, and that is in the first phase—and I think you said this—in the technology development, because we're really testing technology which is unknown in a lot of cases. So the costing of it is going to be always very difficult.

I don't know how you—if you asked Bill Gates in the early days of Microsoft what he thought it would cost to develop, or you go to Google or you go to any of the technology companies, they would tell you one thing and what really happened was much different, because you're dealing with the unknown.

Can you—and I think then as you move down the path, how do you then, once the technology is developed, to ensure that the competitiveness, as you describe, continues to stay in play? But do you subscribe to that thought, that the technology part is going to be always very difficult? Maybe I'm missing something, but every time

I talk to private sector companies in a variety of technology developments it's always very difficult.

Am I missing the boat there, or is it—

Dr. Carter: No, Senator, I wouldn't say you're missing the boat at all. It gets back to something that Chairman Levin raised earlier. In an early—I'm sorry, Senator McCain did. In an early stage of a program, if it's an ambitious program—and we want to have ambitious, technologically ambitious programs—it's fair to not exactly know where you're going and what you're getting into. That's the nature of the beast.

So fair enough, and that's the point about cost-plus contracts and those phases. But the ambition of the program ought to be to get itself to a point where before it goes into production it's resolved all those technology issues. So you need to get yourself to a point where you do understand the technology you're dealing with, what it's going to cost, how it'll perform, and what schedule you can produce it.

That's the point at which a different kind of contract instrument might become appropriate. I should also note that in the legislation that was referred to earlier, one of its provisions is to strengthen the Department's discipline in making sure that before it passes into those later phases it really has done the job of understanding the technology.

But you're absolutely right. I'm a scientist and if you knew where you were going that wouldn't be science.

Senator BEGICH. It wouldn't be science. You'd know the answer.

Well, again I just wanted to follow up, and then I have a couple more questions. But I'm a former mayor and I describe all the time, I'm a mayor that happens to be a Senator. As a mayor, you always have to kind of think seven, ten steps down the road. We continually use technology to develop in those early stages, but we also, once we've figured out what we're going to do and how we're going to do it, even with the sole contractor, you could be very competitive by putting in systems that reward price control. I would hope that as you in hopefully your new position, that that would be an opportunity, that there's a reward opportunity for price control, because sometimes in a noncompetitive environment that becomes—the almighty dollar becomes very competitive to achieve as much as they can.

So let me ask you—I'm just going to read a comment in your 1984 book. It seems like every week we talk about missile defense and as a Senator from Alaska I have a great interest in this issue. In your book entitled "Ballistic Missile Defense" you stated: "Ideally, an actual BMD deployment in the United States would be preceded by three stages of analysis: a study of the underlying technology; an assessment of the technology effectiveness when embodied in a specific system, assigned a specific defense goal; and a judgment of the desirability or need of the defense."

25 years later after you've written that book, do you think we have done that with the missile defense system, those three stages?

Dr. Carter: Missile defense has come a long way since then. But I would say that those three steps applied to missile defense today are as appropriate as they were then. In fact, they really apply to

any program, and missile defense, as was mentioned earlier, needs to be looked at in the way that other programs are.

The only thing I'll say is at that time the mission was so different. The mission was to defend the whole country, as President Reagan's aspiration was to defend the whole country against 3,000 equivalent megatons of Soviet throw weight. So that was a pretty daunting mission. Today we're looking at a mission that is much more modest than that, defending ourselves against North Korean or Iranian missile threats which are far less formidable than was the Soviet Union's, and therefore the job's easier, in addition to us having behind us 25 years of technology development.

Senator BEGICH. I think you answered—my second question was going to be that, in regards to other major systems, that those three stages should also be utilized?

Dr. Carter: Absolutely.

Senator BEGICH. Just to reiterate that.

Dr. Carter: Yes, Senator.

Senator BEGICH. Another quick question if I can. I guess it again goes to the issue—and I think you kind of hit it and maybe we can elaborate a little bit on missile defense and how you see it as a shield and how it fits into our overall defense policy for homeland as well as deployed forces and other, as you mentioned, North Korea and Iran. Can you elaborate a little bit more on that, how you see it in the big picture?

Dr. Carter: I can. I presume that is going to be addressed by the Department in a systematic way in its Quadrennial Defense Review that Dr. Miller will be conducting. But just to anticipate some aspects of it, today, unlike in the time when we were facing the Soviet missile threat, we are in the protection against nuclear attack sense as concerned about non-state actors and rogue state actors as we are concerned about established nuclear powers, as was the case with the former Soviet Union.

There are a lot of ways that they might introduce nuclear weapons into our country, of which a ballistic missile is only one. In fact, terrorists are unlikely to use that method. So I would say that we have to have walls as well as a roof to our defense. I've been involved in many programs aimed at building those walls as well. So I think there's a balance question.

Senator BEGICH. So it's a piece of the equation. What level is the question.

Dr. Carter: Certainly missile defense fits into that portfolio, and then we have to balance that mission area, which is defending ourselves against nuclear attack, against all the other mission areas we have, like Iraq and Afghanistan and so forth. So I understand that's a complicated cocktail or portfolio, and Dr. Miller's going to sort it all out if he's confirmed.

Senator BEGICH. You've led to my question for Dr. Miller, since he's been so quiet there, so I didn't want to leave him alone here. But you led right—you gave him the lead-in to a question you must have read here that I have.

But for Dr. Miller: How do you see—you're going to be doing the Quadrennial Defense Review and the Nuclear Posture Review. What are your thoughts on the value of the QDR and the NPR in the sense of—for defense. But also, add a little missile defense to

that on top of it. And you can thank Dr. Carter for setting that up for me. Thank you, Dr. Carter.

Dr. Miller: Thank you, Senator. Thank you, Dr. Carter.

[Laughter.]

Dr. Miller: Senator, as you know, the Quadrennial Defense Review has been mandated as a key part of the Department's planning and preparation. Several have been conducted, going back to the early 2000s and a little bit before, in fact into the 90s. The Nuclear Posture Review has been similarly conducted several times. The Missile Defense Review and the Space Policy Review will be new this time around and will need to be integrated into that, into that broader set of issues.

Sir, my view is that it makes terrific sense for, at least every 4 years, to take a fresh look from starting principles, from strategy to broad policies, and then looking at the full range of programs and other activities in the Department, the organization of the Department as well, which is a key function of the Quadrennial Defense Review, and applying that across the board to the nuclear area, to missile defense, and so forth.

Senator BEGICH. Very good. My time is up. Mr. Ambassador, I did have questions. We'll submit those in writing to you, and I thank you all very much for being here. I have to go to another committee. But thank you for those answers.

Senator Reed [presiding]: Senator Inhofe.

Senator INHOFE. Thank you, Mr. Chairman. I'm in the same situation that Senator Begich is, that we have two simultaneous hearings, fortunately in the same building here.

There are two oversights in the introduction of both Dr. Miller and Dr. Carter that I'd like to correct for the record now. One is that, in the case of Dr. Carter, that Bill Perry was the best man at his wedding. The other was that, Dr. Miller, that during your tenure as professor at Duke University two of my kids were your students. You didn't know that, did you?

Let me ask a question of each one of you, if you don't mind responding. It's kind of a three-part question.

