

Stenographic Transcript
Before the

COMMITTEE ON
ARMED SERVICES

UNITED STATES SENATE

HEARING TO RECEIVE TESTIMONY ON THE DEPARTMENT OF DEFENSE
BUDGET POSTURE IN REVIEW OF THE DEFENSE AUTHORIZATION
REQUEST FOR FISCAL YEAR 2017 AND THE FUTURE YEARS DEFENSE
PROGRAM

Thursday, March 17, 2016

Washington, D.C.

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U.S. Senate

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Committee on Armed Services

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Washington, D.C.

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12 The committee met, pursuant to notice, at 9:40 a.m. in
13 Room SD-G50, Dirksen Senate Office Building, Hon. John
14 McCain, chairman of the committee, presiding.

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Committee Members Present: Senators McCain

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[presiding], Inhofe, Sessions, Wicker, Ayotte, Fischer,

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Cotton, Rounds, Ernst, Tillis, Sullivan, Lee, Graham, Reed,

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Nelson, Manchin, Shaheen, Gillibrand, Blumenthal, Donnelly,

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Hirono, Kaine, King, and Heinrich.

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1 OPENING STATEMENT OF HON. JOHN McCAIN, U.S. SENATOR
2 FROM ARIZONA

3 Chairman McCain: Good morning. Good morning, all.

4 The Senate Armed Services Committee meets this morning
5 to receive testimony on the Department of Defense's Fiscal
6 Year 2017 Budget Request, the associated Future Years
7 Defense Program, and the posture of U.S. Armed Forces.

8 We welcome our witnesses. We thank each of you for
9 your service to our Nation and to the soldiers, sailors,
10 airmen, and marines serving here at home and around the
11 world.

12 Before I proceed with my statement, let me just say
13 that, yesterday, disturbing statement made a senior
14 executive of the United Launch Alliance were reported in the
15 media. These statements raise troubling questions about the
16 nature of the relationship between the Department of Defense
17 and ULA. This committee treats with the utmost seriousness
18 any implication that the Department showed favoritism to a
19 major defense contractor or that efforts have been made to
20 silence Members of Congress.

21 Mr. Secretary, I expect that you will make a full
22 investigation into these statements and take action,
23 wherever appropriate.

24 Last month, the Director of National Intelligence
25 provided this committee a candid and unsettling picture of

1 our worldwide threats. Just consider what has occurred over
2 the past 5 years. While al-Qaeda remains a real and potent
3 threat, the vanguard of global terrorism is increasingly led
4 by ISIL, which has metastasized across the Middle East,
5 Africa, and South Asia, and which has already launched
6 attacks into the heart of Europe and inspired an attack here
7 in the United States. Russia has invaded Ukraine, annexed
8 Crimea, menaced our NATO allies, intervened militarily in
9 Syria, and is now regarded by Chairman Dunford, and many of
10 our military leaders say, as our Nation's greatest threat.
11 China has continued its rapid military modernization,
12 steadily militarized the South China Sea, and used coercion
13 and the threat of force to bully our Asian allies and
14 partners. North Korea has launched brazen cyberattacks
15 against the United States, continued to advance and test its
16 nuclear weapons program, and conducted provocative missile
17 tests, including a potential ICBM capability. Rather than
18 moderating its malign activities in the Middle East, as
19 advocates of the nuclear agreement predicted, Iran has
20 instead increased its support for its terrorist proxies from
21 Syria to Yemen, conducted advanced missile tests, in
22 violation of U.N. Security Council resolutions, and fired
23 rockets near a U.S. aircraft carrier. More recently, Iran
24 seized two U.S. Navy vessels, detained 10 U.S. sailors, and
25 propagandized the entire incident, in total violation of

1 international law and centuries of maritime tradition.

2 These are the growing threats we face in the world.
3 And yet, the Department of Defense remains guided by a
4 strategy that predates all of these developments. It is
5 based on assumptions about the world that no longer apply.
6 What's worse, the same is true about our Nation's defense
7 spending. While the requirements for our military have
8 grown, the Budget Control Act arbitrarily capped defense
9 spending back in 2011. Despite periodic relief from these
10 caps, each of our military services remain undersized,
11 unready, and underfunded to meet the current and future
12 threats.

13 This translates into real things that our military, as
14 remarkable and determined as it is, simply cannot do for our
15 Nation. Our aircraft carriers no longer provide constant
16 presence in the Middle East or the western Pacific. Just
17 one-third of Army brigade combat teams are ready to deploy
18 and operate decisively. The Air Force is the smallest it's
19 ever been, and more than half of its squadrons are not
20 combat mission-ready. Marine Corps aviation is in crisis,
21 and the Assistant Commandant testified this week that his
22 forces cannot execute our Nation's defense strategy.

23 The effects on the present force are bad enough. The
24 effects on the future force are worse. Years and years of
25 deferred maintenance and delayed modernization are creating

1 a mountain of bills that will soon come due. From 2018 to
2 2021 alone, the Department of Defense needs \$100 billion
3 above the BCA caps just to meet current requirements. In
4 reality, those requirements are inadequate, additional
5 resources will be needed, and the longer we try to delay
6 that bill, the bigger and worse it gets, and the more we run
7 the risk of a return to sequestration.

8 This is a crisis of our own making. And I'm speaking
9 of the Congress, as well. And it is why many of us are so
10 concerned about the President's budget request for fiscal
11 year 2017. There's a lot to like about this request. Many
12 of the investments, especially related to the so-called
13 "third offset strategy" are critical and long overdue. That
14 said, though our Nation is asking our military to do more
15 over the next fiscal year, the President's defense budget
16 request, in real dollars, is actually less than it is this
17 year. As a result, the Department was forced to cut \$17
18 billion it said it needed last year, purely for budget
19 reasons. To be sure, the temporary effects of more positive
20 economic assumptions and lower fuel prices soften the blow.
21 Nevertheless, the Department cut over \$10 billion in real
22 military capability to mitigate this shortfall.

23 Nothing in the Bipartisan Budget Act prevented the
24 President from requesting more than he did. He did not have
25 to fund our growing operational requirements by cutting

1 modernization and procurement. He chose to do so. And
2 these are just some of the consequences. The Army had to
3 cut 24 UH-60 Black Hawk helicopters. The Air Force had to
4 cut five F-35As this year and 45 over the next 4 years. The
5 Navy plans to lay up an additional five Ticonderoga-class
6 cruisers. The Marine Corps cut 77 joint light tactical
7 vehicles, \$1.3 billion in military construction, and family
8 housing has been cut. And certain critical nuclear
9 modernization efforts, including an ICBM replacement and the
10 B61 nuclear bomb tail kit, have been further delayed.

11 The unfunded requirements of the military services now
12 total nearly \$18 billion. That represents the additional
13 ships, airplanes, helicopters, fighting vehicles, training,
14 and other programs that our military leaders say they need
15 simply to carry out our increasingly antiquated defense
16 strategy and an acceptable level of risk. Last year, the
17 former Chairman of the Joint Chiefs, General Dempsey,
18 described the Future Years Defense Plan as, quote, "the
19 lower ragged edge of manageable risk in our ability to
20 execute the defense strategy." And now, here we are, 1
21 year later and \$17 billion less than what our military
22 needed and planned for. I do not know what lies beneath
23 the, quote, "lower ragged edge of manageable risk," but this
24 is what I fear it means, that our military is becoming less
25 and less able to deter conflict, and if, God forbid,

1 deterrence does fail somewhere and we end up in conflict,
2 our Nation will deploy young Americans into battle without
3 sufficient training or equipment to fight a war that will
4 take longer, be larger, cost more, and ultimately claim more
5 American lives than it otherwise would have.

6 This is the growing risk we face, and we can't change
7 course soon enough. We should not threaten the stability
8 provided by the budget -- Bipartisan Budget Act. We should
9 build on it. Therefore, we make a virtue out of stability.
10 Let's recall, this budget agreement ends this year, and
11 defense spending over the next 4 years is capped by a law at
12 \$100 billion less -- less than what our witnesses will
13 testify our military needs. That kind of stability is not
14 the answer, it is the problem. And if we cut into our
15 military muscle again this year, our looming budget problems
16 just get worse.

17 Finally, another priority of this committee will remain
18 the defense reform effort that we began last year, including
19 a review of the Goldwater-Nichols legislation that is now
20 making -- marking its 30th anniversary. Over the past year,
21 Senator Reed and his staff and I and my staff, we have held
22 hearings and conducted interviews with dozens of former and
23 currently serving military and civilian defense leaders,
24 including discussions with our distinguished witness today.
25 The result is that I believe we have a rather clear

1 definition of the challenge that we all must address. The
2 focus of Goldwater-Nichols was operational effectiveness,
3 improving our military's ability to fight as a joint force.
4 The challenge today is strategic integration. By that I
5 mean improving the ability of the Department of Defense to
6 develop strategies and integrate military power globally to
7 confront a series of threats, both states and nonstate
8 actors, all of which span multiple regions of the world and
9 numerous military functions. Put simply, our competitors
10 are catching up, and our defense organization must be far
11 more agile and innovative than it is.

12 As the committee considers what steps may be necessary
13 to improve our defense organization, we are committed to
14 work closely with both of you, and we would welcome any
15 thoughts and recommendations you are prepared to share
16 today.

17 Senator Reed.

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

3 Senator Reed: Well, thank you very much, Mr. Chairman.

4 Let me join you in welcoming our witnesses and thanking
5 them for their service.

6 The President's FY 2017 budget submission for
7 Department of Defense includes nearly \$583 billion in
8 discretionary spending and complies with the funding levels
9 included in the Bipartisan Budget Act of 2015. Of this
10 amount, 523.9 billion is included in the base budget, and
11 \$58.8 billion is designated for the overseas contingency
12 operations account.

13 As the committee considers the Department's funding
14 request, we must always be mindful of the risks facing our
15 country and our national security challenges. Russia's
16 increasingly aggressive posture in eastern Europe and the
17 Middle East must be monitored, contained, and, when
18 necessary, countered. China continues to invest
19 aggressively in its military, particularly in capabilities
20 that allow them to project power and deny access to others.
21 North Korea recently conducted a rocket launch, in violation
22 of multiple United Nations Security Council resolutions, and
23 continues to be an immediate and present danger to global
24 security. Finally, Iran is a significant concern to the
25 committee, particularly its recent missile tests and ongoing

1 support to nonstate actors across the Middle East. Our
2 Nation's counterterrorism fight continues to be a top
3 priority. It has been a year of significantly -- security
4 and political transition in Afghanistan, and we must
5 continue to evaluate how we can best enable efforts by the
6 Government of Afghanistan to protect and govern its people.
7 In Iraq, ISIL has how lost significant territory, but
8 difficult tasks remain, including evicting ISIL from
9 population centers. Furthermore, the dangers posed by the
10 disrepair of the Mosul dam must be addressed. In Syria,
11 ISIL maintains control of many areas while the world
12 evaluates what Russia's recent announcement of a withdrawal
13 means for negotiations. As ISIL loses ground in some areas,
14 it gains footholds in new nations, like Libya.

