

STATEMENT OF  
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COMMITTEE ON ARMED SERVICES  
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It is an honor to report to the Congress today on the state of the United States Armed Forces. At the outset, I would like to pay tribute to our men and women in uniform. As always, they serve our country selflessly, often far from home and loved ones, defending our Nation and its interests and helping to keep the peace in a still dangerous world. America can – and should – be proud of its soldiers, sailors, airmen, and marines. They represent the United States at its very best.

## **SUSTAINING A QUALITY FORCE**

America's military strength rests on a foundation of quality people, ready forces, and an effective modernization program. While each of these elements is absolutely essential, one must come first – people. Without skilled, committed people, we will be unable to exploit the full potential of our advanced weapons systems on the battlefield. And without the support of strong military families, we will be unable to field a force capable of meeting the demands of the next century. To preserve a high quality, professional military we must act decisively now to ensure the quality of life that our service members and their families deserve.

The building blocks of a quality volunteer force are the "Big 4:" an attractive, equitable retirement system; competitive pay; accessible, quality health care; and adequate housing. Providing the resources to meet our needs in these critical areas is essential to the long-term health of the force and our future readiness.

### **Reforming Military Retirement**

The success of the National Military Strategy hinges on our ability to attract and retain high quality personnel. Without bright, motivated, and technically skilled people

we will be unable to exploit the promise of our future weaponry, operational concepts, and advanced technology.

In our units, the perception of an inadequate retirement program consistently surfaces as a primary cause of our recruiting and retention problems. Survey results, combined with feedback gathered by leaders from all the Services during field and fleet visits, have convinced us that long-term retention is not well served by the Redux retirement plan. Our men and women deserve a retirement system that more appropriately rewards their service.

Restoring an attractive retirement program for all active duty members is therefore my top legislative priority in the FY 2000 Budget. The system adopted must provide an incentive to serve until retirement. Redux does not do that; in fact, it has emerged as a disincentive to continued service.

Fixing our retirement system is an urgent priority because the lifetime value of military retirement has declined by as much as 25% following the reforms of the 1980s that created the High-3 and Redux programs. Two-thirds of the current active duty population is now under the Redux "40% of base pay" formula after 20 years of service, instead of the 50% enjoyed by all others. In addition, these members will not be provided full Consumer Price Index cost-of-living adjustments (COLAs), as their predecessors are. This variance in the value of military retirement programs gives career service a diminished value. As a first step to correcting this disparity, I urge the Congress to eliminate the 40 percent Redux retirement formula and to restore the "50% of base pay" formula for 20 years of active-duty service, as proposed in the President's FY2000 budget.

## **Competitive Pay and Pay Reform**

Competitive pay is the other core element of a comprehensive compensation package essential to sustaining a quality, all-volunteer force. To recruit and retain high quality men and women, military pay levels must compare favorably with salaries in the private sector. The recent challenges faced by the Services in meeting accession and retention goals are clear signs that the growing disparity between military and civilian pay levels must be resolved.

Much of the discussion about the pay gap between the military and civilian sectors has to do with the Employment Cost Index, or ECI (the ECI reflects civilian wage growth and is identified in law as the appropriate guideline for federal pay raises). Depending on which year and associated ECI value is used to begin pay comparisons, the current gap between military and private sector pay ranges from 5.5% to 13.5%. Military pay raises have lagged behind average private sector raises for 12 of the last 16 years. This decline is significant because it affects both active and retired pay and communicates a lack of commitment to pay equity.

Secretary Cohen has noted in the past that while we can never pay our men and women in uniform enough, we can pay them too little – and in my view, we are.

To maintain a professional, ready, all-volunteer force, we must resolve this problem. Congress and the Administration have recently taken important first steps in leveling off the long decline in military pay levels. The full ECI pay raise enacted for FY99 and the commitment to provide such raises over the Future Years Defense Program are very positive indications that our Nation's leadership is committed to restoring military–civilian pay comparability.

We should also undertake long-overdue reform of basic pay. This idea is not new. Both the 7<sup>th</sup> and 8<sup>th</sup> Quadrennial Reviews of Military Compensation called for a restructured pay table emphasizing promotion over longevity as the primary basis for pay increases, as this would send a clear signal that superior performance is valued and rewarded. Such an initiative would help us achieve two important and related goals: first, to provide enhanced pay raises for our mid-career commissioned and non-commissioned officers, those who serve at the grade levels where the most significant pay gaps between the military and the private sector exist; and second, to achieve greater retention of our high performing service members.