We've been reading a lot about the concern—well, back a year ago there was a communique from the NATO leaders that stated: "We therefore recognize the substantial contribution to the protection of allies from long-range ballistic missiles to be provided by the planned deployment of the European-based United States missile defense assets."

Of course, we've been busy putting that together. However, there is uncertainty now, and I've seen several things that have come from Poland. Right now they're kind of in a holding pattern, not sure what to do. However, Foreign Minister Sikorski said: "We hope we don't regret our trust in the United States."

Now, the three-part question would be, to each one of you: What in your opinion is the importance of the European site to the United States and NATO? Second, what impact would it have if we delay—if we discontinue this program? And thirdly, what impact would there be if there is a delay in this program? In any order.

Dr. Carter: I'll take a shot first, Jim. First I'll try to answer the question from the perspective of the job for which you're consid-

ering me, which is the acquisition perspective, if I may, and then Dr. Miller can answer it from the policy perspective.

From the acquisition perspective, the question of the importance of the site is the site is intended principally to protect the continental United States from a ballistic missile attack of long range from Iran. It would also have some capability in the current configuration to defend parts of Western Europe against intermediate range. So the importance of the site is that it is between Iran and us, and that's why it was selected.

The second and third parts had to do with the impact of delay, and Jim can address the geopolitical questions of the impact of delay. From a purely technical point of view, when one is considering deployment of a missile defense there's always a tradeoff. You look at the threat and you don't want to deploy too late after the threat develops. On the other hand, the longer you wait the better the system is that you can deploy.

Now, we find ourselves with respect to Iran in a situation where they're not there yet in terms of an intercontinental ballistic missile threat. From that point of view, just purely speaking technically, one wouldn't have to have a defense in the field until the threat was in the field. And with every passing year we'll get a little better. So the longer we wait, the better the system. But if you wait too long, you don't have the system in the field by the time the threat develops.

So I would say that's the tradeoff purely from a program point of view in terms of the timing. So the need is Iran and the question of timing becomes a tradeoff—

Senator INHOFE. Are you saying then that you don't think we should proceed with that development and give a communication to the governments of Poland and the Czech Republic?

Dr. Carter: No, I'm not saying that. I'm just speaking from the acquisition point of view we have to be there by the time the threat—the threat isn't there yet. We have to be there before the threat is. That argues for early deployment. The longer we wait, the better the system we could have, which would argue for being able to wait if you chose to wait.

I realize there are many factors other than these only that go into the question of whether you deploy now or don't deploy. But purely from a technical point of view, that would be the tradeoff.

Senator INHOFE. Dr. Miller?

Dr. Miller: Senator, the question of the use of the system, I'd just say that I concur with Dr. Carter's assessment of the purpose with respect to defending the United States and portions of, a significant portion of Europe.

The impact of the delay, let me say two things. The first is that, as you know, President Obama has suggested, reportedly suggested, that if the Iranians were to delay or in fact verifiably stop their efforts at pursuing nuclear weapons then that would change the calculation, and then that is something that should be considered as a possible—if they do verifiably stop, at least as a possible opportunity to improve the technology of the system and to consider its future.

The second thing I say about delay is that one of the issues associated with the system, as you suggested, is its impact on our rela-

tions with the Czech Republic and Poland in particular, and with the rest of NATO, and the perceptions of Russia of that and the degree to which the United States continues to stand by its allies. Clearly that is an essential element of what the United States should consider in going forward and in the timing of the system.

Senator INHOFE. Well, I don't want to go any further with this. I'm using up all my time and I didn't want to do that. But I can cite a lot of examples where the NIE has been wrong. And I agree, Dr. Carter, most people believe that that capability is not there, but the consequences of being wrong are just unbelievable, and I think we need to be thinking in those terms. I'd like to be able to carry this on.

I have two other areas real quickly. I've been concerned about all of our aging everything. I'm talking about our Navy fleet, our KC-135s, our tanker capability. Everything that we have out there is aging. I'd have to say—and this is probably for you, Dr. Carter—it doesn't make sense to continue to spend money in maintaining, as opposed to—you have several studies, business plan studies, that are on record right now, that I'm sure you've looked at, and I'd ask you to look a little bit deeper, as to the cost of maintaining what we have as opposed to getting in new systems. I think of the KCX as one example, and others.

Do you have any thoughts about our aging fleets and how you want to approach them? And that would go on ground equipment, air, everything else that we have.

Dr. Carter: Thank you. Only that I share your concern. With every passing year, everything gets a year older. I will, if confirmed—I know that that's one of the first things that I have to do, look at these—

Senator INHOFE. Let's do that. Then for the record I would like to get from you some of these studies that have been made, because one of the problems of course is our accounting system that we have here. You can't do things that you would do if you were in the private sector in terms of taking care of these problems, because that's not the way the system works.

The last thing I'd like to ask you, Dr. Carter, is on the—the question is the shelf life of some of our nuclear weapons. You and I talked about that in my office. Can we—do you think that we can continue to have something that we believe will work without conducting underground testings? I think also about the credibility that we have in our other countries, as to whether they look at us and our aging, some of the stuff that we have there in our nuclear weaponry, and can we keep that credibility without underground testing? Just real quickly your thoughts on that?

Dr. Carter: A safe and reliable stockpile is critical. I understand that that's partly the responsibility of the person in this job. The laboratory directors, the National laboratory directors, who understand the physics of these weapons, are required every year to say yes or no to the answer—give an answer to your question about whether the existing stockpile is safe and reliable in the absence of underground testing.

There is a program, the Stockpile Stewardship Program, that's been going on for quite a long time. My understanding—I'll learn more if and when I get in this job. But my understanding is that

their judgment is that the Stockpile Stewardship Program has allowed them so far to give an answer yes to that question. They can't see forever into the future, but for now their answer would be yes.

Senator INHOFE. You would follow their guidance, then?

Dr. Carter: Yes. In fact, I believe it's required under the law that we follow their guidance.

Senator INHOFE. Thank you very much.

Thank you, Mr. Chairman.

Senator INHOFE. Thank you, Senator Inhofe.

Based on the order of arrival, I will now ask my questions.

I had the privilege of introducing Dr. Miller and his family and I want to welcome Ambassador Vershbow, but I want to say a particular word about Dr. Carter. I've had the privilege of knowing Ash for many years. He has an extraordinary intellectual range, from theoretical physics to medieval history, but also terribly pragmatic, practical, and common sense that is necessary.

I think one of the things that, Ash, commends you to the job is not only do you have great technical knowledge, but you also understand the institutional and cultural politics and policies that will make your job—make your tenure I think very successful. So welcome.

Dr. Miller, one of the challenges that we have and you have particularly is dealing with the current situation, but looking ahead, and looking down the road to those places where problems will occur in the future. One of the issues that seems to be universal is the lack of capacity in many places in the world for effective governance, for effective control. It's seldom the marquis issue. It's not as pressing as a crisis in Iran or Afghanistan, etcetera. But in the longer run it might be one of the most significant challenges we have.

Could you give us your thoughts on how you and Secretary Flournoy are going to deal with this issue of capacity-building, particularly in places that now seem obscure. But Somalia was obscure, Afghanistan was obscure, etcetera.

Dr. Miller: Senator, thank you. Secretary Gates has noted, in fact in the National Defense Strategy, that the prospect of challenges arising from States that are troubled, is probably at least as significant a challenge for the security environment as the challenges that may arise from strong states.