15 In light of these ongoing national security challenges
16 we face around the world, we must closely scrutinize the
17 budget request to ensure critical priorities have sufficient
18 funding, scarce resources are not devoted to underperforming
19 programs, and, where possible, allocate money to those areas
20 that need additional funds.

21 With regard to our military forces, after nearly a
22 decade and a half of continuous military operations, we must
23 take a hard look at the readiness levels across all the
24 services. In fact, this committee has repeatedly heard
25 testimony from senior military leaders that rebuilding

1 readiness levels is their highest priority.

2 The FY17 budget request makes needed investments in
3 readiness accounts that will help the military services, but
4 it will take time to rebuild readiness. That is why it is
5 vitally important that readiness accounts be protected from
6 cuts. I would welcome any comments from our witnesses on
7 the importance of rebuilding readiness and if they believe
8 the services are on track to meet their full-spectrum
9 readiness goals.

10 Another challenge is the modernization of military
11 platforms and equipment. While the readiness of our troops
12 is paramount, we cannot neglect investments in
13 modernization. Building and maintaining readiness levels
14 requires that our forces have access to equipment that is
15 properly sustained and upgraded. However, in order to meet
16 the top-line funding levels set by the 2015 BBA, the
17 Department's budget request modified base budget funding for
18 some procurement and modernization efforts. While difficult
19 choices must be made, we must ensure that this budget does
20 not jeopardize shipbuilding and aviation procurement
21 accounts, as well as targeted investments in research and
22 development and that foster new technology. I would like to
23 know if our witnesses feel confident that the reductions in
24 the procurement accounts will not adversely impact these
25 programs by adding substantial cost to the overall program

1 or extensively delaying the fielding of any platform.

2 The well-being and quality of life of our men and women
3 in uniform, and that of the civilian workforce, remain a
4 priority concern. We are mindful that we must support and
5 maintain a high quality of life, but also a high quality of
6 service. The administration's request includes a 1.6-
7 percent pay raise for both the military and civilian
8 employees, and a robust array of benefits. These funds are
9 critical to ensuring that military and civilian pay remains
10 competitive in order to attract and retain the very best for
11 military and government service.

12 The committee also understands, however, that military
13 and civilian personnel costs comprise nearly one-half of the
14 Department's budget, and we are committed to implementing
15 reforms that will slow that growth.

16 Finally, we need to address the long-term budget
17 situation that we find ourselves in. Last year, the Senate
18 had a healthy debate on how to manage the needs in light of
19 the Budget Control Act. At the time, I argued that meeting
20 our national security challenges required relief for the
21 Department of Defense as well as other agencies that
22 contribute to the defense and prosperity of the homeland.
23 It is a daunting task to decide how to allocate finite
24 resources for a myriad of priorities, and I recognize the
25 Department had to make hard choices in order to comply with

1 the 2015 budget agreement. I believe the Senate, in a
2 bipartisan fashion, should repeal the BCA and establish a
3 more reasonable limit on discretionary spending in an
4 equitable manner that meets all of our needs as a Nation.

5 I look forward to this morning's testimony.

6 Thank you again, Mr. Chairman.

7 Chairman McCain: Welcome, Mr. Secretary. And we look
8 forward to hearing from you and General Dunford. Thank you
9 for appearing.

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1 STATEMENT OF HON. ASHTON B. CARTER, SECRETARY OF
2 DEFENSE; ACCOMPANIED BY HON. MICHAEL J. McCORD, UNDER
3 SECRETARY OF DEFENSE (COMPTROLLER) AND CHIEF FINANCIAL
4 OFFICER

5 Secretary Carter: Thank you, Chairman. Thanks for the
6 opportunity. Chairman, Secretary -- excuse me -- Senator
7 Reed, all the members of the committee, thank you so much
8 for the opportunity to be here, for me, the Chairman, and
9 for our Under Secretary, and, above all, for your steadfast
10 support to our DOD men and women all over the world,
11 military and civilian alike, who serve and defense us. I'm
12 very pleased to be here.

13 I'm pleased to be here with Chairman Dunford. And we
14 will be discussing the President's 2017 defense budget and
15 other matters, the -- a budget which marks a major
16 inflection point for the Department of Defense.

17 In this budget, we're taking the long view. We have
18 to, because, even as we fight today's fights, we must also
19 be prepared for what might come 10 and 20 and 30 years down
20 the road.

21 Last fall's Bipartisan Budget Act gave us some much
22 needed stability after years of gridlock and turbulence.
23 And I want to thank you and your colleagues for coming
24 together to help pass it. That budget set the size of our
25 budget, and, with this degree of certainty, we focused on

1 its shape, changing that shape in fundamental but carefully
2 considered ways to adjust to a new strategic era and to
3 seize opportunities for the future.

4 Let me describe the strategic assessment that drove our
5 budget decisions. First of all, it's evident that America
6 is still today the world's foremost leader, partner, and
7 underwriter of stability and security in every region of the
8 world, as we've been since the end of World War II. That's
9 thanks, in large part, to the unequivocal strength of the
10 United States military. And as we continue to fulfill this
11 enduring role, it's also evident that we're entering a new
12 strategic era, as has been noted. Today's security
13 environment is dramatically different from the last 25
14 years, requiring new ways of investing and operating. Five
15 evolving strategic challenges -- namely Russia, China,
16 North Korea, Iran, and terrorism -- are now driving DOD's
17 planning and budgeting, as reflected in this budget.

18 I want to focus first on our ongoing fight against
19 terrorism, and especially ISIL, which we must and will deal
20 a lasting defeat, most immediately in its parent tumor in
21 Iraq and Syria, but also where it's metastasizing. We're
22 doing that in Africa and elsewhere, and also in Afghanistan,
23 where we continue to stand with the Afghan government and
24 people. And all the while, we're continuing to help to
25 protect our homeland. And as we're accelerating our overall

1 counter-ISIL campaign, we're backing it up with increased
2 funding this year. We're requesting 50 percent more than
3 last year.

4 We've gained momentum against ISIL since the Chairman
5 and I last appeared before you. Notably, the Iraqis took --
6 retook Ramadi and are now reclaiming further ground in Anbar
7 Province. And in Syria, capable and motivated local forces,
8 supported by the United States and our global coalition,
9 have retaken the east Syrian town of Shaddadi, severing the
10 last major northern artery between Raqqa and Mosul, and
11 therefore between ISIL in Syria and ISIL in Iraq.

12 Meanwhile, 90 percent of our military coalition
13 partners have committed to increase their contributions to
14 help defeat ISIL. We have increased strikes on ISIL-held
15 cash depots and oil revenues. We've conducted targeted
16 strikes against ISIL in Libya. And we've also recently
17 killed ISIL's Minister of War, the Chechen fighter Omar al-
18 Shishani.

19 Now, before I continue, I want to say a few words about
20 Russia's role. Russia said it was coming into Syria to
21 fight ISIL. But, that's not what it did. Instead, their
22 military has only prolonged the civil war, propped up Assad;
23 and, as of now, we haven't seen whether Russia retained the
24 leverage to find a diplomatic way forward, which is what the
25 Syrian people need. One thing is clear, though: Russia's

1 entry into Syria didn't impact our campaign against ISIL.
2 Along with our coalition partners, we're intensifying our
3 campaign against ISIL in both Iraq and Syria, and we'll
4 continue to do so until ISIL is dealt a lasting defeat.

5 Two of the other four challenges reflect a return, in
6 some ways, to great-power competition. One is in Europe,
7 where we're taking a strong and balanced approach to deter
8 Russian aggression. We haven't had to devote a significant
9 portion of our defense investment to this possibility for a
10 quarter century, but now we do.

11 The other challenge is in the Asia-Pacific, where China
12 is rising, which is fine, but behaving aggressively, which
13 is not. There, we're continuing our rebalance to the region
14 to maintain the stability we've underwritten for the past 70
15 years, allowing so many nations to rise and prosper in this,
16 the single most consequential region for America's future.

17 Meanwhile, two other longstanding challenges pose
18 threats in specific regions. North Korea is one. That's
19 why our forces on the Korean Peninsula remain ready, as they
20 say, to "fight tonight." The other is Iran, because, while
21 the nuclear accord is a good deal for preventing Iran from
22 getting a nuclear weapon, in other respects our concerns
23 with Iran persist.

24 And, while I'm on the subject of Iran, and given this
25 committee's particular interest in this matter, I want to

1 say a few words about Iran's treatment of our sailors on
2 Farsi Island, back in January. As I made clear then, Iran's
3 actions were outrageous, unprofessional, and inconsistent
4 with international law. And nothing we've learned about the
5 circumstances of this incident since then changes that fact.
6 And it's because of Iran's recklessness and destabilizing
7 behavior in that part of the world, the DOD remains full
8 speed ahead in our investments, our planning, and our
9 posture to ensure we deter Iran's aggression, counter its
10 malign influence, and uphold our ironclad commitments to our
11 regional friends and allies, especially Israel, to whom we
12 maintain an unwavering and unbreakable commitment.

13 Now, addressing all of these five challenges requires
14 new investments on our part, new posture in some regions,
15 and also new and enhanced capabilities. For example, we
16 know we must deal with all these five challenges across all
17 domains, not just the usual air, land, and sea, but also
18 especially in cyber, electronic warfare, and space, where
19 reliance on technology has given us great strength and great
20 opportunities, but also led to vulnerabilities that
21 adversaries are eager to exploit.

22 Key to our approach is being able to deter our most
23 advanced competitors. We must have, and be seen to have,
24 the ability to ensure that anyone who starts a conflict with
25 us will regret doing so. In our budget, our capabilities,

1 our readiness, and our actions, we must, and we will, be
2 prepared for a high-end enemy, what we call "full-spectrum."
3 In this context, Russia and China are our most stressing
4 competitors, as they've both developed and continue to
5 advance military systems that seek to threaten our
6 advantages in specific areas. We see it in the South China
7 Sea and in Crimea and Syria, as well. In some cases,
8 they're developing weapons and ways of war that seek to
9 achieve their objectives rapidly, before they think we can
10 respond. Because of this, DOD has elevated their importance
11 in our planning and budgeting.

12 In my written testimony, I've detailed how our budget
13 makes critical investments to help us address better these
14 five evolving challenges. We're strengthening our
15 deterrence posture in Europe by investing \$3.4 billion for
16 our European Reassurance Initiative, quadruple what we
17 invest -- what we requested last year. We're prioritizing
18 training and readiness of our ground forces, as has been
19 noted, and reinvigorating the readiness and modernization of
20 our fighter aircraft fleet. We're investing in innovative
21 capabilities, like the B-1 -- B-21 long-range strike bomber,
22 microdrones, the arsenal plane, as well as advanced
23 munitions of all sorts. In our Navy, we're emphasizing not
24 just increasing the number of ships, which we're doing, but
25 especially their lethality, with new weapons and high-end

1 ships, and extending our commanding lead in undersea warfare
2 with new investments in unmanned undersea vehicles, for
3 example, and more submarines, with the versatile Virginia
4 payload module that triples their strike capacity from 12
5 Tomahawks to 40. And we're doing more in cyber, electronic
6 warfare, and space, investing in these three domains a
7 combined total of \$34 billion in 2017, to, among other
8 things, help build our cyber mission force, develop next-
9 generation electronic jammers, and prepare for the
10 possibility of a conflict that extends into space. In
11 short, DOD will keep ensuring our dominance in all domains.