In sum, if we are to compete more favorably with the private sector, we must close the pay gap, sustain military pay at full value with annual pay raises linked to full ECI, and provide enhanced pay to our mid-careerists. We are confident that these actions, together with return to a retirement system that provides 50% of base pay at 20 years, will help substantially in our efforts to reverse the negative trends in recruiting and retention. A recent RAND study concluded, for example, that our proposed pay and retirement reforms could increase overall retention by 14% and enlisted retention to the 20-year point by 20%. To keep our Armed Forces strong and healthy, I urge the Congress to approve these programs as quickly as possible.

### **Military Health Care**

We are currently in the midst of a long-term program to restructure the military medical community to better support its wartime mission. The full implementation of managed health care for military members and families was just completed in June, and in upcoming months we will assess the level of success TRICARE has achieved in

meeting its goals of improving access and holding down costs. We are also anxious to see whether our other initiatives, such as the National Mail Order Pharmacy, have improved health care services.

As we transition to new programs and procedures, I want to stress that our commitment to quality health care for military retirees remains firm. To that end, we appreciate Congressional legislation that will allow the Department of Defense to test various retiree health care initiatives, such as Medicare subvention and participation in the Federal Employees Health Benefits Program. We believe these will be important steps in the effort to ensure uninterrupted medical care for our retirees, steps that will also send a strong signal to those considering a career in uniform.

### **Military Housing**

For our active duty military families, the status of military housing is a particular concern because of its immediate impact on quality of life. As I reported last year, the condition of many of our family and single-member housing units is alarming. One-third of our military families are housed in approximately 320,000 units, 66% of which are substandard. Beyond that, 25% of DOD's 383,000 barracks spaces do not meet current standards, with the Services reporting a shortfall of 42,000 additional spaces. Currently, all the Services have submitted, or are drafting, plans to conform to the most recent DoD guidance to bring single member and family housing up to acceptable standards by 2010. Congressional funding to implement Service plans and to correct the shortcomings in military housing is vitally important, and will do much to upgrade the quality of life enjoyed by our service members and their families.

## **Family Support Systems**

Support for family services on military installations also contributes significantly to the effort to retain our best personnel. Given the demanding pace of military operations, service members should be allowed to focus on their mission free from worry about the welfare of their families. Accordingly, funding for quality DOD schools, child development activities, and other family assistance programs is important, particularly today when the stresses of operational deployments are higher than ever before. Other family support initiatives, such as morale-enhancing communication links with deployed members and spouse employment programs, are helping to counter the effects of frequent moves and separations on military households. Especially today in an era of repeated deployments, family support programs must continuously evolve to respond to the unique demands of military service. It has often been said that to sustain a quality all-volunteer force, we recruit the individual but we reenlist the family. While that has always been true, it has never been more true than today.

## **Equal Opportunity**

One of the U.S. military's great success stories is its ability to accomplish difficult missions under challenging circumstances with a force composed of men and women from many different ethnic, cultural, and religious backgrounds. Our Armed Forces today reflect American society, with its diverse experiences, goals, and expectations. Our task is to transform young enlistees into a cohesive, well-trained force, always cognizant of the right of our service members to be treated with dignity and respect. America's sons and daughters deserve the opportunity to succeed and work in an environment free of discrimination and sexual harassment. Throughout our military,

equal opportunity and fair treatment are core values that reflect an enduring, bedrock commitment by military leaders at every level.

## **SUPPORTING THE NATIONAL SECURITY STRATEGY**

Though the United States currently enjoys relative peace and security, the international security environment remains complex and dangerous. While the threat of global war has receded and former enemies now cooperate with us on many issues, very real threats to our citizens and interests remain. Though we currently face no peer competitor, openly hostile regional adversaries fielding potent forces have both the desire and the means to challenge the United States militarily. Additionally, in a number of cases, transnational movements threaten our interests, our values, and even our physical security here at home. And, while our military strength remains unmatched, state or non-state actors may attempt to circumvent our strengths and exploit our weaknesses using methods that differ significantly from our own. Attacks on our information systems, use of weapons of mass destruction, domestic and international terrorism, and even man-made environmental disasters are all examples of asymmetric threats that could be employed against us. Indeed, some already have.

To deal successfully with these challenges, the National Security Strategy stresses the “imperative of engagement.” If the United States were to withdraw from international commitments, forsake its leadership responsibilities, or relinquish military superiority, the world would surely become more dangerous and the threats to U.S. interests would increase. Within their capabilities, therefore, our Armed Forces are committed to engagement as the best way of reducing the sources of conflict and preventing local crises from escalating.

The National Security Strategy also recognizes that America's security is a function of *all* elements of national power. The Armed Forces play a central role, of course, by focusing on the principal objectives outlined in the National Military Strategy – to encourage peace and stability, and to defeat adversaries. To help ensure that all elements of American power are engaged, the military will continue working to improve interaction and coordination with the other government agencies that contribute to the common defense.