This has been, as you know, a growing focus of the Defense Department, first within Iraq and Afghanistan, and then more broadly a look at building partner capacity over the last—at least since the last Quadrennial Defense Review. Congress has certainly played an important role if you look at the authorities for the so-called section 1206, 1207, 1208, that give the authority to provide resources through the Department of Defense in operations where there's counterterrorism and where the U.S. is involved in stability operations for 2106, in operations—moving money to the State SERS for reconstruction and stabilization for 1207, and then for the Special Forces, Special Operating Forces, for 1208.

All those authorities are relatively new and all worth looking at closely in terms of how they can be tailored most effectively. In addition then, as you know, there is the Commander's Emergency Re-

sponse Program funds and others. It is an area that as the United States draws down its forces in Iraq over the coming years, it's an area where I would expect the Department and I would hope the Nation to provide significant attention, and where building the capacity of the State Department and AID and other agencies is a critical step in that, as is working with our partners, our allies, in helping these countries that are struggling, sir.

Senator REED. Thank you.

Ambassador Vershbow, your response to this, because part of I think your duties will touch upon this, particularly engaging our allies in this same capacity-building effort?

Ambassador Vershbow: Thank you, Senator. Yes, I agree with what Dr. Miller just said. It is just as important in looking at some of these post-conflict situations or at unstable parts of the world, to help on the civilian side with the capacity-building for more effective governance. It ranges across the spectrum from helping with economic development, developing effective judicial institutions, police, rule of law.

I think all of these things require a comprehensive effort by different parts of our government, and I think that the legislation that Dr. Miller referred to, 1206, 1207 in particular, were designed well to require close State-Defense coordination, even a dual-key approach to the implementation of these programs, because we're really all in this together.

I think that some of the problems we had early on in Iraq reflected, I think, insufficient attention to these issues of governance. I think we've begun to work more closely with the Iraqis to get it right in that regard, and I think that's one of the reasons why the trends are more favorable in Iraq, and I think we now are turning our attention to Afghanistan, where there are similar problems of weak governance.

So yes, Senator, you've identified a very critical problem, and I think my background, having been at the State Department and now moving over to DOD, I hope if confirmed will help me in creating this kind of integrated approach.

Senator REED. Let me follow up with a question about Afghanistan, which one is the necessity of more decisive and robust engagement by NATO. A corollary to that would be the recent announcement that France is rejoining NATO. Can you comment on both those issues?

Ambassador Vershbow: Yes, Senator. I think that it's been very helpful that NATO has stepped up to the challenge in Afghanistan and contributed to the ISAF coalition. We haven't always gotten quite as many troops as we had hoped, but I think one shouldn't underestimate the importance of the contributions that they made and the sacrifices that our allies have made. On a per capita basis, for example, Canada has taken more casualties than the United States. So I think the spirit of we're all in this together, shared risk, has been on display in Afghanistan.

Looking ahead, it's not clear how many more troops we will be able to get from our allies, but I think that as we look to trying to do better in Afghanistan we will be looking to our allies, if they can't contribute more on the military side, to contribute more on

the civilian side, where the list of tasks is almost infinite as to what kind of contributions they could make.

As for French re-integration, I think this is a very important and positive step. The French have been good allies even when they weren't fully integrated in the military command structure, contributing sizable forces in Bosnia and Kosovo, and they have sizable forces on the ground in Afghanistan.

So I think bringing them fully into the military structure and the planning structure, which would mean that they would have more forces committed to NATO, assigned to NATO, will hopefully enhance NATO's effectiveness in the future.

Senator REED. Thank you.

Dr. Carter, you have an extraordinarily difficult challenge, as both Senator Levin and Senator McCain outlined. Senator McCain particularly talked about the concentration of the industry, the sense that you might be outgunned. I want to bring that down to a very practical, operational level, because within the Department of Defense there seems to be—or let me ask the question: Are there sufficient system engineers, acquisition professionals, people capable to go one on one with industry, that has the capacity through their incentive structures and their ability to recruit to mount a significant number of people, experts in an area?

Maybe the pathway to a better acquisition system is having on our side of the table more depth, more professional, better supported individuals.

Dr. Carter: First of all, thank you for your kind words.

Senator REED. I was going to say that at Yale we deal with history and theoretical physics with the same course, but—

Dr. Carter: Two separate things, but maybe this job is the perfect union.

Senator REED. It's the perfect—yes, alchemy, too.

Dr. Carter: But I appreciate all you've taught me and I thank you for your kind words.

The question really goes to the heart of things, which is—actually, this committee has received some testimony in the last couple weeks that I thought was excellent on this very subject of systems engineering and, more generally, the competence and size of the government work force to manage this much money and programs that are this complicated.

I do have that concern. I know that this committee's taken some action in that regard, and it's a subject that, if I am confirmed, I intend to take very seriously because, as I said earlier, you can have all the great paper acquisition system you want and if you don't have the right people to do it—systems engineering is a particularly important thing. A lot of people don't relate to systems engineering very well, but it's the ability to look at the whole task from early on, concept development and technology development, right through sustainment, and look at all of its aspects.

There are in the services and in OSD organizations that do that, and I've been associated with some of them. For a long time our ballistic missile programs were managed by the Ballistic Missile Office out at San Bernardino, which is a perfect example of a systems engineering organization that dealt with all offensive ballistic missiles end to end. It's a very important skill set.

Dr. Kaminski testified on this subject a couple of weeks ago on the basis of a study he did for the National Academy of Sciences, and if I'm confirmed you bet it's a serious concern, because one person isn't going to be able to do it, however hard I work.

Senator REED. Thank you very much.

Senator Chambliss.

Senator CHAMBLISS. Thank you, Mr. Chairman.

Gentlemen, thank you as well as your families for your willingness to continue or come back, as the case may be, into public service. We appreciate that very much.

I want to pick up, Dr. Carter, on what Senator Reed was talking about and what Senator McCain was talking about earlier. That is this issue of competition that you and I had a chance to visit about. As we have downsized, we do note that there are not only limited chances for competition, but also increased chances of conflict of interest. In the Levin-McCain bill there is a provision that would require the contract for the performance of systems engineering and technical assistance functions contain a provision prohibiting the contractor or any affiliate from having a direct financial interest in the development or construction of the weapon system or its components.

At face value this provision would seem to prohibit a company from performing any SETA-related work that you just talked about on a contract for which they are prime or subcontractor. Given that over the last several years the larger defense contractors have bought up many of those smaller contracts for systems engineering that traditionally supplied the support, this provision may have the effect of prohibiting much of the systems engineering expertise from being available at DOD.

Now, the current provisions in the Federal Acquisition Regulation allow for avoidance, neutralization, or mitigation of significant potential conflicts of interest. At face value, the bill would simply require avoidance. Do you believe that strict avoidance is all that's necessary, or do mitigation and neutralization of conflicts of interest—could they be appropriate in some instances?

Dr. Carter: I'm not sure I can give you a fully complete answer to that. That's something I'd like to get in and take a look at if I am confirmed. But I understand the question entirely. These large firms are now both making stuff and involving themselves in the process by which we decide as a government what we're going to buy and what it's going to look like, and that is the very clear possibility for the fact and at a minimum the appearance of a conflict of interest.