12 As we do this, our budget also seizes opportunities for
13 the future. That's a responsibility I have to all my
14 successors, to ensure the military and the Defense
15 Department they inherit is just as strong, if not stronger,
16 than the one I have the privilege of leading today. That's
17 why we're making increased investments in science and
18 technology, innovating operationally, and building new
19 bridges to the amazing American innovative system, as we
20 always have, to stay ahead of future threats. That's why
21 we're building what I've called the "force of the future,"
22 because, as good as our technology is, it's nothing compared
23 to our people. And, in the future, we need to continue to
24 recruit and retain the very best talent. Competing for good
25 people for an All-Volunteer Force is a critical part of our

1 military edge. And everyone should understand this need, my
2 commitment to it.

3 And, because we owe it to America's taxpayers to spend
4 our defense dollars as wisely and responsibly as possible,
5 we're also pushing for needed reforms across the DOD
6 enterprise, from continuously improving acquisitions to
7 further reducing overhead to proposing new changes to the
8 Goldwater-Nichols act that defines much of our institutional
9 organization. I know Goldwater-Nichols reform is a focus of
10 this committee. And, Chairman, I appreciate that.
11 Goldwater-Nichols was important, had deeply positive
12 results, but, after 30 years, as you've said, it needs
13 updates. There are some areas where the pendulum may have
14 swung too far, like not involving the service chiefs enough
15 in acquisition decisionmaking and accountability. And there
16 are areas, as you've noted, where subsequent world events
17 suggest nudging the pendulum further, like taking more steps
18 to strengthen the capability of the Chairman and the Joint
19 Chiefs of Staff to help address transregional threats,
20 threats in multiple domains, and multiple threats within
21 overlapping timeframes.

22 As you know, last fall we began a comprehensive
23 departmentwide review of organizational issues like these to
24 identify any potential redundancies, inefficiencies, or
25 other areas of improvement, to help formulate -- and to help

1 formulate DOD's recommendations to you. I expect its
2 internal findings by the end of March.

3 This work is important. Though much is within our
4 existing authority to do so, we look forward to working
5 closely with Congress to implement needed reforms. And, as
6 we discussed over breakfast last week, Chairman and Senator
7 Reed, I look forward to working with you personally on this
8 important matter.

9 Let me close on the broader shift reflected in this
10 budget. The Defense Department doesn't have, as I've said,
11 the luxury of just one opponent or the choice between
12 current fights and future fights. We have to do both.
13 That's what this budget is designed to do, and we need your
14 help to succeed. I thank this committee, again, for
15 supporting the Bipartisan Budget Act that set the size of
16 our budget. Our submission focuses on the budget's shape,
17 making changes that are necessary and consequential. We
18 hope you approve it. I know some may be looking at the
19 difference between what we proposed last year and what the
20 budget deal gave us. A net total of about \$11 billion less
21 is provided by the Bipartisan Budget Act, out of a total of
22 almost \$600 billion. But, I want to reiterate that we've
23 mitigated that difference, and we're prepared to explain
24 how, and that this budget meets our needs.

25 The budget deal was a good deal. It gave us stability.

1 We're grateful for that. DOD's greatest risk is losing that
2 stability this year and having uncertainty and sequester
3 return in future years. That's why, going forward, the
4 biggest budget priority for us, strategically, is Congress
5 averting the return of sequestration, to prevent \$100
6 billion in automatic cuts that are looming, so we can
7 maintain stability and sustain all these critical
8 investments over time. We've done this before. And that
9 same support is essential today to address the security
10 challenges we face and to seize the opportunities within our
11 grasp. As long as we work together to do so, I know our
12 national security will be on the right path, and America's
13 military will continue to defend our country and help make a
14 better world for generations to come.

15 Thank you.

16 [The prepared statement of Secretary Carter follows:]

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1 Chairman McCain: Thank you.

2 General Dunford.

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1 STATEMENT OF GENERAL JOSEPH F. DUNFORD, JR., USMC,
2 CHAIRMAN OF THE JOINT CHIEFS OF STAFF

3 General Dunford: Chairman McCain, Ranking Member Reed,
4 distinguished members of the committee, thank you for the
5 opportunity to join Secretary Carter and Secretary McCord in
6 appearing before you.

7 I'm honored to represent the extraordinary men and
8 women of the joint force. Our soldiers, sailors, airmen,
9 and marines, civil servants, remain our single most
10 important competitive advantage. And, thanks to your
11 support, the United States military is the most capable
12 fighting force in the world.

13 With your continued support, the joint force will
14 continue to adapt, fight, and win in current operations
15 while simultaneously innovating and investing to meet future
16 challenges. I don't believe we ever should send Americans
17 into a fair fight. Rather, we should maintain a joint force
18 that has the capability and credibility to assure our allies
19 and partners, deter aggression, and overmatch any potential
20 adversary. This requires us to continually improve our
21 joint warfighting capabilities, restore full-spectrum
22 readiness, and develop the leaders who will serve as the
23 foundation for the future.

24 The United States is now confronted with challenges
25 from both traditional state actors and nonstate actors. The

1 Department has identified five strategic challenges, and
2 Secretary Carter has already addressed those. Russia,
3 China, Iran, and North Korea continue to invest in military
4 capabilities that reduce our competitive advantage. They
5 are also advancing their interests through competition with
6 a military dimension that falls short of traditional armed
7 conflict and the threshold for traditional military
8 response. And examples include Russian actions in Ukraine,
9 Chinese activities in the South China Sea, and Iran's malign
10 activities across the Middle East. At the same time,
11 nonstate actors, such as ISIL and al-Qaeda, pose a threat to
12 the homeland, the American people, our partners, and our
13 allies. Given the opportunity, such extremist groups would
14 fundamentally change our way of life.

15 As we contend with the Department's five strategic
16 challenges, we recognize that successful execution of our
17 defense strategy requires that we maintain credible nuclear
18 and conventional capabilities. Our strategic nuclear
19 deterrent remains effective, but it's aging, and it requires
20 modernization. Therefore, we're prioritizing investments
21 needed for a safe, secure, and effective nuclear deterrent.
22 We're also making investments to maintain a competitive
23 advantage in our conventional capabilities, and we must
24 further develop capabilities in the vital and increasingly
25 contested domains of cyber and space.

1 As the joint force acts to mitigate and respond to
2 challenges, we do so in the context of a fiscal environment
3 that has hampered our ability to plan and allocate resources
4 most effectively. Despite partial relief by Congress from
5 sequester-level funding, the Department has absorbed 800
6 billion in cuts and faces an additional 100 billion of
7 sequestration-induced risk through fiscal year '21.
8 Absorbing significant cuts over the past 5 years has
9 resulted in our underinvesting in critical capabilities.
10 And unless we reverse sequestration, we'll be unable to
11 execute the current defense strategy, and specifically
12 unable to address the challenges that Secretary Carter
13 outlined.

14 The fiscal year '17 budget begins to address the most
15 critical investments required to maintain our competitive
16 advantage. To the extent possible within the resources
17 provided by the 2015 Bipartisan Budget Act, it addresses the
18 Department's five challenges. It does so by balancing three
19 major areas: investment in high-end capabilities, the
20 capability and capacity to meet current operational demands,
21 and the need to rebuild readiness after an extended period
22 of war. In the years ahead, we'll need adequate funding
23 levels and predictability to fully recover from over a
24 decade at war and delayed modernization. A bow wave of
25 procurement requirements in the future include the Ohio-

1 class submarine replacement, continued cyber and space
2 investments, and the long-range strike bomber. It will also
3 be several years before we fully restore full-spectrum
4 readiness across the services and replenish our stocks of
5 critical precision munitions.

6 In summary, I'm satisfied the FY17 budget puts us on
7 the right trajectory, but it will take your continued
8 support to ensure the joint force has the depth,
9 flexibility, readiness, and responsiveness that ensures our
10 men and women never face a fair fight.

11 Once again, thank you for the opportunity to appear
12 before you this morning. And I look forward to your
13 questions.

14 [The prepared statement of General Dunford follows:]

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1 Chairman McCain: Secretary McCord, do you have any
2 statement?

3 Mr. McCord: I do not, Mr. Chairman.

4 Chairman McCain: Well, thank you. I thank the
5 witnesses.

6 Mr. Secretary, I appreciate your comments about the
7 Iranian behavior and their subsequent behavior exploiting
8 this humiliation of American servicemembers. What action
9 have you recommended that we take in response to this?

10 Secretary Carter: Well, we're -- everything we're
11 doing in the Gulf, Chairman, including all of the actions
12 that are funded in this budget, which include tens of
13 thousands of Americans in the region -- we want that -- our
14 ballistic missile defenses in the region -- we want that --

15 Chairman McCain: I see, but all of these things are
16 planned and in the budget. I wonder if you had planned on
17 any specific action that the Iranians would know is a result
18 of our -- humiliation of our servicemembers.

19 Secretary Carter: Well, I've made it quite clear that
20 --

21 Chairman McCain: You've made it quite clear that
22 you're outraged and all that, but what specifically have you
23 recommended to do in response to that?

24 Secretary Carter: We're continuing to take all of the
25 actions that we need to --

1 Chairman McCain: What -- obviously, the -- the
2 specific action in response to the Iranian outrage.

3 Secretary Carter: At the time of the incident, we
4 prepared to protect our people. It turns out they were
5 released in time. We later had the opportunity to see them
6 being filmed in the way they were. And it made very clear
7 that that's the kind of behavior we wouldn't want to engage
8 in.

9 Chairman, you want to add anything?

10 Chairman McCain: Is stability in Afghanistan and the
11 region in our national interest, particularly in light of
12 the testimony of General Campbell and General Nicholson that
13 the situation in Afghanistan is deteriorating?

14 Secretary Carter: I'll start there and then ask the
15 Chairman to chime in.

16 Chairman McCain: I'll ask -- fine.

17 Secretary Carter: The -- well, the situation in
18 Afghanistan is very important to us. We have -- the Afghans
19 had a tough fight this last fighting season. They're going
20 to have a tough season this time. And it's important that
21 we -- not just we, but the rest of our coalition, stay with
22 them, not just this year, in 2016, but in 2017 and so forth.
23 And we're continually assessing and adjusting how we give
24 support to the Afghan Security Forces --

25 Chairman McCain: Do you -- but, you don't disagree

1 with General Nicholson and General Campbell -- I guess I'll
2 ask General Dunford -- that the situation is deteriorating
3 in Afghanistan? Do you agree with that?

4 General Dunford: Chairman, I listened to their
5 testimony. I think they provided an accurate assessment of
6 the situation in Afghanistan.

7 Chairman McCain: Do you consider the Taliban to be a
8 threat to Afghanistan's stability?

9 General Dunford: I do, Chairman.

10 Chairman McCain: Then, why do U.S. forces not have the
11 authority, other than self-defense, to target Taliban
12 fighters in support of our Afghan partners?