Though peacetime engagement can reduce potential sources of conflict, the ability to fight and win our Nation's wars must remain the fundamental, overarching purpose of the military. The core military capability of deterring and, if necessary, defeating large-scale aggression in more than one theater, in nearly simultaneous time frames, defines the United States as a global power. The defense of American lives, territory and interests has been, and always will be, the principal mission of America's Armed Forces.

## **Readiness**

Though military readiness has been challenged in many ways over the past year, our Armed Forces remain fundamentally capable of performing their assigned national security tasks. The combat operations conducted against Iraq in December demonstrated once again that our first-to-fight units remain very capable. Well-trained and fielding the best equipment in the world, our forward-deployed forces in the Persian Gulf executed a demanding range of missions flawlessly. As I told the Senate Armed Services Committee last September and again in January, we remain fully capable of executing our current strategy. As I highlighted in those hearings, however,

the risks associated with the most demanding scenarios have increased. We now assess the risk factors for fighting and winning the 1<sup>st</sup> Major Theater War as moderate and for the 2d MTW as high.

As I have explained in the past, this does not mean that we doubt our ability to prevail in either contingency. We are not the “hollow” force of the 1970s, a force that I served in and know well. Nevertheless, increased risk translates into longer timelines and correspondingly higher casualties, and thus leads to our increasing concern. Over the past 12-18 months we have seen both anecdotal and measurable evidence of growing cracks in our readiness in such critical areas as aircraft maintenance, pilot retention, recruiting, and the “foxhole” strength of our combat units.

Prolonged deployments in Southwest Asia, the Balkans, the Sinai, and elsewhere have taken a toll in readiness. The effects are apparent both in the areas of personnel and, to varying degrees, materiel readiness. The latter is also the result of aging combat systems and the demands placed on them in the last ten years. And, as noted earlier, recruiting and retention efforts have been made tougher by a strong economy and a growing perception that military pay and benefits, including housing, medical care, and the retirement system, have eroded substantially. Reversing these trends will not be simple or easy; however, it is clear that the time has come to take decisive steps before the downturn in readiness becomes irreversible. In this regard, the substantial increases in readiness funding included in the President’s FY2000 budget are a significant and important step forward.

## **Readiness Reporting System Improvements**

In the previous 12 months the Joint Staff and the Services have continued to improve and refine our readiness reporting systems. Our objectives were to increase the level of detail, shift the focus to highlight key warfighting deficiencies, and reinforce the link to budgetary solutions. Inputs from the CINCs and Services have helped us better understand the specific shortfalls that underlie our risk assessments, particularly for the Major Theater War scenarios.

Rather than providing readiness snapshots in the Joint Monthly Readiness Review (or JMRR), the Services now brief detailed trend indicators covering personnel, equipment, and training readiness. These indicators show us where we've been and will help us project future readiness trends based on current funding and OPTEMPO. As part of every JMRR, Services brief their top readiness concerns and corrective actions, while high priority deficiencies in the Unified Commands are briefed every quarter. The additional detail allows us to replace anecdotal reports with rigorous, fact-based assessments and to communicate to Congress our specific problems in areas like equipment availability, aviation mission capable rates, recruiting and retention, and aging infrastructure. I believe a review of our recent Quarterly Readiness Reports to Congress would reveal an unprecedented level of detail regarding CINC and Service readiness concerns.

In addition to more accurate readiness assessments, we are also making fundamental improvements to the Global Status of Resources and Training System (GSORTS) to make it more timely, accurate, automated, and user-friendly. These

improvements to the readiness reporting process will help keep us properly focused on identifying and fixing our most critical readiness concerns.

## **OPTEMPO/PERSTEMPO**

It is clear that the current pace of peacetime operations has a major impact on service members and their families. To alleviate the stress of ongoing deployments, we have implemented several initiatives to better manage the increased tempo brought on by a changed security environment and our strategy of global engagement. Through the Global Military Force Policy (GMFP), we are working hard to monitor and control the use of Low Density/High Demand assets to preclude their overuse. Further man-day reductions in the Joint Exercise Program are planned as well, and other approaches, such as increased use of Reserve Components, global sourcing, and more comprehensive use of contractors and allied support will also help.

In the long term, high tempo rates can dangerously erode our readiness across the board. Consequently, we are looking closely at proposed deployments and carefully weighing the anticipated benefits against the expected costs. Too many unprogrammed deployments will inevitably disrupt operating budgets, sap morale, cause lost training opportunities, and accelerate wear and tear on equipment. Most importantly of all, uncontrolled OPTEMPO destroys quality of life and jeopardizes our ability to retain quality people.