It's another form of organizational conflict of interest, the other one being the make versus buy question in a large and integrated firm. I see quite clearly the potential for conflict there. I am also aware within companies of their attempts to build firewalls between the organization that's doing the SETA work and the organization that will do the other work. I think from the outside looking in, those firewalls are always questionable.

But the only reason I can't give you a clear answer is that there is a countervailing factor, which is we do need that SETA work done. And if, as Senator Reed said, we can't do it within the walls of government, then how are you going to get it done? If excellent

SETA work can be done by those companies, one doesn't want to lose access to that competence.

So somehow we have to get access to it without the conflict of interest, and you're asking me how to do that and I'm saying I don't know. I can't give you a good answer as I sit here today, but I know that you want and deserve a good answer, and that would be something I would try to give you in time if I were in the job.

Senator CHAMBLISS. Well, as Senator Levin said, we're going to take up this bill it looks like next Thursday. I don't know the answer either. That's why I'm asking you, because we need to solve this, obviously, to make your job easier and make sure that we have the ability to inject that competition that is so sorely needed to do what Senator McCain suggested earlier, and that is try to get these costs under control.

This train wreck that was coming 10 years ago is here with respect to certain systems, and we've got other train wrecks down the road that are going to make it very difficult for you to operate within the budget if we don't make sure we have that competition there.

So if you have any thoughts on it between now and next week, I wish you'd let me know.

Dr. Carter: May I add just one—

Senator CHAMBLISS. Sure.

Dr. Carter:—so as not to have nothing at all to help you. What the provision is, as I understand it, as drafted is it requires more transparency. That certainly is necessary and clearly required. In addition to that, I can't say more. But to the extent that that's what is provided for in this draft legislation, I think it's absolutely appropriate.

Senator CHAMBLISS. Again, you and I discussed the issue of multi-year contracts. I'm a big fan of multi- years. I wish we could do more of them. For the record, I wish you'd just give us your thoughts on multi-year contracts.

Dr. Carter: I think there are, as we discussed, Senator, instances when multi-year contracting is appropriate and cost effective, and in those instances I would if I were in this job recommend that multi-year procurement be followed. I understand that there are other considerations in multi-year contracting, but where it is cost effective—and I think there are examples where it can be cost effective—my job would be to say what was cost effective.

Senator CHAMBLISS. We've got two depots in my State. I have an opportunity to visit those depots regularly, at Warner Robbins and at Albany. Our folks do great work there, both on the military side and the civilian side. You're familiar with the 50-50 rule. You're also familiar with the fact that there's some discussion that's ongoing relative to changing the way modification work is incorporated in the 50-50.

Again, just for the record, assuming that this discussion does continue, I want a commitment from you that you will dialogue with the committee and particularly me about any changes that might be forthcoming to the 50-50 relative to that modification within our depots, before any changes are made.

Dr. Carter: Absolutely, I give you that commitment.

Senator CHAMBLISS. To Dr. Miller and Ambassador Vershbow: Earlier this week, General Craddock testified before this committee and in his written testimony he recommended maintaining two heavy brigade combat teams in Europe. I would like the thoughts of both of you on troop levels and composition for EUCOM, and how do you think we need to posture ourselves in Europe in response to Russia as well as our commitments to allies, threats of WMD proliferation, and trans-national terroristic threats?

Dr. Miller: Senator, as you know, the plan change to take those additional two heavy brigade combat teams out of Europe is the product of a global posture review conducted by the previous administration, something like 6 years ago now. I think that what's happened in the mean time is that the world has changed. We're obviously now at war in Iraq and Afghanistan in significant ways. As we begin the transition from Iraq over the coming years and as we rebalance in Afghanistan as well, my view is that it merits taking a fresh look, not just at the question of these two heavy BCTs, but a fresh look at the global posture across the board.

I would anticipate, if confirmed, it would be something I would hope to engage in as part of the Quadrennial Defense Review.

Senator CHAMBLISS. Ambassador?

Ambassador Vershbow: Senator, I fully agree with what Dr. Miller just said about the importance of taking a fresh look at the overall global force posture. In the case of the recommendation by our Supreme Allied Commander, General Craddock, I think it is important to take a look at that. It's under review, as I understand, right now. Clearly there have been some significant developments even in the last year, including the Russia-Georgia War, which has cast new light on the critical importance of Article 5 of the NATO Treaty, especially for our new members in Central and Eastern Europe.

So I think it is appropriate to look at this question in the context of our global force posture review.

Regarding potential cooperation with Russia in dealing with trans-national terrorist threats—that was your second question, Senator?

Senator CHAMBLISS. Yes.

Ambassador Vershbow: I think we've had reasonably good cooperation with Russia over the years, even as some other aspects of our relationship have become more difficult. I think that the Russians certainly recognize that some of the most serious threats to their own security are the same as the ones that we worry about: instability to their south, Islamic fundamentalism, and of course the conflict in Afghanistan is very close to their own borders.

So we've had a good counterterrorism working group with the Russians that has identified potential areas of cooperation. But I think there's more that we could do. I think there are some areas where we see the Russians taking a stance that could be more constructive. Iran is one example. I hope that as we try to expand those areas of cooperation we can do more with the Russians than we have in the past.

Senator CHAMBLISS. Thank you.

Senator REED. Senator Hagan.

Senator HAGAN. Thank you, Mr. Chairman, and thank each and every one of you for your interest and commitment to service in our government.

Dr. Miller, I too had a son who graduated from Duke, although he was there much later than when you left. Sorry he didn't get to take your classes.

In North Carolina we have a large number of resettled refugees from the Democratic Republic of the Congo, and they talk to me frequently about the extreme violence in the eastern region of their home country. Last week, General Ward, the Commander of the U.S. Africa Command, provided our committee with an update on the dire security situation in the east. He spoke about the ongoing military operations against the various rebel groups in that region, which according to reports his command helped to plan.

I was wondering, Ambassador Vershbow and Dr. Miller, if you could provide the committee with your views on the situation in the Democratic Republic of the Congo and any update on the assistance that the U.S. Africa Command recently provided in supporting the multilateral military operation; and also if you can keep me and my staff updated on any decisions that are being made involved in decisions related to the Congo.

Dr. Miller: Thank you, Senator. I think that you've identified an important issue that highlights the fact that security problems on the African continent are going to become an increasing focus for the United States in the coming years. I think that the fact that we decided to consolidate our resources focused on Africa in the form of the new AFRICOM was a very, very important initiative. The design of that has, I think rightly, tried to take a more integrated approach between civilian and military instruments of power.

Since I'm not yet confirmed, I don't have a very up to date insight into exactly how deeply involved we were in the recent operations. I do understand that there was some planning assistance involved.

I think that the trends in the Democratic Republic of the Congo have been positive as they've begun to recover from a decade of conflict and civil war. But I think that our provision of security assistance in targeted ways can help them get over the remaining hurdles. Thus far I think we've been focused on helping them reform their own defense sector and provide capacity-building assistance. But I need to get more deeply into the subject if confirmed for this position, and I look forward to keeping in touch with you and your staff on this issue.

Senator HAGAN. Thank you.

Dr. Miller: Senator, I would just add that, to pile onto what Ambassador Vershbow had to say, that the work of AFRICOM, working with other agencies of the government, including State and AID, in situations where it's not quite so dire and where those personnel are able to get in is I believe a critical part of U.S. capabilities for making improvements on the African continent.