13 General Dunford: Chairman, right now --

14 Chairman McCain: The threat to our stability and the
15 situation is deteriorating, and yet we were -- still don't
16 give the authority of American forces to -- other than self-
17 defense -- to target Taliban fighters.

18 General Dunford: Right now, Chairman, our authorities
19 are focused on supporting the Afghan forces in their fight
20 against the Taliban.

21 Chairman McCain: So, even though the situation is
22 deteriorating, even though they continue their attacks, even
23 though -- then we still do not give the U.S. forces the
24 authority to target Taliban fighters unless they are
25 directly attacking the United States.

1 General Dunford: At this time, that's correct,
2 Chairman.

3 Chairman McCain: Does that make sense to you?

4 General Dunford: Chairman, we're in the process of
5 reviewing the lessons learned from 2015. We have some
6 recommendations made by General Campbell. We --

7 Chairman McCain: We're well into 2016, and right now
8 the plan is to cut the force from 9,800, drop down to 5,500
9 by the end of this year. And here we are, in March.

10 General Dunford: Chairman, where I was going was, we
11 have recommendations from General Campbell for changes made
12 by -- made -- to make in 2016 as a result of lessons learned
13 in 2015. This week, we conducted a video teleconference,
14 Secretary Carter and I with General Nicholson, who's on the
15 ground in Afghanistan right now, to get his thoughts. And
16 we're in the process of making recommendations to the
17 President for changes that might be made to make us more
18 effective in supporting Afghan forces in 2016 and making
19 them more successful.

20 Chairman McCain: Including the force levels?

21 General Dunford: A full range, to include
22 capabilities, that's correct, Chairman.

23 Chairman McCain: Last year, in the 2016 Future Years
24 Defense Program, where you indicated that you needed an
25 additional 37 billion above the BCA caps in 2016, the then-

1 Chairman of the Joint Chiefs of Staff said we're at the
2 lower ragged edge of manageable risk. Now you're saying
3 that it seems to be okay, even though the Army had to cut 24
4 UH-60 Black Hawk helicopters, the Air Force had to cut five
5 F-35s and 45 over the next 4 years, the Air Force -- the
6 Navy plans to lay up an additional five cruisers, the Marine
7 Corps plans to cut 77 joint light tactical vehicles and \$1.3
8 billion in military construction, et cetera, et cetera. All
9 of those cuts are being made, as opposed to what you asked
10 for last year.

11 So, now you're saying that we can -- and, by the way,
12 we've seen this bow-waves movie before. When you cut F-35s,
13 when you cut the Black Hawks, when you cut them, you
14 increase the costs, because the original plans are at
15 optimum cost. So, now you're satisfied with the level,
16 which is \$17 billion less than last year, even though your
17 predecessor said we were on the lower ragged edge of
18 manageable risk with the amount we had last year, which was
19 \$17 billion more. It's hard for us to understand, General.

20 General Dunford: Chairman, to be clear, what I've said
21 is that the budget this year is sufficient to execute the
22 strategy. There is associated risk in that, and I've
23 provided a classified risk assessment to the Secretary.
24 You'll see that some of the investments that we made this
25 year are designed to address that risk.

1 My most significant concern, frankly, is the bow wave
2 of modernization that has been deferred that we're going to
3 start to see in fiscal year '19, '20, '21, and '22. So, by
4 no means have I said that the resource level for the
5 Department as we look out over the next few years is
6 adequate. What I simply said was that this year's fiscal
7 year '17 budget is sufficient to meet the strategy.

8 Chairman McCain: So, it's okay with you to cut 24
9 Black Hawks, five F-35s, 45 over the next 4 years, Marine
10 Corps cut 77 joint light tactical vehicles, 1.3 billion in
11 military construction, which last year was told to this
12 committee that you needed.

13 General Dunford: Chairman, that's not what I said. I
14 didn't say it was okay to do those things. What I said was,
15 with regard to this budget, we have made the best decisions
16 that we can within the top-line that we were given from
17 Congress. So, what I'm comfortable with is that we have
18 made the right priorities. I'm not comfortable that we have
19 addressed all the requirements.

20 Chairman McCain: Senator Reed.

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

23 One of the key issues that the committee is focused on
24 and you're focused on is readiness. And, General Dunford,
25 readiness is a function of not only resources, but time.

1 Can you explain, or at least -- I think the question is,
2 Within the constraints you face, which are significant, you
3 have tried to maintain and improve readiness, but that won't
4 happen just with more money. That'll take time.

5 General Dunford: Senator, thank you.

6 That's right. From my perspective, there's three
7 components. There's the money, there's the time, and then
8 there's operational tempo. And the operational tempo has
9 maintained at a very high level, even as the force has drawn
10 down from its peak, 3 or 4 years ago. As a result of
11 sequestration, and particularly in 2013, we laid off a lot
12 of engineers, we laid off a lot of artisans. We had a
13 backlog of maintenance. That's going to take time to
14 recover from that backlog of maintenance. In some cases, we
15 deferred modernization issues, equipment, and so forth,
16 that'll have an impact on readiness. And then, being able
17 to recover, from a training perspective, requires an
18 operational tempo that's much more sustainable than the one
19 we have right now. So, from my perspective, that's why it's
20 going to take -- and I think you've heard from the service
21 chiefs -- in probably the near term, one of the services
22 will be ready in about 3 or 4 years; and the Air Force, at
23 the outside, I think has identified 2024 before it fully
24 recovers. In a -- and much of that is a function of
25 aircraft maintenance and readiness.

1 Senator Reed: But, in the context of this budget, the
2 resources that you have available, the dollars, for
3 readiness is sufficient at least to continue the improvement
4 in readiness that you must achieve. Is that your estimate?

5 General Dunford: Senator, the Secretary prioritized
6 the readiness, particularly the readiness of those forces
7 that will deploy. And so, we have bought as much readiness
8 as we can in FY17. Many of the issues that we have with
9 regard to readiness can't be addressed with additional
10 resources this year. Again, they'll take time.

11 Senator Reed: Thank you.

12 Mr. Secretary or Mr. McCord, with respect to
13 procurement, my understanding, but please correct me, is
14 that you've done all you can to maintain multiyear
15 contracting for systems, which essentially keeps us in the
16 ball game, if you will, but that if we do not fix the
17 sequestration problem next year, this fragile structure will
18 sort of fall apart. But, we are still maintaining the cost-
19 efficient multiyear contracting --

20 Secretary Carter: We are.

21 Senator Reed: -- and we're not cutting back on those
22 deals.

23 Secretary Carter: No, we are. And this gets to the
24 point the Chairman raised about, How are we -- how did we
25 accommodate the difference between what we planned last year

1 and what we got in the Bipartisan Budget Agreement. That --
2 what I described as a net of 11 billion of our almost 600
3 billion. How did we accommodate that? As the Chairman said
4 -- and I was very insistent upon this, as was the Chairman
5 -- we protected readiness. So, the principal impact came in
6 a number of modernization programs, to include aircraft,
7 shipbuilding, a number of minor modernization programs.
8 That's what we did. It's all out there, and I'm sure you'll
9 be reviewing it.

10 What we didn't do was not fund the service readiness
11 recovery plans, where -- as they try to move back to full-
12 spectrum readiness from where they've been after the Iraq
13 and Afghanistan wars. That's what we need in all of the
14 services, is full-spectrum. Making up some of the
15 maintenance backlog, that particularly affects Marine Corps
16 aviation. We did not change any of our end-strength goals.
17 We did not change military compensation to make this
18 difference. We didn't terminate, to your point, any major
19 programs, any multiyear contracts. We didn't RIF any
20 employees. We didn't have to do any of that, but we did
21 have to make adjustments. And they're there for you to see.

22 And are we happy making those adjustments? No, but
23 that's what we needed to do to accommodate the Bipartisan
24 Budget Agreement. Now, if the Bipartisan Budget Agreement
25 were to fall apart, as everyone has said, that is our

1 biggest strategic danger, because that will affect, in the
2 future years, our ability to recover full-spectrum
3 readiness, it will affect all those things that we did not
4 have to affect this year. But, that's how we adjusted to
5 the Bipartisan Budget Agreement.

6 Senator Reed: And just a final point. Is -- the
7 concurrence or the opinion that has been expressed by, I
8 think, everyone here about other need to end sequestration
9 before 2018 is critical, paramount, has to be done.

10 Secretary Carter: That is the greatest strategic risk
11 to the Department of Defense, is the reversion to
12 sequestration. I very much hope we can avoid that.

13 Senator Reed: Thank you, Mr. Chairman.

14 Chairman McCain: Senator Inhofe.

15 Senator Inhofe: Thank you, Mr. Chairman.

16 I'm not going to ask a question about Gitmo. And this
17 is a budget hearing, but it's one that you should both be
18 aware that the -- there are two groups of people at this
19 table up here. One is the hardliners, who feel it's just
20 absurd to even think about giving up the resources that we
21 have there, and particularly in light of the fact that we
22 have a recidivism rate of, what, 30 percent or so. Others
23 are going to be talking about -- asking questions about
24 that, so I'll let them take the time to do that. But,
25 that'll be one of the considerations you have.

1 You know, it's easy to kind of get -- I'm not saying
2 that we're hearing glowing reports right now, but we do hear
3 all the time, as you said, Secretary Carter, we have the
4 best-equipped, the best-trained, and all of that. That
5 sounds good. That's the good side. But, there's a bad
6 side, too. We're not where we normally should be and have
7 been in the past. Have you -- we've had probably more
8 hearings, in the years that I've been on both the House and
9 the Senate Armed Services Committee, this year than we've
10 ever had before. And I think I -- I think that's the right
11 thing to do. People are going to have to wake up and know
12 the problems that we have.

13 Now, when we -- before this committee, Lieutenant
14 General Nicholson said the security situation in Afghanistan
15 is deteriorating. I think we probably agree with that.
16 Last week, General Austin, before this committee, the --
17 he's the CENTCOM Commander -- in response to Senator
18 McCain's question, he testified to this committee, just last
19 week, that it may be time to reconsider the plan to reduce
20 America's military forces in Afghanistan.

21 General Dunford, is he right?

22 General Dunford: Senator, thank you.

23 As a matter of fact, we're in the process right now of
24 reviewing --

25 Senator Inhofe: Of reconsidering.

1 General Dunford: Absolutely. It's a constant process,
2 Senator. And the Secretary and I have spent a fair amount
3 of time on it, just this week, with General Nicholson, and
4 we spent some time with General Campbell before he left.
5 And we're in the process of bundling together some
6 recommendations to bring forth to the President.

7 Senator Inhofe: You know, we hear dates all the time
8 about when something's going to be decided. Now, let --
9 isn't it better idea to let conditions on the ground
10 determine what and when we're going to -- changes we're
11 going to make?

12 General Dunford: Senator, I think that's exactly what
13 we did in the fall when a decision was made to keep 9800
14 through 2016. So, I agree with that.

15 Senator Inhofe: Okay. The two quotes that I gave from
16 General Austin and General Nicholson, have you discussed
17 with them specifically about the force-structure
18 requirements?