Each Service reports its OPTEMPO assessments as part of the JMRR and the Senior Readiness Oversight Council (SROC). The results are published in the Quarterly Readiness Report to Congress (QRRC). TEMPO indicators that exceed Service guidelines are then raised as issues in the Feedback JMRR. The Army's goal

is no more than 120 days away from home per unit per year. The Navy uses three criteria: no continuous deployment longer than six months; at least a two-to-one turn around time in homeport between deployments; and a goal of 50 percent of the time in homeport over a five-year period. The Marine Corps limits deployment away from home station to no more than 180 days per year, averaged over three years. The Air Force goal is for individual airmen to spend no more than 120 days away from home base per year. The Air Force has also reduced the length of Southwest Asia (SWA) flying unit deployments from 90 to 45 days to better manage tempo.

These guidelines reflect our recognition that high tempo places great strain on the force and that senior leaders must provide effective oversight and make timely decisions to better manage the pace of operations. Together with a well thought-out, disciplined approach to potential uses of force, the guidelines should help us manage OPTEMPO and PERSTEMPO to ensure the force remains combat ready and able to respond to any contingency around the world.

## **Recruiting**

Both in terms of quantity and quality, FY 1998 proved to be a very challenging recruiting year. Though recruit quality, defined as recruits with high school diplomas and top-half military entry test scores, declined slightly, all Services did meet quality goals. However, both the Navy and the Army fell short in achieving their quantity goals, with the Navy missing its goal by 6,892 recruits and the Army by 776. The Air Force met its quantity goal, but was forced to dig deep into its reserve of delayed entry applicants.

A reduced propensity to enlist, coupled with a strong civilian economy and low unemployment, has reduced recruiter productivity and driven accession costs to an all-time high. Although expensive to recruit, high quality young people are essential to the health of the force because they are easier to train, perform better, and stay longer. For these reasons, the Services are committed to maintaining quality goals and are increasing recruiting budgets to improve their competitive position in the marketplace.

Successful recruiting is the lifeblood of our all-volunteer force. With today's reduced forces and increased tempo of operations, the value of quality personnel is at a premium. To meet the demands of our National Security Strategy, we must provide the appropriate incentives and compensation to attract educated, motivated, and technically capable people into military service.

## **Retention**

In addition to a tougher recruiting environment, the Services are also experiencing declining retention rates. The growing loss of pilots is troubling, not only because of its direct impact on combat effectiveness, but also because of the heavy investment we make in training them, the costs of replacing them, and the many years required to produce competent combat pilots. Mounting losses of junior NCOs who elect not to reenlist after their first term are also alarming. These skilled men and women represent the future of the Noncommissioned Officer Corps in every service; they are the backbone of our military.

In many critical skill areas, such as those associated with high-technology systems, retention levels are below sustainment levels. The Navy and the Air Force in particular are experiencing retention gaps with their first, second, and third term

enlisted members. For example, Air Force second-term reenlistment rates have dropped 13% in the last five years. Similar declines are appearing in officer inventories as well, and the Navy currently has a 9% shortfall in junior Surface Warfare Officers. These trends, which are complicated by significant attrition among first termers who fail to complete their first enlistment, spotlight today's retention shortfalls -- a crucial readiness issue that has captured the attention of senior leadership within the Services and Department of Defense.

Because of the quality of the people we recruit and the significant training they receive, the private sector is anxious to outbid us for their services. The Services have increased Selective Reenlistment Bonus offers to persuade these experienced and talented members to stay with us, and in some cases this approach has met with success. However, this compensation adjustment is most effective only for short-term retention gains. In several important critical skill areas, bonus dollars have not stemmed the losses. For instance, the Navy has steadily increased bonus levels for their electronics technicians over the past three years, essentially doubling the offer, but first-term retention continues to decline rapidly. In spite of nearly doubling the value of Aviation Continuation Pay bonuses, the bonus "take rate" of Air Force pilots is down 50% since 1995 and pilot shortages are expected to reach 2,000 by FY 2001.

The stable and predictable lifestyle of the private sector also presents an attractive alternative to military service because of the increasing demands we are placing on a much smaller force. Long duty hours, frequent moves, extended family separations, and disruptions in a spouse's employment are just a few of the burdens currently being borne by our service members. The decreased value of retirement

benefits and lagging pay are being interpreted by many as a lack of appreciation for their commitment and sacrifices. Improved military compensation is the most direct and effective solution to a growing retention problem that cannot be ignored.

### **Recapitalization/Maintenance/Spares**

Another factor affecting readiness is the growing cost of maintaining our inventory of aging weapons systems. The stressful pace of operations in this decade has meant higher than anticipated wear on our equipment and systems, many of which were fielded in the 1970s and 1980s. High OPTEMPO, in addition to causing increased wear-and-tear on aging systems, has also forced commanders to tap maintenance and training accounts to help fund operational deployments. Significant increases in the cost of repair parts have compounded the problem, leading to shortages and maintenance backlogs.