The use of targeted aid and the support of AFRICOM in terms of planning operations I think is also a very important instrument. I, like Ambassador Vershbow, I don't have insights into exactly

what happened, but I also will commit, if confirmed, to work with you and your staff to keep you updated.

Senator HAGAN. Thank you.

I have another question, about the oil bunkering. Your responses to the committee's advance policy questions—and this is to Ambassador Vershbow and Dr. Miller again—you discussed your intent to work with the State Department to develop strategies to counter the serious problem of oil bunkering in the Niger Delta. In particular you emphasized maritime security and military capacity-building.

Given our growing dependence on West African countries for our energy requirements, I was pleased to see your interest in working on this issue. Ambassador Vershbow and Dr. Miller, can you expand on your answer to the committee? I'm particularly interested in knowing whether you believe we can overcome the issue of systemic corruption in Nigeria and successfully building the Nigerian military's capacity to respond to this threat, and whether you think any near-term progress can be made on this issue?

Ambassador Vershbow: Senator, I will confess that this is a subject on which I need to learn a lot more about.

Senator HAGAN. Okay.

Ambassador Vershbow: But from what I've been briefed thus far, I'm told that the assistance programs that we've carried out with the Nigerian military are going well, that the level of professionalization is improving. So I think with persistent effort over several years, we should be able to help them deal with the corruption issue.

But this is again an area where I may need to delve more deeply into the subject.

Senator HAGAN. Okay.

Dr. Miller: Senator, as you know, the problem of oil bunkering and lawlessness in the Niger Delta is longstanding and serious. The assistance that the United States can provide I think is important, but I think it's essential to understand that this is a very—the problem has deep roots in the history and regionally in this area of the Delta and with the Nigerian military facing other challenges as well, security challenges in the north, it's one that we should expect that progress—I'm sorry. We should expect to make progress and we should work to make progress, but we should expect that it will be challenging. And the question of corruption is certainly longstanding and one where the United States will have to pay attention as it works with the government.

Senator HAGAN. Thank you.

Thank you, Mr. Chairman.

Chairman LEVIN. Senator Thune.

Senator THUNE. Thank you, Mr. Chairman.

Thank you to all of you for your willingness to serve the country. I appreciate your appearing before the committee this morning and responding to the questions that we have.

As I conveyed to Dr. Carter in a meeting in my office, I have an interest in long-range strike capability and I would like to pose a question of Dr. Carter as well as Dr. Miller, regarding that subject, and refer to an article that was published in the January-February edition of the Foreign Affairs Journal, in which Secretary Gates

wrote that "The United States' ability to strike from over the horizon will be at a premium" and will "require shifts from short-range to long-range systems, such as the Next Generation Bomber."

Dr. Carter, I also wanted to note that you had written a piece entitled "Defense Management Challenges for the Next American President" for *Orbis*, which is a journal published by the Foreign Policy Research Institute. Your piece was in the winter 2009 edition of that publication, and in that piece you write about what you quote as "prudently hedging" against the down side scenario of competitive or aggressive behavior by China.

You write that: "A more specific focus of prudent hedging is to frustrate Chinese efforts in counter-air, counter-carrier, counter-space, and counter-information capabilities." When you speak of frustrating Chinese efforts in counter-air capabilities as part of what you term the "China hedge," do you think those efforts should include development of the Next Generation Bomber, which is expected to be able ought penetrate air space that is protected by highly advanced air defense systems?

Dr. Carter: Thank you, Senator. I appreciate the reference to both Secretary Gates's statement and to that article.

There are several dimensions to frustrating Chinese anti-air capabilities which are relevant in a number of situations, the Taiwan Strait contingency being one. That article also refers to the possibility, which I certainly don't hope for and I personally consider unlikely, but still one to be taken seriously, that China's evolution takes it in a direction that brings it to a position of antagonism with the United States. That needs to be a little piece of our planning and our technology and program work that hedges against that eventuality. That was the thrust of the article.

The Next Generation Bomber would certainly be in that portfolio of things. I'm sorry I'm not in a position to speak specifically to the NGB program now. I have not had access to that program in the course of the pre-confirmation process. So that's something I'll be able to look into if and when confirmed.

I noted from our conversation the importance of that program in your mind as well as mine. When I get access to it, if you'll allow me I'd like to come back and tell you what I found.

Senator THUNE. Good. I appreciate that. I understand you're somewhat limited at this point in time in what you can say about it.

Dr. Miller, in your view how does the Next Generation Bomber and long-range strike capability fit into our National security strategy and the new Quadrennial Defense Review?

Dr. Miller: Sir, I certainly agree with the quote that you provided from Secretary Gates with respect to the importance of long-range capabilities. More broadly, I'd say that over time it's worth considering a shift in balance, short-range, shorter range to longer range, and also not across the board from any systems, manned to unmanned as well, because unmanned provides longer duration, persistence, and some other advantages.

Like Dr. Carter, I have not had an opportunity to look into the details of the program and its capabilities.

But I we certainly expect that it would be an important issue in the Quadrennial Defense Review.

The question of shorter range and long-range aviation overall takes up a tremendous amount, as you know, of the overall procurement, R and D procurement budget of the Department. So it's certain to be an area of attention in the Quadrennial Defense Review, pretty much without question, sir.

Senator THUNE. Well, as you perhaps know, the 2006 QDR did call for fielding the Next Generation Bomber by the year 2018. I guess I would be interested as you have an opportunity to begin to review some of those time lines, your thoughts about whether or not that's something we can continue to keep on schedule.

We are somewhat concerned about the age of the bomber fleet today, the B-52s, B-1s, B-2s, and some of the limitations that are imposed on those as assets that can be used in different operations and theaters, and the need for long-range strike and the need for range and payload that bombers can deliver. So my view is that the Next Generation Bomber is an important piece of our National security strategy, and I hope that you will come to that conclusion when you have an opportunity to review it more completely.

One other question, with regard to the missile defense systems. I know some of that ground's been covered already and so I'll try not to be redundant. But I think the question has to do with the capability, the reliability. I think I mentioned, Dr. Carter, in our discussion as well that the system has demonstrated considerable success during test flights and, according to the Missile Defense Agency, across all missile defense systems programs. 37 of 47 hit-to-kill intercepts have been successful since 2001.

Now, in the past 2 years there have been 13 of 15 intercepts have been successful, and we've had a couple combatant commanders in front of the committee, Admiral Keating and General Renuart, testified earlier that they're confident the ground-based missile defense system would work if North Korea ever fired a missile at us. In fact, Admiral Keating went so far as to say that we have a high probability of knocking down a North Korean missile fired at us.

The President, however, has said that missile defense should be deployed only after "the technology is proved to be workable." If confirmed, the three of you are going to have considerable influence on the future of this system, and I'd like to get your thoughts on that.

Dr. Carter, are you confident about that capability at this point?

Dr. Carter: Senator, I'm not confident of that as I sit here today. And clearly it's something, given the quote you made from the President, that if I am confirmed I need to get in and get a look at.

I do have some familiarity, however, with that as a consequence of my beat on the National Missile Defense White Team, and the technical effectiveness of the systems has grown steadily over time. That's to be expected with the evolution of technology. There are really two questions to ask about the effectiveness of the ground-based system against a North Korean threat.