19 General Dunford: We have, Senator.

20 Senator Inhofe: Okay. Have you presented any of the
21 recommendations to the President?

22 General Dunford: We have not yet, Senator.

23 Senator Inhofe: All right. Are --

24 General Dunford: We're still in the process of
25 deliberating that, between the Secretary and I. And we had

1 a video teleconference with General Nicholson this week to
2 make sure that we get the latest from him. He's now had a
3 chance to -- in both his predeployment site survey as well
4 as being on the ground now since taking command, he's had a
5 chance to make a personal assessment. It was important to
6 both the Secretary and I that we heard from General
7 Nicholson before we went -- move forward.

8 Senator Inhofe: Okay. Let me include one more thing
9 that I want to get in this committee. Because we've had a
10 lot of people testifying, the very best that we have. And I
11 have a great deal of respect for all of them, and they are
12 very blunt about the problems that we have. Admiral
13 Gortney, NORTHCOM commander, he testified to this committee,
14 just last week, that North Korea's recent nuclear test and
15 satellite launch demonstrate that Kim Jung Un, which we know
16 is mentally deranged, his commitment to developing strategic
17 capabilities as well as his disregard for the U.N. Security
18 resolutions, we all, I think, agree with that. Admiral
19 Harris said -- the PACOM Commander -- he testified to this
20 committee that Chinese coercion, artificial island
21 construction, militarization in the South China Sea threaten
22 the most fundamental aspect of global prosperity, freedom of
23 navigation, and their forces are opening at a higher tempo,
24 in more places, with greater sophistication than ever
25 before. Do you -- the two of you agree with that?

1 Secretary Carter: I certainly do, Senator. And this
2 is, by the way, why we need to remain vigilant with respect
3 to North Korea and its ballistic missile activities and
4 other activities. I mentioned "fight tonight." And this is
5 why we need the budget that we're asking for, and why we've
6 got to avoid sequestration in the future. These are all
7 serious matters.

8 Senator Inhofe: Well, all serious matters. I contend
9 that we're in the most threatened position that we've ever
10 been in as a Nation. I look back wistfully at the days of
11 the Cold War. I mean, right now, we have people like --
12 mentally deranged people might have a capability of wiping
13 out an American city. So, that's a serious thing.

14 I would only leave you with a quote that both of you
15 heard last week from Congressman Frelinghuysen, when he read
16 you a quote made by Winston Churchill 70 years ago. And
17 this is the quote. He said, "What -- from what I have in"
18 -- particularly keeping in mind of what Putin has been doing
19 in the Ukraine and other places, disregarding the threat
20 that we would pose to him -- he said, 70 years ago, "From
21 what I have seen of our Russian friends and allies during
22 the war, I am convinced that there is nothing they admire so
23 much as strength, and there's nothing for which they have
24 less respect for than weakness, especially military
25 weakness." I want you guys to keep that in mind as you're

1 developing this budget.

2 Secretary Carter: Will do.

3 Senator Inhofe: Thank you, Mr. Chairman.

4 Chairman McCain: Senator Gillibrand.

5 Senator Gillibrand: Thank you, Mr. Chairman.

6 And thanks, to all of you, for your service and for
7 this hearing.

8 I want to talk briefly about cyber. Cyberattacks
9 against the homeland are already a menacing threat to U.S.
10 infrastructure, businesses, and defense. In the case of a
11 severe domestic attack, DOD's unified commands will be
12 responsible for coordinating a response in support of the
13 Department of Homeland Security. However, CYBERCOM has
14 reported a projected shortfall in its manning goals for
15 fiscal year 2018, and there are concerns that DOD
16 cyberoperators, both Active and Reserve, may not be able to
17 seamlessly operate under the current patchwork of relevant
18 authorities. How would you assess current coordination and
19 interoperability between NORTHCOM, STRATCOM, and Homeland
20 Security? And what could be done legislatively to
21 complement those relationships? And can you describe the
22 level of involvement the National Guard cyberoperators might
23 play in the event of a major domestic cyberattack? And do
24 you believe they are adequately trained, equipped, and
25 funded to meet that expectation? And finally, do you

1 believe each responsible agency with cybermandate, defense
2 or otherwise, currently has the authorities it needs to
3 coordinate an effective response domestically?

4 Secretary Carter: Thank you, Senator.

5 Let me take the part about the Guard first, if I may.
6 It -- I was out in Washington State a couple of weeks ago,
7 where there is a terrific National Guard unit working on
8 exactly what you're talking about; that is, defending the
9 Nation and also defending our DOD networks, upon which we're
10 so dependent, from cyberattack. These are people who --
11 whose day job is to be the cyberdefenders for some of our
12 most important IT companies and tech companies. So, they're
13 at the highest skill level that the private sector has. And
14 yet, they're making their skills available to their country
15 through the National Guard. So, this is a tremendous
16 strength, among many, of the National Guard, the ability to
17 bring us -- to us a talent that we would otherwise have
18 difficulty attracting and retaining.

19 To get to your first part of your question,
20 nevertheless, we do try to attract and retain, and we have
21 some success in that regard. And that's what we're doing as
22 we build out the 133 cyber mission teams for CYBERCOM.
23 CYBERCOM does work, not only with our combatant commanders
24 on wartime needs, including, by the way, joining the fight
25 against ISIL and disrupting ISIL, blacking out ISIL, but

1 also defending the country. Now, we do do that, as you
2 suggest, in connection with Homeland Security, in connection
3 with law enforcement. All that's perfectly appropriate. I
4 -- there are some legislative acts that have enabled us
5 better in that regard. It's possible that we could do still
6 better in that regard.

7 With respect to CYBERCOM's own authorities, I will tell
8 you that we adjust them continuously. And, just this week,
9 actually, I'm talking to Admiral Rogers about some of his
10 authorities and what we can do to expand those authorities.
11 So, it's a very actively moving --

12 Senator Gillibrand: So, could you submit a letter to
13 me or this committee if there's additional authorities you
14 feel you need --

15 Secretary Carter: Will do.

16 Senator Gillibrand: -- so we can work on that?

17 With regard to military sexual assault, you're aware
18 that, every year, I've been asking for files from the four
19 major bases, and this year I added the four major trading
20 bases, so I could just get a snapshot in time of, How do
21 these cases go? What do they actually look like once
22 they're filed and once they're taken to court? What we find
23 is that more than half of the victims are civilians, which
24 isn't entirely captured by our survey -- spouses and
25 civilians, not fully captured. And the second thing I

1 learned was that there's a 50-percent dropoff rate; once
2 someone actually files a complaint, about 50 percent do not
3 continue with their complaint during the course of the year,
4 which is a huge problem. And so, one of the things that
5 this committee's done is, we are going to put in place a
6 defense advisory committee on investigations, prosecution,
7 and defense of sexual assaults. And that's supposed to be
8 an independent civilian review board that looks at this,
9 designated by the President. It's very important to me that
10 the executive director of this committee is independent, so
11 that they can actually give us advice. And I would like
12 your commitment that you will look at the staffing of that
13 individual. And I'm hoping that you will chose a civilian
14 to be the executive director, and one with prosecutorial
15 experience; specifically, experience in sexual violence
16 prosecutions, which are among the hardest to ever end in a
17 conviction.

18 Secretary Carter: Well, I -- first of all, I thank you
19 for your leadership in this issue. It's a really important
20 issue. Of course we'll work with the committee on this --
21 in this, and I promise you that, as in other matters. And
22 I'll just say very clearly to you how much I appreciate your
23 leadership on this issue, because this is unacceptable in
24 our military, because our military is about honor and it's
25 about trust. And sexual assault violates honor and trust.

1 So, we can't have any of it. And the more we learn, the
2 more we -- as you say, there are other dimensions to it.
3 Civilians, retaliation, which is another thing that you have
4 rightly stressed, we need to pay attention to. So, this is
5 something that we cannot stop learning about and doing
6 better about. And, in this respect, I promise to continue
7 to work with you.

8 Senator Gillibrand: Thank you.

9 And, General Dunford, because I'm out of time, I'm
10 going to submit for the record a specific question about
11 combat integration that I would love your response on.

12 General Dunford: Thank you, Senator.

13 Senator Gillibrand: Thank you so much.

14 [The information referred to follows:]

15 [COMMITTEE INSERT]

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1 Senator Gillibrand: Thank you, Mr. Chairman.

2 Chairman McCain: Senator Fischer.

3 Senator Fischer: Thank you, Mr. Chairman.

4 Secretary Carter, I'd like you to talk more about the
5 third offset initiative. Specifically, what is new about
6 it? Is it new money? Is it a new way of using that money?
7 As you know, we spend tens of billions of dollars every
8 single year researching and developing technologies. And
9 that is well in excess of our adversaries. And this
10 committee's heard a lot about how our technological edge is
11 eroding. So, I'm wondering, if that level of investment,
12 and specifically the way we are using it, wasn't sustaining
13 our technological advantage, what about the offset
14 initiative is going to ensure that that avoids a similar
15 fate?

16 Secretary Carter: Well, thank you, Senator.

17 And our efforts are about both new money and new ways
18 of using that money. The new money, we are asking for in
19 this budget, notwithstanding the \$11 billion that we
20 absorbed. We didn't take that in our RDT&E. We are
21 increasing research, development, test, and engineering,
22 relative to last year. Science and technology, which is
23 part of that, also. But, we are doing it in new ways. And
24 I'll give you a couple of examples of that -- two very
25 important examples.

1 One is reaching out to the high-tech industry that does
2 not have a tradition of working with the Department of
3 Defense. When I started out in this business, long ago, it
4 was -- all the major technologically intensive companies in
5 America worked with the Defense Department. It was part of
6 the legacy of World War II and the Cold War. I'm trying to,
7 and we are trying, in the third offset, to rekindle those
8 relationships with the high-tech industry. We find them
9 willing, patriotic, eager to help serve. We have to do it
10 in a way that's compatible with their business and
11 technology models. And we're doing that.

12 And secondly, we have some innovative new parts of our
13 Department. One I've called attention to is the Strategic
14 Capabilities Office, which is specifically looking at, and
15 has already made major progress in, highly innovative
16 things, like electronic warfare drones. They're -- that's
17 the place where the idea of giving the SM-6 missile anti-
18 ship capability came from, taking an old system, giving it a
19 brand new capability. So, we're trying to back the
20 innovators in our Department as well as connect with the
21 best parts of innovative American society. Because, next to
22 our people, our technology is what makes us great, and we
23 get our technology because we're part of the most innovative
24 country in the world.

25 Senator Fischer: So, you would say that the process

1 for developing these technologies -- would you say that it
2 has not been working in the past, and that's one of the main
3 focuses, then, of the offset, is to not only work within the
4 Department, but also to reach outside the Department, and
5 not necessarily looking at specific programs, but having a
6 more open, innovative mind --

7 Secretary Carter: It is --

8 Senator Fischer: -- on this, then?

9 Secretary Carter: Certainly, that's what it comes down
10 to. Both our traditional programs, we need to make them
11 move along faster, make them more agile, do a better job of
12 incorporating technology in them, and reaching out to the
13 innovative part of our society and trying to get -- getting
14 them interested in these vitally important national security
15 problems, and working with us, as has been the tradition in
16 America for decades and decades.