In this regard, the timely approval of the FY 1999 emergency readiness supplemental for maintenance and spare parts proved a great help. The FY 2000 budget builds on FY 1999 efforts, and is a product of our determination to ensure the right level of funding for spares and maintenance. However, as our equipment continues to age, it will be increasingly difficult to keep our equipment combat ready at current funding levels. Adequate funding for spares and maintenance, as proposed in the President's budget, is urgently needed to help us reduce the migration of funds from modernization accounts – a trend that has cut deeply into our modernization efforts in recent years.

## **AC/RC Integration**

In coping with an increasingly demanding security environment, the role of our Reserve Components has grown markedly as the active force has drawn down. In virtually every significant deployment of military forces, our Reserve and National Guard personnel have played key roles. Often the capabilities they provide are found predominantly in the Reserve Components (RC).

In virtually every domestic and overseas mission, from disaster relief in the continental U.S. to humanitarian assistance in Central America to peacekeeping operations in Bosnia, our reservists have performed magnificently in important and in some cases indispensable roles. The wide range of potential contributions by the RC has proven to be a bright spot as we strive to match available resources to a demanding mission load, and demonstrates clearly the enduring value and relevance of the citizen-soldier. This experience is also helping to inform the Reserve Component Employment 2005 Study, which began in 1998 and is reviewing the employment of the RC as a vital part of the Total Force. Of note as well, the addition this past year of two RC Major Generals as Assistants to the Chairman, one from the Army National Guard and one from the Air Force Reserve, has greatly assisted in our efforts to integrate RC forces more effectively into the Total Force.

One area that holds considerable promise for RC involvement is Information Operations. By exploiting the technical skills that many reservists use on a daily basis in their civilian jobs, the military can take advantage of industry's latest techniques for protecting information systems. Similarly, defending our homeland from terrorism and responding to chemical attack are natural roles for our Guard and Reserve forces.

Their knowledge of their communities as business people, city managers, facility operators, and local law enforcement officers, makes them the ideal first response force. In these and many other areas, we will continue to look for innovative ways to capitalize upon the strengths of our Reserve Components, our trump card for maintaining high readiness levels in these challenging times.

### **Force Protection**

Wherever our forces are deployed, force protection is the top priority for commanders. The tragic bombings of our embassies in Dar Es Salaam, Tanzania and Nairobi, Kenya reminded us that terrorists can strike anywhere, at any time. During my testimony last year, I noted that our adversaries, unable to confront or compete with the United States militarily, spend millions of dollars each year to finance terrorist organizations that target U.S. citizens, property and interests. Consequently, our Combatant Commanders and the Services continue to focus on force protection issues as a first order priority.

Over the past year the Joint Staff conducted a comprehensive Mission Area Analysis to review the CINCs' and Services' Anti-Terrorism programs. We have also commissioned a study to examine how our program "stacks up" against some of our allies' best efforts to combat terrorism at the strategic and operational levels. Results from this study will be used to reevaluate our strategy and improve our techniques.

We continue to conduct Joint Staff Integrated Vulnerability Assessments (100 this past year) worldwide in order to help the CINCs and Service Chiefs enhance their force protection posture. Lessons learned from these assessments are used to improve readiness and physical protection worldwide, providing commanders a

benchmark from which to evaluate and reinforce their efforts to eliminate vulnerabilities and keep our people safe. Advanced technology also plays a key role in the fight against terrorism. Our intent is to develop the most advanced, reliable, and effective equipment and to field it when and where it's needed, using the Chairman's Combating Terrorism Readiness Initiative Fund in addition to resources allocated by the formal budget process.

Our best efforts notwithstanding, we know that terrorism will remain a serious threat as we move into the 21<sup>st</sup> century. More than a "war," international terrorism is a part of the strategic environment that will not fade away. Our enemies will continue to test our resolve, both at home and abroad. To protect our forces, our citizens and our facilities, we must continue to move forward with renewed emphasis and awareness. While we cannot prevent every attack, we can lower both the threat and the consequences of terrorist incidents.

### **Arms Control**

In a very real sense, one of the best ways to protect our troops and our interests is to promote arms control in its many different forms. In both the conventional and nuclear realms, arms control can reduce the chances of conflict, lower tensions, generate cost savings, and encourage peaceful solutions to international and intra-state disputes.

In the conventional area, we remain committed to providing world leadership to end the use of anti-personnel landmines (APLs), while ensuring our ability to meet our international obligations and provide for the safety and security of our armed forces. The President has directed DOD to end the use of APLs outside Korea by 2003, to

aggressively pursue and develop alternatives to APLs in Korea by 2006, and to search for alternatives to our mixed anti-tank systems that contain anti-personnel submunitions. Furthermore, the President announced that we will sign the Ottawa convention by 2006, if we succeed in identifying and fielding suitable alternatives to our APLs and mixed anti-tank systems by then.