The first is whether, if the North Koreans, which is likely, at first do not have any special so-called "penetration aids" or gimmicks on board their missile, but they're just trying to get it over here, what is the chance of an intercept in that case? We've done

a lot of testing that bears upon that question. I think that General Renuart and General Chilton—I don't want to put words in their mouth, but I think that they anticipate, particularly if one has the option of shooting several times at an incoming primitive missile, of having a good chance, as you said, of being successful.

The question of the next generation—or a ballistic missile accompanied with penetration aids gets a lot more difficult. In fact, it's inherently difficult for a passive infrared sensing missile defense system to deal with that circumstance. Now, that wouldn't be what the North Koreans started with first. That becomes another question.

I think both the first issue, dealing with North Korea in the near term, and the second issue, dealing with them in the far term, are in the intent of the President's statement, and if I'm confirmed I'll get in there and get to the bottom of it and discuss it with you as we go.

Senator THUNE. If I might, Mr. Chairman, just to the other members of the panel. Dr. Miller and Ambassador, what would you plan to do about the European missile defense site, the so-called third site, that has been something that has been of great focus here in the last few years, and more recently in the last few weeks as discussions have gotten to sort of more of an elevated level about that particular site.

Dr. Miller: Senator, let me first provide a very brief answer to the earlier question and agree with Dr. Carter, but also note how much has changed over the last couple decades from when I worked on the Hill previously. The defense of the country clearly needs to be top priority of all Departments, including Department of Defense. There is no such thing as a perfect defense against all threats.

We have to expect adversaries to adapt, including North Korea, as Dr. Carter suggested. In looking at the system's capabilities for our National Missile Defense Security and how those should be adapted over time is a fundamental issue.

I say that because, when you talk about the European site, so-called "third site," that is an issue as well. It will be addressed, I would expect, as part of another review of the Congressionally mandated review of the Missile Defense Review, but also in the context of discussions with Poland and the Czech Republic. The U.S. had previously made an offer to Russia to have some involvement, some cooperation with the system. I expect that it would make sense to me to have continued engagement with Russia on that question; then also to have a look at what Iran does and whether it's willing to verifiably stop its nuclear activities, and what that does for the threat and how that comes into the mix.

I expect that there'll be extensive consultations with our allies on this question and with Russia on this question over the coming weeks and months.

Senator THUNE. Ambassadors, anything to add?

Ambassador Vershbow: Senator, I endorse what my colleagues have said. If confirmed for my job, I will be approaching this issue, obviously, from the political perspective. I will leave the issue of technical evaluation of the effectiveness of the systems to my colleagues.

I think it is important that NATO, the NATO alliance, has endorsed missile defense. I think we've come a long way in reaching consensus that there is an emerging threat that affects not only the United States, but our allies in Europe; and I think that our newer allies in Poland and the Czech Republic have taken important risks in agreeing in principle to the third site.

As I understand it, our overall policy on missile defense is now under review, so I can't really speak authoritatively as to precisely what we may do. But I would underscore what Dr. Miller said, that when it comes to the third site in Europe the driving factor is the emerging threat posed by Iran, both its pursuit of a nuclear weapons capability and its ability to marry that capability to long-range ballistic missiles.

Now, of course if we were, as others have said, able to eliminate that threat in a verifiable way, we'd have to look at the situation in a different light. But we're far away from achieving that goal, and so I think it's going to be a very important issue, on which we will need to continue to consult with our allies and of course with the Congress.

The Russians have made a lot of complaints about the proposed third site. I believe that if one looks carefully at the geography and the technical capabilities that are being considered, this system poses no threat to Russia. It's directed at Iran. But I think the way forward—and this is something that Chairman Levin has spoken about just recently—could be to try once again to pursue cooperation in missile defense with Russia, which faces similar threats, may have some technological contributions to make to some kind of combined architecture. And I think this could be a way of reinvigorating NATO-Russia cooperation, which has not fulfilled its early promise.

So there's a lot of different dimensions to this issue. The policy is under review. I think we'll want to continue to take on board the views of this committee and other members of Congress.

Senator THUNE. Thank you, and I appreciate your observations. I agree when you have NATO endorsing it, the Czechs and Poles have invested and risked a lot on this, and I would hope that it's something that we don't walk away from.

Thank you.

Senator REED. Senator Vitter.

Senator VITTER. Thank you, Mr. Chairman.

I'm going to have to be real brief because I have to run to the floor. So I have two questions for Dr. Carter. Doctor, several acquisition programs have experienced cost overruns, including Nunn-McCurdy breaches and schedule delays and the like, and we all want to turn this negative trend around. What would you consider to be the essential principles of acquisition reform that could help do this, and specifically what are your thoughts about how competition can contribute to that?

Dr. Carter: Thank you. Thank you, Senator. I think I'd start, with respect to the reform part of your question, with the observation of Secretary Gates, and he said a few weeks ago with respect to acquisition reform: There is no silver bullet. What he meant by that—and I completely agree—is that as we look at the programs that are in trouble, as you noted—I think you said several; I wish

it were only several; it's many severals that are in trouble—and you go back through their lifetime and do the diagnosis, how did we get to where we are, what went wrong, there are a number of different things that you can point to.

So there isn't one common denominator, but there are some things that keep popping up. One is the size and quality of the acquisition work force, the people who do this job, from contracting to systems engineering and so forth, on the government side. That seems to be a frequent offender.

Another one—and I'm committed to try to fix that problem and this committee has already taken some action in that regard in years passed, long before I came along for nomination, to deal with that. Others, other causes, I won't go through them all, but they're almost all covered in the draft legislation that is coming out of this committee, the Weapons Acquisition Reform Act of 2009. They have to do with, in addition to systems engineering, better cost estimation, including paying attention to cost estimates once you get a cost estimate, technology development, technology maturity, technology readiness at the early stage of a program, and your second point, which is competitiveness.

I believe that competitiveness is the single most powerful tool the government has to get good value. We have a system in which we don't make our weapons inside the government. We contract with the private sector for them, and competition is the great discipliner. It's not always possible to have competition in programs because there aren't always many manufacturers of the things that we need in defense. There's been some consolidation of the industry over the last couple decades. But even in those cases, it's usually possible to have competition far enough into the program to discipline it, that is through the development phase. It's also possible, even if you can't have competition at the level of the prime contractor throughout the lifetime of the program, to maintain a competition at lower tiers of the program that supply subsystems.

So in all these ways we need to keep looking for ways to keep competition alive, because that's the great discipliner that gives value to the warfighter and to the taxpayer. So I'm committed to looking for those vehicles to keep competitiveness alive and, as I said, some of them have already been suggested by this committee.

Senator VITTER. I'm concerned about several examples of that, and one near the top of my list is Joint Strike Fighter and the issue of engines. Congress has repeatedly pushed for competition in that area and has inserted that into the budget, and the Defense Department has repeatedly resisted and never itself put that into the budget.

Would you support in Defense having that in the budget and continuing that competition because of the discipline, particularly long-term, it would provide?

Dr. Carter: I understand exactly why some have favored an alternative engine for JSF, and I also understand the other argument. Let me just spell the two out. But the net of it is that I don't have access to the information now that allows me to make this tradeoff. But if you have two engines, you have the value of competition. On the other hand, you're paying for two programs.

So where does that come out? That's a quantitative question essentially and I don't have access to the information to allow me to make that assessment.