17 Senator Fischer: Right. And you know innovation is
18 very risky. So, when we're looking at putting more money
19 into the programs, I think all of us realize that losses are
20 going to occur. We're not going to see a success rate with
21 every program that you're trying for. There will be no
22 results in some areas.

23 Secretary Carter: That's correct. If you --

24 Senator Fischer: We're not --

25 Secretary Carter: -- don't take risks --

1 Senator Fischer: But, we're not in a risk-tolerant
2 environment. How do you address that?

3 Secretary Carter: Well, it's -- that's a problem. We
4 want our innovators to take risk. Taking risk, by
5 definition, means that sometimes things won't go the way
6 you'd hoped when you're exploring a technological frontier,
7 when you're testing a weapon system. And we have to be
8 tolerant of risk as -- provided that risk was taken
9 advisedly, in the interests of making a leap ahead in
10 technology. We have to do that. If we're too risk-averse,
11 then we're always going to be behind the technological
12 curve, and not up with or above the technological curve.
13 And our enemies take risks. No question -- our potential
14 enemies take -- they take those risks. We need to take
15 those risks also.

16 Senator Fischer: Thank you, sir.

17 Thank you, Mr. Chairman.

18 Chairman McCain: Senator Kaine.

19 Senator Kaine: Thank you, Mr. Chair.

20 And thanks, to all of you, for your testimony.

21 General Dunford, you, in an interchange with the Chair
22 about, you know, how you look at PB-17 and whether it does
23 all you might want to do, I think you said, quote, "Our
24 budget is based on the top-line that Congress gave us." And
25 then, as I look at your written testimony -- I'll just read

1 it -- "To accommodate a constrained top-line, PB-17 defers
2 near-term modernization, which will only exacerbate a coming
3 bow wave of strategic recapitalization and other procurement
4 requirements. More broadly, the cumulative effect of top-
5 line reductions over the past several years has limited the
6 flexibility and resiliency of the joint force, and, looking
7 ahead, I'm concerned that the demand for future capabilities
8 and capacity will outpace the resources available, forcing
9 even more difficult decisions to match strategy and
10 resources."

11 The constraint that we're talking about with respect to
12 these top-lines is the 2011 sequester BCA caps, correct?

13 General Dunford: That's correct, Senator. In -- and I
14 think, particularly, as I recall, fiscal year 2013 was
15 particularly devastating --

16 Senator Kaine: Right.

17 General Dunford: -- to our ability to plan and
18 execute.

19 Senator Kaine: We had an opportunity to turn off
20 sequester before it went into effect on March 1, 2013, and
21 we chose not to turn it off, and then that has created
22 downstream challenging consequences.

23 So, the real issue, I think, for us, if we put national
24 security first, has got to be, What do we do about that
25 constraint? Now, what we've done is, we've done two 2-year

1 budget deals in a row that have averted some of the
2 sequester cuts and provided some relief from the BCA caps.
3 But, in each instance, when we did that, we also pushed the
4 budget caps out an additional 2 years. So, you are facing
5 the reality of -- it's like an automatic snap-back sanction
6 in these budget caps. If Congress were to not agree on a
7 budget -- and we've got a history of not agreeing on stuff
8 over time -- we will snap back to a punishing sanction
9 against our own Nation's ability to defend ourselves. And
10 we've now pushed that out significantly into the future,
11 into the late 2020s. And that's the risk that you're
12 talking about. The risk of falling back into sequester and
13 punishing our national security is the significant concern
14 that we're grappling with.

15 General Dunford: Senator, that's exactly right. But,
16 even if we avert sequester, we have now accumulated bills
17 that will all come --

18 Senator Kaine: Yeah.

19 General Dunford: -- due simultaneous. And, as I
20 alluded to in my opening statement, the modernization of the
21 nuclear enterprise will come now at the very same time that
22 we'll start to recover from some of the deferred
23 modernization over the last several years. So, even at the
24 originally projected level of funding that the Department
25 asked for, I would assess that probably in the late teens

1 and early '20s, again, we'll hit this bow wave of
2 modernization that'll make it very difficult to balance
3 readiness, force structure, infrastructure, and
4 modernization. And that's the balance that we try to have.
5 And the more out of balance we have become over the last few
6 years, the more difficult it will be to achieve balance in
7 the out years.

8 Senator Kaine: There are some who, I think, have --
9 I've heard argue that we don't -- you know, we don't need to
10 worry that much about sequester and the BCA caps, because
11 what we can do is, we can just plus-up the OCO accounts as
12 we kind of approach the budgetary challenges each year to
13 try to deal with these issues.

14 Now, from my way of thinking, that can be some short-
15 term, temporary relief. But, OCO, which should have a
16 particular role in a defense budget, obviously -- but, OCO
17 is not money that you can really count on. You can't count
18 on it for following years. And so, you could get OCO money
19 in a year, but you would still face the sequester coming
20 back, you're not sure whether you can count on OCO money the
21 following year. Wouldn't you agree with me that sort of
22 relying upon successive annual battles about OCO funding is
23 not near the same as providing you with the kind of
24 certainty that you need to have?

25 General Dunford: Senator, we need three things. We

1 need predictability. We need the right level of resources.
2 And we need those resources to be in the right areas. We
3 need all three of those. And so, I couldn't agree with you
4 more.

5 Senator Kaine: Well, my hope is, as we are talking
6 about the NDAA this year, is that we will really grapple
7 with this sort of snap-back sanction that we're imposing on
8 ourself, which, if it ever -- if we ever fell into it -- I
9 mean, again, I hope we're always going to be able to reach
10 agreements, but we've now pushed this sequester and the BCA
11 caps out for quite some time, and if somebody decides to
12 hold up the process or we just can't reach an agreement for
13 a good-faith reason, we are just -- built this self-
14 punishment into our mechanism. And I hope part of what we
15 might try to do in the NDAA this year is just agree, look,
16 we are not required to continue a sequester that was put in
17 place with budget caps in the summer of 2011, pre-ISIL, pre-
18 Russia into the Ukraine, pre-North Korea cyberattacks, you
19 know, pre-Ebola, pre-Zika. We don't have to live by a 2011
20 reality in 2016. And I -- and if anyone will see this and
21 the importance of it in Congress, it's going to be the Armed
22 Services Committees in both houses. We should be at the
23 forefront of this. And I know the Chairman has made this an
24 important priority, and will continue to do that.

25 Thank you very much.

1 Chairman McCain: Senator Wicker.

2 Senator Wicker: Thank you.

3 And I'm glad Senator Kaine brought this up, because
4 it's exactly what I wanted to start with. And the Chair has
5 made this a priority.

6 Let me just ask you, Secretary Carter and General
7 Dunford, looking back several years ago, when sequester was
8 headed our way but we really didn't think it was a reality,-
9 I would ask people in your chair, other people, Are you
10 planning for sequester? And their answer was, "No, we're
11 not planning for it. It was never intended. We were sure
12 you ladies and gentlemen will fix it. And it's unthinkable
13 that we would do this." And, of course, the unthinkable
14 happened, and we had to deal with it.

15 Now, you -- we've dealt with it once, and that was bad
16 enough. But, tell us about how going there a second time
17 would be a whole new problem. And also, General Dunford,
18 did I -- and I'll let you go first -- did I hear you say, if
19 we avoid sequester this time, we still don't have enough
20 money to take care of the national defense needs that you
21 have to take care of? Is that what you're saying?

22 General Dunford: Senator, it is. What I'm saying is,
23 even at a level of funding that avoids sequestration, we
24 have a bow wave of modernization that's, in part, a result
25 of the last 3 or 4 years of the budget, and also a result of

1 that bow wave for the nuclear enterprise that I alluded to.
2 So, when you look at deferred modernization, the
3 modernization that we would do in a normal course of events,
4 plus the nuclear enterprise all coming due at or about the
5 same time, my assessment is that we would be -- we will be
6 challenged even if we are at above sequestration level of
7 funding. And with regard to the other 100 billion, I would
8 just simply say -- and Senator Kaine has listed the things
9 that have all changed since the defense strategic guidance
10 was written in 2012 -- my assessment is that if we are
11 confronted with --

12 Senator Wicker: So, let's reiterate those. And --
13 because I've --

14 General Dunford: Well, I -- it's very simple.

15 Senator Wicker: -- interrupted your train of thought.
16 But, we're talking Russia, we're talking ISIL --

17 General Dunford: I'm talking Russia, I'm talking ISIL,
18 I'm talking the behavior of North Korea, I'm talking
19 increased malign influence by Iran, and I'm talking about
20 the activity in China, which concerns us, in terms of
21 maintaining a competitive advantage. Their investment over
22 time in their defense capabilities and some of their
23 behavior in the Pacific also concern me from a competitive-
24 advantage perspective. So, I would say there have been
25 profound changes in each of the five challenge areas

1 identified by the Secretary that should inform future
2 budgets.

3 Senator Wicker: Okay.

4 And, Secretary Carter, are -- is there some room in
5 your shop where we are planning for this disastrous
6 eventuality if we're not able to reach an agreement and if
7 the law of the land, which is sequestration, again, kicks
8 in?

9 Secretary Carter: Well, let -- first of all, let me
10 associate myself with everything that Chairman Dunford said.
11 It's exactly right.

12 And with respect to your question, Senator, sadly, the
13 Department did learn what it was like to feel sequester.
14 And I'll -- I can say what some of the effects are, and
15 you'll immediately see why we're so concerned about it
16 kicking back in the future. Uncertainty and turbulence
17 cause us to do things inefficiently managerially. So, like
18 issuing short-term contracts, turning things on and off.
19 The strategy that the Chairman was just referring to, and
20 the five major threats we face, those aren't 1-year things.
21 And we can't budget and program 1 year at a time, herky-
22 jerky fashion and meet those. It's unfair to our people for
23 them to have budgetary uncertainty. They look here, they
24 look to Washington, and they wonder what's going on and what
25 is their future. I'm concerned about the picture it paints

1 in the world when we do this to ourselves, to our friends
2 and also our potential foes. So, we do know what the
3 consequences are. We did go through it in recent years.
4 And it has very deleterious effects on how we manage
5 ourselves and how we protect ourselves.

6 And the last thing I'd like to say is also to associate
7 myself with something the Chairman said particularly with
8 respect to the nuclear enterprise. We see bills out there
9 for the -- to keep safe, secure, and reliable nuclear
10 arsenal, just to pick one very big item, which will include
11 the Ohio replacement-class submarine, ICBM modernization --
12 we go down that road -- and other things. And that money is
13 going to have to be provided for us to have that. That's a
14 bedrock capability. So, averting sequestration, absolutely
15 necessary, but, on top of that, we're going to need the
16 funding that the country needs in future years to defend
17 ourselves and protect our people.

18 Senator Wicker: Well, thank you. We rely on you to
19 tell us what you need. And let's speak it out loudly and
20 clearly from both sides of this table, and make it clear
21 that what is at stake is nothing less than the national
22 security of Americans.

23 Thank you, all three.

24 Chairman McCain: Senator Blumenthal.

25 Senator Blumenthal: Thanks, Mr. Chairman.

1 We often remark, in this committee, to thank the
2 witnesses for their service to our Nation. And truly, we
3 have three individuals this morning who have served our
4 country over many years with extraordinary and unique
5 distinction. So, we thank -- I thank you for all of your
6 service to our Nation.