Perhaps our greatest contribution to this worldwide problem is in the field of demining. Today, the U.S. leads the international demining effort, providing more funding, trainers, and other resources than any other nation. DOD has trained over one-quarter of the world's deminers to date and has demining programs in place in 21 countries.

The Strategic Arms Reduction Treaty (START) process continues to evolve, with START I implementation proceeding even as we continue to push for final ratification of START II. Currently, all parties have exceeded START I Phase I (December 1997) reduction requirements and are already approaching Phase II (December 1999) limits. As for START II, although we have worked hard to address Russian concerns through the NATO Founding Act, the New York Protocols to the START II Treaty, and other initiatives, the prospects for ratification by the Duma remain uncertain. It remains our position that the Duma must ratify START II before formal negotiations can begin on START III.

Our efforts to lower the numbers of strategic nuclear weapons coincide with efforts to control testing of nuclear weapons. In the 1999 State of the Union Address, the President asked the Senate to approve the Comprehensive Test Ban Treaty, now, to make it harder for other nations to develop nuclear arms. To date, 152 nations have

signed the treaty and 27 have ratified it. The Joint Chiefs of Staff support the ratification of this treaty, with the safeguards package that establishes the conditions under which the United States would adhere to the treaty.

### **Global Hot Spots**

Around the world, our military supports our strategy of engagement and is ready to respond to threats anywhere in the world. However, three specific areas occupy center stage: the Korean peninsula, the Balkans, and Southwest Asia. These areas pose the greatest potential threats to stability and consume more energy and resources than any others.

#### ***Korea***

The divided Korean peninsula remains a potential flashpoint, with recent developments complicating an already tense security situation. North Korea represents one of the few major military powers capable of launching a major conventional attack on U.S. forces with minimal warning. Despite its collapsed economy and struggle to feed its own population, the North Korean government continues to pour resources into its military and to pursue a policy of confrontation with South Korea and its neighbors in the region.

More than one million North Korean soldiers serve on active duty, the vast majority deployed within hours of the DMZ and South Korea's capital city, Seoul. Infiltration by North Korean special forces continues to exacerbate tensions between the two governments, and the recent launch of a previously unknown long-range variant of the Taepo Dong One ballistic missile represents a significant improvement in the North's capability to threaten the region and beyond. Finally, North Korea's

repeated threats to walk away from the Agreed Framework that curtailed their nuclear production program have been unsettling to the international community.

The North Korean threat remains one that we must – and do – take very seriously. We have pursued a number of initiatives in recent years to enhance the capabilities of both our forces forward-deployed on the peninsula and our reinforcing elements, as well as the forces of our South Korean Allies. We now have better U.S. tanks, better infantry fighting vehicles and better artillery, as well as improved attack helicopters and aircraft, on hand in Korea. We have also deployed Patriot missile defense systems and improved surveillance capabilities, and assisted with a number of upgrades to South Korean forces. Our naval forces have greatly stepped up their anti-SOF activities, while forward-deployed marine units stand ready to reinforce the peninsula on short notice. We have upgraded our prepositioned stocks as well, substantially improving our ability to reinforce the peninsula with ground troops from the continental United States.

These actions have significantly improved our defensive posture. Still, the threat remains, and North Korea's substantial chemical and biological weapons capability, coupled with its continued pursuit of ballistic missile technology, will demand our attention for the foreseeable future.

### ***Southwest Asia***

Our recent military operations in Southwest Asia underscore how both our longterm interests and the prospect of continuing regional instability combine to keep the area a major source of concern. The ongoing disputes with Saddam Hussein and the military threat Iraq poses to its neighbors require a substantial, capable, and ready

military force in the Persian Gulf region, as well as powerful reinforcing units in the U.S. prepared to move quickly should conditions require rapid deployment of additional assets.

As we showed in December, we are ready to act swiftly, in concert with our coalition partners or alone if necessary, to protect U.S. interests and those of our friends and allies. Forces in the region include powerful land-based bomber and fighter forces, an aircraft carrier battle group with a significant number of cruise missiles, and strong ground forces that can be reinforced within days. In recent years we have built up our pre-positioned stocks of weapons and supplies, considerably improved our strategic lift, and developed a crisis response force in the United States that can deploy to the Gulf region on very short notice. The development of this force is one example of our efforts to reduce the number of soldiers, sailors, airmen, and marines deployed overseas on contingency operations, while still maintaining sufficient capability to meet our security needs around the world.

### ***Balkans***

The Balkans continue to be an area of intense U.S. interest and involvement. In Bosnia-Herzegovina, 6,900 U.S. servicemen and women are deployed in support of the NATO multi-national Stabilization Force, or SFOR, down from 18,000 in 1996. This spring we will reduce the U.S. element by a further 10% in conformance with the SACEUR's recent 6-month review. U.S. troops are performing magnificently, providing a secure environment so that political and economic activities can go forward smoothly. No fatalities occurred in FY1998, and the health and morale of our forces there remains high.