Senator VITTER. Well, I'd urge you to focus on that as soon as possible. I'm going to propound some more detailed questions about that as your nomination is pending. I believe that the Pentagon's decision, based on what I know, is based on a very short-term calculus of those pros and cons you're talking about, not a project life calculus, and I'm concerned about that, and I think competition there would really bring some rigor to that program, and I think a lot of folks, not just those directly involved, but the prime and other folks involved, support that.

So I'll be propounding some more detailed questions, but I'd love for you to look at that.

Dr. Carter: I absolutely will look into it and try to answer the questions.

Senator VITTER. Thank you, Mr. Chairman.

Chairman Levin [presiding]: Thank you, Senator Vitter.

Senator McCaskill, are you ready?

Senator MCCASKILL. I am. I just have one brief area I want to cover, Mr. Chairman.

I want to thank Dr. Carter for spending some time with me in my office yesterday. I want to just for the record of this hearing talk about some of the things we talked about yesterday, most specifically contracting as it relates to operations in a contingency and the problems that have occurred in Iraq and before that in Bosnia, the same problems; and make sure that we have on the record your commitment to realize that that's a very important part of your responsibility at the Department of Defense.

Specifically, I would like you to speak briefly about what you would envision your plans as it relates to the drawing down of the contract force in Iraq. It is a huge undertaking to draw down that contract force and to do it in a way that is cost effective for the American taxpayer and that we get value out of the stuff that we've paid for that these contractors have is a bit concern of mine. I have not yet heard anyone really address this issue that shows that there's a lot of planning going into it and a lot of forethought about how we can do it in a way that works for the American taxpayer, because frankly not much about contracting has worked either for the American military in terms of getting stuff we need at the best value, or the American taxpayer.

Dr. Carter: Well, thank you, Senator, and I appreciated you giving me the time yesterday. I do absolutely share your concern. This is a big subject, contractors, the use of contractors in contingency operations, when that's appropriate and how to manage them.

My own view is, as I shared with you yesterday, it's unavoidable. We can't do it all ourselves. But there's a question of what activities are appropriate to contract out and then contracting competently so that there is no waste, fraud and abuse and there's effective and efficient contracting. I think that there's reason for concern in recent years in dealing with Iraq and also Afghanistan about all those questions, absolutely right.

Also, another point you made which I agree with: Once you have all of these folks working for you and the need goes away or the

need changes, are you able to move them from one place to another or move them off the government payroll when the contingency's over?

The last thing I'll say, I'll say for everyone, but I said yesterday, is I'm highly aware that the title of the job for which you're considering me is "Acquisition, Technology, and Logistics," and that's not an afterthought in a time of war. Secretary Gates has expressed his determination to supply the troops in the field the way they deserve. We have a big job to move equipment out of Iraq and into Afghanistan, and I realize I will be involved in that and that's a huge task, and to deal with this question of contingency contracting and contractors on the battlefield. As I said to you yesterday, that's something I know I need to get on top of if I get in this job, and I'm committed to working with you and learning from you and telling you what I learn as I do that.

Senator McCASKILL. I think it is a big job, and I think that one of the ways that we will fix this long-term is for there to be an atmosphere of accountability. I'm not aware of anyone ever losing any kind of rank, getting any kind of demotion, just for their failure to oversee contracts in a way that makes sense. Until we kind of instill that in the culture, I worry that our military commanders, for all the right reasons, want to focus on the mission, and they don't see how much stuff costs on contracts, whether it's in the mess or whether it's who's cleaning the latrines or who's doing the laundry—they don't really see that as part of the mission, and fixing that culture is probably the hardest part, and I wish you all the luck.

Dr. Carter: Thank you.

Senator McCASKILL. Thank you.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator McCaskill.

Dr. Carter, the Department of Defense now actually spends more for the acquisition of services than it does for the acquisition of products, including major weapons systems. Yet the IG and the Government Accountability Office have reported that the Department routinely fails to conduct required acquisition planning and contract oversight functions for its services contracts.

We enacted a provision a couple years ago that required the Department of Defense to develop a comprehensive inventory of activities that are performed by service contractors, to serve as the basis for an analysis of whether we've gone too far in contracting out. The first inventory was supposed to be submitted last July. The Department now says it'll be unable to meet this requirement until 2011 at the earliest.

Now, that really shows the problem. We have contracted out so much of the services that are needed that we can't even inventory those services for years.

Now, this is a real issue around here, this contracting out and whether or not we're getting our money's worth. There are some policy issues, but there's also some financial issues here. There's some real policy issues which I referred to in terms of contracting out security functions, but there's also some significant dollars here that are at issue. So will you ensure that the Department conducts

the inventory of activities performed by service contractors in a timely manner?

Dr. Carter: I will, Senator.

Chairman LEVIN. Will you tell us what the earliest date is we can expect that after your—when you're confirmed and check this out, will you get back to the committee?

Dr. Carter: You bet, Senator.

Chairman LEVIN. Dr. Miller, you wrote last September about the need for a game-changing diplomacy with Iran, to emphasize more the need to put in place a comprehensive verification regime on Iran's activities and to talk directly with Iran on a broad range of issues. President Obama last Friday issued a video message to the people and government of Iran in which he said that Iran had a choice, to assume its rightful place in the community of nations, but that Iran could not achieve this through terror and arms.

Do you believe that there is an opportunity to engage Iran on issues of mutual concern, or at least that the attempt should be made?

Dr. Miller: Mr. Chairman, yes, I believe certainly an attempt should be made. Whether there's an opportunity or not we will find out as we see the reaction of the Iranians.

Chairman LEVIN. One of the issues, of course, that we're most concerned about with Iran is a potential missile threat, particularly if they ever achieve and obtain a nuclear weapon, given the make-up and the rhetoric of their current leadership. One of the arguments that I've been making is that if we can improve our relations with Russia, particularly if we can work with Russia on a joint missile defense that would be a defense against Iranian missiles, that this could be a true game-changer in a lot of ways, not just in providing a missile defense, but in terms of making a very strong statement to Iran about the determination of the world community, including Russia working with ourselves, to deal with an Iranian threat.

Now, first, Dr. Miller, if the U.S. and Russia could agree on a cooperative approach to missile defense, do you think that that would be an important statement in terms of a determination to deal with Iran, but also could help to improve U.S. security in other ways?

Dr. Miller: Yes, Mr. Chairman, I do.

Chairman LEVIN. Ambassador Vershbow, do you have a comment on that? Would you agree with that?

Ambassador Vershbow: Mr. Chairman, yes, I would agree very much that if we could achieve cooperation with Russia on missile defense it would be a very important step in our relationship with Russia in dealing with a common threat, and it would send a very important message to Iran as well, which could underpin the diplomatic engagement that we are going to attempt to see whether we're able to get them to change their course on nuclear weapons development.

Chairman LEVIN. Secretary Gates told us about a month ago or so that NATO would welcome cooperation or discussions about the possible cooperation between the United States and Russia relative to a cooperative approach to missile defense. Is that your—you of course are an expert on NATO. Would you agree with Secretary Gates that NATO would welcome those efforts?

Ambassador Vershbow: I agree 100 percent with Secretary Gates on this, and my experience is that this attitude of our NATO allies goes back many years. As NATO itself has come to see the importance of missile defense, they have also emphasized their interest in cooperating with Russia. Whether it's in the NATO-Russia context or a U.S.-Russia context, they're very much for it.