7 Secretary Carter, you noted, in your testimony, that we
8 do not have the luxury of choosing between strategic
9 challenges that our Nation faces. And certainly one of
10 those challenges is undersea warfare. As you know, our
11 attack submarine force is projected to fall below the
12 minimum desirable, 48 boats, by 2025. And it may go as low
13 as 41 by 2029. Our submarines are among our most versatile,
14 stealthy, and strong forces available to defend and also to
15 conduct offensive operations. Considering the gap that we
16 are approaching in submarine capabilities, wouldn't it be
17 wise to consider building three submarines a year, two
18 Virginia-class along with the Ohio replacement program? And
19 would you support such a move?

20 Secretary Carter: Senator, thanks.

21 First of all, with respect to your general point about
22 the critical importance of undersea dominance, that's an
23 area where our military excels over all others. It's a
24 critical area that we are targeting in this critical budget
25 to keep and extend that advantage. It involves submarine

1 construction. It involves, as I mentioned, the Virginia
2 payload module, some other things, like undersea -- unmanned
3 undersea vehicles that -- some of which I can talk about,
4 some of which I can't -- and a host of other undersea
5 capabilities. So, that's a major thrust of this budget.

6 With respect to submarine-building numbers, we have
7 laid into the budget this year, as we planned, and we've --
8 we sustained that, we stuck with that -- our two submarines
9 per year through the FYDP. Your question is, Will we, as we
10 get to the point of the Ohio-class replacement in the
11 future, want to add submarine shipbuilding capability and
12 ships per year? Yes. That gets back to the point about
13 having the money, when we begin the Ohio replacement, to
14 keep a safe, secure, and reliable deterrent. We can't have
15 that at the expense of our general-purpose Navy. That's a
16 point we've all been making. And that's going to require
17 additional funding.

18 Senator Blumenthal: So, if the shipbuilding capacity
19 is there to do it, you would favor going that route, of
20 three submarines a year, if necessary, to meet that gap.

21 Secretary Carter: We're -- yes, we're going to need to
22 build the Ohio-class replacement submarine without shorting
23 the rest of our undersea dominance.

24 Senator Blumenthal: Secretary Carter, thank you.

25 Earlier in the week, I think you met with Israeli's

1 Defense Minister and others in the military establishment
2 there. Can you commit to us that you will ensure that
3 Israel maintains its qualitative military edge? And can you
4 update us as to when the negotiations on the Memorandum of
5 Understanding will be done?

6 Secretary Carter: I obviously have that commitment.
7 That's something that my good friend and colleague Israeli
8 Defense Minister Yaalon and I discussed. And we will do
9 that.

10 With respect to the MOU, that's something that the
11 President and the Prime Minister discussed, so it's not
12 something that the two Defense Ministers decide. However,
13 in our conversations, which are frequent, the -- Minister
14 Yaalon and I do discuss what the Israelis need, now and
15 going forward. And I -- we use that to inform those
16 discussions about -- over the MOU and the amount of help
17 that we give to the Israelis to defend themselves in what is
18 a very dangerous region.

19 Senator Blumenthal: Finally, I have long been
20 concerned, as many of my colleagues have been, about the
21 Iran ballistic missile program, its continuing testing. I
22 led a letter to President Obama, with a number of my
23 colleagues, calling for immediate enforcement of sanctions
24 against Iran. And the Department of Treasury, following the
25 letter, did indeed enforce sanctions against 11 entities and

1 individuals supporting Iran's missile program. Clearly,
2 more must be done to deter Iran from continued aggressive
3 pursuit of this program. General Votel and General Austin,
4 literally within the past week or so, testified to this
5 committee about the need for increased sanctions. Do you
6 agree?

7 Secretary Carter: I do. That's not a responsibility
8 of the Department. But, a responsibility of the Department
9 that we very much fulfill, and I know you discussed with
10 them, is our defensive commitments with respect to Iranian
11 ballistic missiles, both for our forces in the region and
12 our friends and allies, who include Israel, but there are
13 others, as well. That's why we have the missile defense and
14 other capabilities in the Gulf, and why we need to keep them
15 strong. And I did discuss those also with Defense Minister
16 Yaalon, including the help we give to the Israelis with
17 respect to Iron Dome and David's Sling and Arrow, which are
18 their three tiers of their own territorial defense against
19 ballistic missiles.

20 Senator Blumenthal: Thank you very much.

21 Thanks, Mr. Chairman.

22 Senator Reed [presiding]: On behalf of Chairman
23 McCain, Senator Sessions, please.

24 Senator Sessions: Thank you very much -- I won't say
25 would-be Chairman, but actual Chairman, I suppose, for a

1 second. The man who would be Chairman.

2 [Laughter.]

3 Senator Sessions: Well, it's a political world we're
4 living in.

5 General Dunford, when you have a -- when we look at the
6 Middle East -- we've had a number of witnesses testify here
7 over recent months about it. I have come to the conclusion
8 that there's just going to be a lot of violence for a long
9 time. There won't be one victory that would make us safe.
10 I've talked with our Democrat colleagues, and, from their
11 comments in the committee meetings, it seems to me that we
12 do need, and can maybe even agree upon, a strategy that
13 could be bipartisan, that could extend beyond elections,
14 that maybe the whole world would be able to support on how
15 we confront this rising tide of violence and extremism. Do
16 you think that's possible? And how close are we to
17 achieving something like that?

18 General Dunford: Senator, I do think it's possible. I
19 think we've done a lot of work, certainly internal to the
20 Department, to take a long-term view of the Middle East and
21 how to deal with the challenges inside of the Middle East.
22 And I couldn't agree more. You know, we can't -- no more
23 than we can develop a budget year-to-year and expect to be
24 successful can we develop a strategy year-to-year and make
25 lurching changes and expect to be successful. So, I think

1 that a basic thesis, Can we get a bipartisan strategy and an
2 approach to the Middle East that will carry out what we have
3 assessed to be a generational conflict? -- I fully concur
4 with that.

5 Senator Sessions: So, you assess it as a generational
6 conflict, meaning more than -- 20 years or more.

7 General Dunford: Senator, I think if you look at the
8 underlying conditions that have led to violent extremism, I
9 can't imagine addressing those in anything less than that
10 period of time. When you look at the economic issues, the
11 social issues, the political issues, the educational issues,
12 those are all things that will take a long period of time.
13 And my assessment is that violent extremism, in some form,
14 will exist until those conditions across the Middle East are
15 addressed.

16 Senator Sessions: Secretary Carter, do you agree with
17 that?

18 Secretary Carter: I do. And I'd go even further than
19 that. I mean, if -- first, what can't be tolerated in a
20 generational way is ISIL. And that's why we're so intent
21 upon accelerating the defeat of ISIL and -- but, to the
22 Chairman's point and to your point, Senator, that isn't
23 going to automatically create a Middle East that is free of
24 extremism. And it's not going to create a world that's free
25 of terrorism, because the trends in technology put more and

1 more destructive power in the hands of smaller and smaller
2 groups. So, we recognize -- and it's part of our approach
3 to our future defense -- that both nonstate and state actors
4 need to figure in the investment portfolio of the defense of
5 this country, going forward. Both of those are featured in
6 our long-term budget. Even though we expect and need to
7 defeat ISIL in the short term, we're making investments to
8 protect ourselves against nonstate actors for the more
9 distant future. And I think we have to.

10 Senator Sessions: Well, I tend to agree with that. We
11 need to focus on who needs to be confronted, militarily, and
12 defeated as soon as possible. And certainly, ISIL is number
13 one on that list. Would you agree?

14 Secretary Carter: Absolutely.

15 Senator Sessions: And -- but, at the same time, we
16 have allies in the region, we have allies who oppose some of
17 these forces we oppose. We have some people in the region
18 that would support people that we oppose. So, it's a very
19 complex region, is it not? And we have to be -- and we need
20 as many allies as we can have. And some of this fighting
21 needs to be done by other people than us over the decade or
22 generation to come. Would you agree with that?

23 Secretary Carter: I completely agree. And I'll just
24 add to that. I was in Brussels a few weeks ago. I brought
25 together all the Defense Ministers of all the countries that

1 are part of the counter-ISIL coalition. And, essentially,
2 my message was, exactly as you say, we're willing to lead
3 this, we're willing to do a lot, because we're powerful, but
4 we need others to get in the game. And particularly, we
5 need those in the region to play their part. And
6 additionally, we need, and we're finding, more partners on
7 the ground, because, both in Syria and Iraq, it's not only
8 necessary to defeat ISIL, but it's necessary to sustain the
9 defeat. And only those who live in the region can sustain
10 that defeat. So, we can help them, we can lead them, but
11 they need to do their part. And I emphasized to them that
12 we are going to defeat ISIL, and we'll remember who played
13 their role, and who didn't.

14 Senator Sessions: Well, thank you.

15 I guess my time's up. I would just thank my colleagues
16 that I -- that have expressed concerns about this overall
17 policy of the United States. I believe we could get there.
18 I believe we can achieve a policy that defends the
19 legitimate interests of the United States in bipartisan way,
20 and that can be sustained, no matter who gets elected
21 President in the years to come. And I think that's
22 important, because a great nation can't be flip-flopping
23 around on commitments around the globe.

24 Thank you all.

25 Senator Reed: On behalf of Chairman McCain, Senator

1 Donnelly, please.

2 Senator Donnelly: Thank you, Mr. Chairman.

3 Thank the witnesses for being here.

4 Secretary Carter, we're still losing over 400
5 servicemembers each year to suicide. We were able to get in
6 the FY15 NDAA a requirement for -- under the Jacob Sexton
7 Act, that every servicemember receive a person-to-person
8 mental health assessment every year. Can you provide me
9 with an update on the status of the Sexton Act's
10 implementation and when the Department will roll out those
11 annual mental health examinations?

12 Secretary Carter: Thanks, Senator. And thanks for
13 your interest in this issue, which is an important part of
14 the welfare of our folks. It is something that we've become
15 increasingly attentive to. And I'll get back to you on the
16 specifics of the implementation, that program.

17 [The information referred to follows:]

18 [COMMITTEE INSERT]

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1 Secretary Carter: The thing I do know and want to say
2 is that this is being reflected in our healthcare
3 investments. As you know, we spend about \$50 billion a
4 year, out of the 600-or-so --

5 Senator Donnelly: Right.

6 Secretary Carter: -- billion we're requesting for you,
7 on healthcare. And over the last few years, we have
8 increased greatly the amount directed at mental health, to
9 provide our folks with resilience, which is what -- the
10 program you're talking about, so that they are not as --

11 Senator Donnelly: Right.

12 Secretary Carter: -- vulnerable and susceptible to the
13 kinds of things that might drive them to such an extreme
14 act, and also that we're treating people who already have
15 reached the point where they have that kind of impulse.
16 I'll get back to you with the specifics, but --

17 Senator Donnelly: Great.

18 Secretary Carter: -- but it's very important.

19 Senator Donnelly: And to continue to remove the stigma
20 from --

21 Secretary Carter: That, too.

22 Senator Donnelly: -- trying to get help.

23 Secretary Carter: Mental -- we want people to seek
24 mental health treatment when they need it, and we want
25 everyone who's not seeking it to look sympathetically upon

1 that, like getting any other kind of medical --

2 Senator Donnelly: Great.

3 Secretary Carter: -- treatment.

4 Senator Donnelly: Thank you.

5 And, Mr. Secretary, I know how busy you are and the
6 challenges we face around the globe. And one part of trying
7 to solve those problems are our National Labs. As you know,
8 in Indiana, we have Crane Naval Warfare Center. We had
9 talked about you possibly coming to visit, just a morning,
10 or a late afternoon, or a late evening, or a midmorning at
11 3:00-in-the-morning visit, so you can get an understanding
12 of the strengths and challenges. When do you think we can
13 make that happen?