SFOR operations in Bosnia over the past year have contributed to a number of successes. The recent elections were characterized by high voter turnout and an absence of violence – real achievements given the recent history of that troubled region. Since 1996 more than 200,000 weapons have been destroyed, heavy weapons have been put into cantonment areas, and military parity has been established between the former warring factions. The recent activation of a Multinational Specialized Unit, composed of police organizations from several countries, has enhanced SFOR's ability to provide public security. These steps, and SFOR's success in sustaining a secure environment for the further implementation of civil tasks, have done much to reduce the chances of future conflict.

The outstanding performance of U.S. and other NATO military units has enabled SFOR to fulfill the military tasks spelled out in the Dayton Accords. Nevertheless, success in achieving the civil, political, and economic tasks identified at Dayton has been slower in coming. The focus now must be on pressing forward with those tasks as we plan to reduce and eventually withdraw our ground forces from Bosnia.

Elsewhere in the Balkans, the dangerous conflict between armed Albanian separatists and Serbian security forces in Kosovo has led to an international effort to stabilize the region by deploying a monitoring force provided by the Organization for Security and Cooperation in Europe (OSCE). The U.S. provides air verification platforms, and we have joined in NATO planning for possible military actions to stabilize the situation in the event of a large-scale humanitarian crisis. We are also participating in NATO planning for an Extraction Force in the event that further conflict threatens OSCE monitors, requiring "in extremis" evacuation from Kosovo. This force,

composed of British, French, Italian, Dutch, Greek, Canadian, and Turkish units, is based in the Former Yugoslavia Republic of Macedonia (FYROM), where we continue to provide Task Force ABLE SENTRY, the U.S. contingent in the United Nations Preventive Deployment (UNPREDEP).

### **Funding for Contingency Operations**

Last year our Armed Forces benefited greatly from the prompt approval of the emergency supplemental for Bosnia and Southwest Asia. For FY99, our requests for regular and supplemental appropriations to fund these operations, totaling \$1.9 billion and \$850 million respectively, were also approved. This strong support has enabled us to execute these missions without taxing our already-stressed readiness and modernization accounts. We anticipate that the recent major humanitarian assistance effort in Central America following Hurricane Mitch will generate an additional supplemental funding request which will be submitted later this year, and it is possible that we may need to request additional funds for the conduct of Operation Desert Fox as well.

### **Building Tomorrow's Joint Force**

Even as we focus on the present we must look to the future to ensure that tomorrow's force is just as ready, just as capable, and just as versatile as today's. Given finite resources, maintaining current readiness and funding modernization for the future will often conflict – but both are equally important. To ensure that tomorrow's Joint Force remains the world's best, we are moving forward to “operationalize” Joint Vision 2010 – our conceptual framework for future joint operations – on a number of fronts.

## **Joint Experimentation**

The principal mechanism for translating JV2010 into reality will be the Joint Experimentation process, a multi-year series of simulations, wargames, and exercises designed to rigorously test JV2010's key operational concepts. This year, the Secretary of Defense assigned USACOM the mission of serving as the controlling headquarters for joint warfighting experimentation. USACOM's Joint Experimentation Program incorporates lessons learned from Service experimentation and exercises, and includes a comprehensive schedule of joint exercises of increasing scope and complexity over the years ahead. Our intent is to focus on the seams that exist between Service core competencies, leading to an enhanced and continuous exchange of ideas and results. This approach will include Strategic Development Experiments focusing on capabilities we believe we'll need beyond 2010, and Operational Capability Experiments that deal specifically with desired operational capabilities needed before 2010.

Ultimately, the Joint Experimentation process will influence everything about the Joint Force of 2010: systems, strategy, force structure, doctrine, training, recruiting, and professional military education. By examining our assumptions and refining our concepts in the crucible of Joint Experimentation, we can best achieve the full potential of JV2010 – a Joint Force capable of defending the Nation against any conceivable threat or enemy.

## **Unified Command Plan**

A major part of our modernization effort is our long-range vision of how to organize the Unified Commands for the future. As part of the current Unified Command

Plan (UCP) review cycle, the Joint Staff worked with the CINCs and Services to study a wide range of options, including the recommendations of the National Defense Panel. I intend to include the results of this review, called UCP 21, as an annex to the 1999 UCP. It will lay out a flexible plan, with decision points based on the biennial UCP review cycle, to establish a Joint Forces Command, a Space and Information Command, and a joint command for homeland defense.