Chairman LEVIN. Dr. Miller, the Law of the Sea Convention is pending in the Senate. In your response to prehearing policy questions you stated that you support U.S. accession to the convention. Can you tell us what advantages you see in our joining that convention and whether you—well, that would be my question, what advantages do you see in our accessing to it?

Dr. Miller: Mr. Chairman, in my view there are numerous advantages to accession. Let me just list a couple for starters. The first is that the United States has a strong stake in freedom of navigation across the globe and that the convention would bring the U.S. additional tools to enforce that and to bring it in compliance also with international guidelines on that with the other countries that are involved across the globe.

Second, stepping out of the defense area, it is—as the Arctic opens up and we've seen an opening that allows passages that haven't been the case for as long as we've recorded the situation up there, there is a growing competition over minerals and over energy resources of other kinds, including oil, in that area, and accession to the Law of the Sea would give the United States a firm foundation for competing for those resources.

Chairman LEVIN. Thank you.

Dr. Miller, Ambassador, let me turn to Afghanistan for a minute. One of the reasons that the expansion of the Afghan security forces is slower than we'd like is the lack of trainers. That's the long pole in the tent, we've been told by a number of our military leaders.

The second longest pole would be the shortfall in equipment for the Afghan security forces. At Tuesday's hearing General Craddock said that NATO members are failing to provide funds for the NATO Afghan Army Trust Fund, which would help pick up costs both of training and equipping the Afghan Army.

Will you—well, let me ask you, Ambassador: Would you look into the trust fund issue, the NATO trust fund issue, press NATO members to meet the agreed target for that fund? And will you—and I guess this would also apply to Dr. Miller—try to see what you can do to speed up the availability of equipment to the Afghan army and the Afghan police?

Ambassador Vershbow: Mr. Chairman, if confirmed I definitely will make all of those things a high priority. I think that these are issues that we would also be looking for some progress on at the upcoming NATO summit, and particularly the trust fund that you mentioned. So these are all keys to success in Afghanistan and I think our allies have not done as well as we had hoped, but we will continue to press.

Chairman LEVIN. Thank you.

Senator SESSIONS.

Senator SESSIONS. Thank you, Chairman Levin, for your courtesy and your good leadership of this committee.

I congratulate President Obama on your nominations. From what I have seen in my opportunity to meet with each of you, I believe you bring to the government the kind of experience and good judgment that we need. You'll be under a lot of challenges. There's an article today about liberal groups demanding the President cut the defense budget even more. Our preliminary analysis of the budget that the President has submitted would indicate that he will be taking the defense expenditure from over 4 percent, almost 4.5 percent of gross domestic product, to 3 percent of gross domestic product. That's a dramatic cut if it's carried out and it's going to put some real pressure on each one of you in conducting your affairs in a fair and legitimate way.

What has happened in the past is that procurement, Dr. Carter, is the thing that gets whacked, because you've got to pay out salary for our men and women in uniform and their health care and the electric bills and the housing and the transportation and upkeep on the equipment and the fuel that goes in it. That is just a dangerous thing and I hope that you will recognize, as you and I talked earlier, that each President does have a responsibility during his watch to not only pay the salaries of our personnel, but also to provide for the future the weapons systems that they may need, but take years to develop.

Would you agree that that's a responsibility a President has?

Dr. Carter: I would, absolutely.

Senator SESSIONS. Dr. Carter, in your advance questions I was pleased with a number of your answers. One of them, you were asked about international participation in the American defense base and you stated: "It also helps the Department to achieve the advantages of competition in contracting, which includes the ability to obtain world-class best value products for our warfighters."

Do you stand by that statement?

Dr. Carter: I do.

Senator SESSIONS. I think that's fundamentally correct. I've got to tell you—let me ask you this first. "Best value" is a term that has some meaning within defense circles. Could you briefly summarize what that means to you?

Dr. Carter: Yes. "Best value" I think means in acquisition more or less what it means in everyday life, which is looking at a purchase, in this case of a system, by taking into account all of the attributes that one wishes to have. So it means the same thing as it means when I think the person, any of us, goes in to Best Value to buy a radio or something.

Senator SESSIONS. So price is a factor, quality is a factor, capabilities are a factor, all things, and you try to make a judgment for the warfighter based on the overall assembly of qualities that provide the best value for the military?

Dr. Carter: That's correct. One attaches weights to the various factors and makes a decision accordingly.

Senator SESSIONS. Let me just be frank with you. We're talking about an Air Force tanker, refueling tanker bid process that's been stopped. Secretary Gates said that as soon as you're on board it'll be your project. Congratulations. I said he punted and he caught his own punt and now he's going to hand it off to you.

But I believe strongly that best value is a fundamental principle of any good acquisition system. So I'm a little worried because I've heard some comment that, not official, but, well, we might just decide this purely on price. I would note that in the last bid round that the aircraft that would be built in my State was a good bit cheaper. But at any rate, I think it was a more capable aircraft also.

But I think best value is the right principle. Do you intend to apply the best value principle to your supervision of the bid process for the number one Air Force priority, the replacement of the aging tanker fleet?

Dr. Carter: What I intend to do—I recognize this is going to be a big responsibility. I think best value is a good principle in acquisition, as it is in everyday life. What I committed to you when we chatted earlier, and I do again, is my job as I understand it if I'm confirmed with respect to the tanker deal is to serve up the best acquisition strategy as honestly as I possibly can.

I realize that this acquisition program's been through its ups and downs and so forth. I'm going to take a fresh eye to it and call it to the Secretary of Defense as straight as I possibly can.

Senator SESSIONS. Well, but do you intend to use the principle of best value for the warfighter? Because we required this contract to be bid, the Congress did, after a flap over—and some people went to jail. We required it to be bid, and there were only two bidders in the whole world that could supply this aircraft. Both of them would build their aircraft in the United States.

So I guess my question to you is, when you're going to analyze this why would you not use the traditional process of best value?

Dr. Carter: I would use exactly the traditional process of best value in this case and attach the weights to the various parameters that go into best value, of which price is one, and call it like I see it. And the Secretary of Defense and the President will have a voice in that as well. But my commitment to you is I will call it absolutely straight.

Senator SESSIONS. Well, I thank you for that. I think it's important that you—we had a lot of political talk and out of all this storm the Defense Department will have to maintain its reputation for integrity and making decisions on the merits and not politics. I feel like that you've been there, you understand the pressures you're likely to be subjected to, but you'll do the right thing. That's what my present belief is, and I hope that the Secretary or others wouldn't alter the traditional process of choosing the best aircraft.

Chairman LEVIN. Thank you, Senator Sessions.

There are no more questions, so we will bring the hearing to a close. I want to before I close just say two things. One, we're going to bring these nominations to a vote of the committee as quickly as we possibly can and hopefully get these to the floor before recess.

Second, I just want to not only thank you for your commitment to public service; I want to thank again your families. If you don't mind, Dr. Miller, I want to single out particularly your younger kids. They have looked interested way beyond what could reasonably be expected of kids their age. I've got grandkids about their age, so I won't say any more than that. But anyway, I know how

important it is that all of you have your families here, but particularly when you have young kids that would much rather be out there in the rain.

Dr. Miller: Thank you, Mr. Chairman.

Chairman LEVIN: Thank you all. We will stand adjourned.

[Whereupon, at 11:55 a.m. the committee adjourned.]