The first step along the path for UCP 21 is the establishment of the Joint Forces Command in the 1999 UCP. This will help guide us to the next level of jointness by focusing more attention and resources on joint training, experimentation, interoperability, and doctrine. We will also establish a Joint Task Force for Civil Support to provide military support and planning for threats to the homeland from weapons of mass destruction. At the same time, the newly created Computer Network Defense Joint Task force will evolve into a Joint Task Force for Information Support designed to help protect our critical defense information systems, both at home and abroad. These three steps, taken in the 1999 UCP, will lay out a flexible, evolutionary path to the future designed to improve jointness and protect our national interests against evolving threats well into the next century.

### **National Missile Defense**

An important element to be considered in providing for the defense of America is National Missile Defense (NMD), particularly in light of developing ballistic missile programs that could pose a threat to the United States. The NMD program objective is to develop and provide the option to deploy a system that will defend the US against a limited strategic ballistic missile attack by a rogue nation and to provide some capability

against a small accidental or unauthorized launch from a nuclear-capable state. Our NMD program is structured to demonstrate a system-level capability that could permit a deployment decision as early as the Year 2000.

This has been a very ambitious endeavor. Beyond the tremendous technological challenges associated with the development of an NMD system, we have also been striving to develop a system that could potentially be fielded sooner than is typically required for such an effort. The decision to deploy an NMD system will be based on several factors, the most important of which will be assessments of the threat and the current state of the technology. A threat is clearly emerging; however, the technology to “hit a bullet with a bullet” remains elusive. We will continue to press hard to develop an effective NMD system, very mindful that the growing threat is placing a deployment decision in clearer context.

### **Defense Reform Initiatives**

A key component of defense modernization is the Revolution in Business Affairs. Over the last year, the Services have worked closely with OSD and the Defense Agencies to reengineer business practices, consolidate and streamline functions, outsource defense activities, and eliminate excess infrastructure. By bringing competition and proven business efficiencies to DOD, we can generate substantial savings in future years that can be applied to our modernization efforts. Each of the Military Departments has made significant progress over the past year, highlighted by success stories like the Army’s supply and distribution Velocity Management initiative; the Air Force’s utilities privatization and electronic commerce programs; and the Navy’s

reform initiatives in the areas of recruiting, retention, personnel training and assignment, commercial business practices and housing.

The Service Chiefs and I strongly support the Secretary's Defense Reform Initiative as an essential complement to the Revolution in Military Affairs. Both will be vital to preparing our military for a challenging and demanding 21<sup>st</sup> Century. By combining the best business and management practices with leading edge technology and the world's best-trained force, we will continue to provide the American people with the number one military in the world.

### **Modernizing the Force**

For most of this decade, current readiness funding has come at the expense of future modernization. During the early and mid-1990s, procurement accounts served as bill payers for short-term readiness, contingencies, and excess infrastructure. Consequently projected procurement funding necessary for modernizing the force repeatedly slipped further into the future with each succeeding budget year.

Our goal is to meet programmed modernization targets by having a fiscally executable FY 2000 budget and FYDP. Our current plans take us down that path. The previously programmed QDR adjustments to endstrength, force structure, and modernization initiatives, combined with planned business efficiencies, provided resources that were redistributed to both modernization and current readiness accounts to yield a more stable and sustainable Defense program. As a direct result, and in line with our QDR goals, procurement has increased from \$49 billion in FY 1999 to \$53 billion in FY 2000, with an increase of nearly \$23 billion for procurement over the FYDP to address our most critical modernization needs.

However, despite these adjustments, significant risk still remains. This risk stems from unprogrammed contingency operations, aging equipment, and unrealized efficiencies that could make achieving our future QDR procurement goals difficult. As long as we remain at current funding levels, we will continue to face the readiness vs. modernization dilemma.

The time has come to act on our long-range readiness problem – modernizing the force. We must act now to reverse the cycle of escalating maintenance costs prompted by aged and overworked systems. While the QDR gave us a roadmap to do so, our plan was contingent upon savings from two additional rounds of base closures and greater efficiencies in DOD business practices. Without the additional BRAC rounds, the only real answer to achieving our programmed modernization targets is to adjust the budget top-line upwards.

The U.S. is the dominant military power in the world today. Our armed forces are fundamentally sound and capable of fulfilling their role in executing our national security strategy. However, the combination of multiple, competing missions, recruiting and retention shortfalls, aging equipment, and fixed defense budgets has frayed the force. The warning signals cannot and should not be ignored. With the support of this Committee and the Congress as a whole, we can apply the right kind of corrective action now and avoid a downward spiral that could take years to overcome. As we look to the future, we should move forward with a clear understanding of what must be done and with confidence in America's sons and daughters in uniform. They represent the heart and soul of our Armed Forces, and it is our responsibility to ensure they remain part of a military worthy of their sacrifice and commitment.