14 Secretary Carter: I look -- are you -- will you come
15 with me?

16 Senator Donnelly: Yes.

17 Secretary Carter: Okay.

18 Senator Donnelly: Even at 3:00 in the morning.

19 Secretary Carter: It's a deal. I love visiting all of
20 our folks. There's nothing better than going out and
21 getting among the people who serve this Department. In this
22 case, it'll be laboratory scientists, but, whether they're
23 troops or scientists or folks in industry, they're all part
24 of what makes our military great. And we'll have a
25 wonderful time, I promise.

1 Senator Donnelly: Thank you, sir. I appreciate it.

2 General Dunford, when you see what has just happened
3 with Vladimir Putin, how do you judge that? What do you
4 think he is doing? How will that affect things in Syria?

5 General Dunford: Senator, it -- honestly, it's too
6 early to tell what he's doing. And I think those who have
7 tried to predict Vladimir Putin's behavior have been
8 universally proven wrong. What I would say that -- is this,
9 though, that, when Putin went into Syria, he said his
10 express purpose was to go down and address ISIL. And ISIL
11 is not addressed. And so, what I think it does do is, it
12 makes it clear that his original intent was not what he said
13 it was, which was to go after ISIL, but it was obviously to
14 support the regime. And I think what it also does is, for
15 those who question whether the United States is the most
16 reliable partner in the region, or not, I would just say,
17 for the record, we're still there.

18 Senator Donnelly: Right.

19 Let me ask you and then the Secretary. How do we get
20 to Raqqa? And, you know, the next question, obviously, is
21 when? And there's no exact date on that. But, if you could
22 give us an idea of how we get this done and how we eliminate
23 ISIS presence on the ground, because it creates a danger to
24 us.

25 General Dunford: Senator, we're -- you know, one thing

1 I would say is, we're already isolating Raqqa right now, and
2 made significant progress over the last couple of months in
3 limiting the freedom of movement between Raqqa and Mosul,
4 cut that line of communication between Iraq and Syria.
5 We've isolated Raqqa to the north with Syrian Democratic
6 Forces who seized an area called Shaddadi, which, again,
7 further cut the lines of communication. We have grown the
8 capability and capacity of the indigenous forces that were
9 supporting in Syria quite a bit. In fact, had I testified a
10 month ago, I would have told you that we had about 2500
11 Arabs inside of the Syrian Democratic Forces. Today I can
12 tell you we have 5,000 that are currently planning another
13 operation that will further isolate Raqqa.

14 Senator Donnelly: Do you see -- just as an aside, not
15 to interrupt you -- that number continuing to grow
16 significantly?

17 General Dunford: Senator, I do. And I think that's --
18 my projection in the future is based on what's now recently
19 happened. The more success we have -- and we've always said
20 that -- the more success we have, we'll have what the
21 Secretary described as a snowball effect, where people now
22 are more willing to join us because they see the level of
23 support that we're providing, and, more importantly, the
24 level of success that these forces are having.

25 Secretary Carter: That's exactly right, Senator. And

1 we're -- what we described in December is transpiring;
2 namely, the SDF is growing in size, the Arab component of
3 that. They're on the move. They've taken Shaddadi. And,
4 you're right, Raqqa is a key target, because that's what
5 ISIL calls its capital. And we need to take that away from
6 them and make it clear that a state based upon the ideology
7 of ISIL is not tolerable. We are, in addition to backing
8 those forces, pressuring Raqqa in lots of other ways -- from
9 the air, but other ways, as well.

10 I want to raise something while we're on this, which
11 is, we have -- which is very important -- in order for us to
12 win, we need to constantly revise and adjust and take
13 advantage of opportunities. We're trying to take advantage
14 of opportunity right now, the Syrian Arab Coalition. In
15 that connection, if I may, I need to plead for your help in
16 releasing some of the funds that are allocated to precisely
17 that purpose. And it's not just about this committee, but
18 we have -- we made a request for those funds, and we got
19 four different answers from four different committees. I
20 know that's how the system works, but it's really tough to
21 wage a campaign under those circumstances.

22 Senator Donnelly: And it's --

23 Secretary Carter: So, if I can plead for -- as we try
24 to be agile, if we -- I can plead for some agility in
25 responding to our funding requests --

1 Senator Donnelly: And it's --

2 Secretary Carter: -- I'm very grateful to --

3 Senator Donnelly: -- it's timely urgent right now.

4 Secretary Carter: It is time urgent.

5 Senator Donnelly: Okay. Thank you.

6 Thank you, Mr. Chairman.

7 Chairman McCain [presiding]: Senator Ayotte.

8 Senator Ayotte: Thank you, Chairman.

9 I want to thank all of you for being here and for your
10 leadership, service to our country.

11 I wanted to ask -- New Hampshire is facing a terrible
12 epidemic of heroin and Fentanyl that is coming over the
13 southern border, and it's killing people in our States. And
14 recently the Senate passed what's called the Comprehensive
15 Addiction and Recovery Act to deal with the prevention and
16 treatment side and some support for our first responders.
17 But, we know from prior testimony, both from our NORTHCOM
18 and Southern Com Commanders, that the networks that are
19 being used to traffic the drugs into our country also are
20 networks that can be used to, essentially, traffic anything.

21 And so, I wanted to ask both you, Secretary Carter and
22 General Dunford, What can we do to get SOUTHCOM and NORTHCOM
23 the resources they need to tamp down on these networks that
24 not only are killing people in our country, but also can be
25 used networks to traffic other dangerous things into our

1 country, including used by terrorist networks?

2 Secretary Carter: Well, I'll start, and then I
3 particularly want the Chairman to comment, because he was
4 just in the region, so he's -- fresh insight there. But,
5 the basic story is, as you say, in -- while we do everything
6 here back home to try to protect ourselves from this
7 scourge, we've got to try to interdict the chains of supply.
8 And our forces, in SOUTHCOM especially, but also NORTHCOM,
9 are a part of that. One of the reasons why I'm so committed
10 to working with you up here on the Goldwater-Nichols revisit
11 effort that the Chairman and this committee have spearheaded
12 and I am doing also in the Department and want to do with
13 you, is because that is an area where -- your point, which
14 is allocating resources among COCOMs in an agile, effective,
15 and optimal way. That's where, from my point of view, I
16 would like to strengthen the role of the Joint Chiefs of
17 Staff and the Chairman. Because different COCOMs see
18 different things in their regions. They're all deeply
19 expert in their own regions. But, somebody needs to put it
20 all together and give me advice about that, how to
21 synchronize all those forces. I look to the Chairman and
22 the Joint Staff for that. I'd like to get to -- for them to
23 have more capability and authority to do so. I hope that's
24 part of our effort.

25 And, with that, let me turn it over to the Chairman,

1 who just happened to be in the region last week.

2 General Dunford: Senator, I did -- as the Secretary
3 said, I spent last week on this issue. I visited Southern
4 Command, visited our Joint Interagency Task Force, and then
5 I went down to Colombia. And on the bright side, what I was
6 encouraged by is, the amount of information that we have,
7 the amount of intelligence we have today far exceeds what we
8 used to have. And if you look at the Joint Interagency Task
9 Force alone, 15 different countries, now, sharing
10 information intelligence.

11 But, what I found is that what we know far exceeds our
12 ability to act on it, from an interdiction perspective. So,
13 I saw exactly what you're alluding to, which was a shortfall
14 of the resources necessary to interdict. And I came back
15 with a much better appreciation of that. And, frankly, what
16 I've asked our team to do is to try to look -- given all the
17 challenges that we have, and given all the competition for
18 resources, I'm still not convinced that we can't find some
19 innovative ways to address the interdiction. And at least,
20 if we took action on just the intelligence and the
21 information that's --

22 Senator Ayotte: Right.

23 General Dunford: -- currently available --

24 Senator Ayotte: Right.

25 General Dunford: -- through the Joint Interagency Task

1 Force -- and the other thing, Senator, even in the -- we
2 have Joint Task Force Bravo. I think you're familiar with
3 them. So, while we've always had, really, a pretty good
4 understanding of what's going on in the air and the sea, and
5 increasingly better today, again, because of both the
6 Interagency and the international cooperation, what I also
7 found was, our ability to see what's going on over land is
8 also much greater than it was.

9 And so, what you're alluding to is -- I do think -- and
10 I came back with this -- you know, frankly, as something as
11 a priority for me and the staff last week, coincidentally,
12 was to come back and say, okay, we have all this information
13 intelligence. I understand the competition for resources,
14 but we have an imperative to actually do something about
15 this. And, frankly -- I think you know it, because you've
16 looked at the issue -- we -- what I've seen the studies say
17 is that about 40 percent of interdiction is kind of where
18 you need to be. In other words, there's other things you
19 have to do, from prevention to treatment and so forth --

20 Senator Ayotte: Right.

21 General Dunford: -- to deal with the issue. But, if
22 you get the 40 percent interdiction, that's kind of the
23 contribution you can make at the interdiction level. We're
24 probably half of that, or below.

25 Senator Ayotte: Or less.

1 General Dunford: And so, my priority -- and I'll come
2 to the Secretary with some recommendations -- is to try to
3 get us as close to that 40 percent as we can. And again, if
4 nothing else, to try to get us to the point where we're
5 acting in interdicting based on the intelligence and
6 information that we have today.

7 So, again, not a solution to the problem, but
8 encouraged by what we know. Now we've got to do something
9 about it. And, of course, it's not just a DOD issue. The
10 Coast Guard plays a huge role in that.

11 Senator Ayotte: Right.

12 General Dunford: Department of Homeland Security and
13 so forth.

14 Senator Ayotte: Well, I appreciate hearing you say,
15 General Dunford, you think it should be a priority, based on
16 your visit, because I remember also, when General Kelly was
17 Commander of SOUTHCOM, he had talked to me at length about
18 this, about -- that we had the information, and we could see
19 this stuff coming over. We just needed the additional
20 resources to interdict it.

21 And so, I really appreciate your putting a focus on
22 this, because we are -- you know, we need to do the work on
23 the prevention and treatment. We're focusing on that. But,
24 the interdiction would be very significant, because it's so
25 cheap on our streets right now, and that will help drive up

1 the cost. And also, we know that these networks are used to
2 traffic -- used by terrorists and others, too. So, it's
3 important for our homeland security, as well.

4 General Dunford: Mr. Chairman, if I could, one
5 followup. The other thing that I came back with is, you
6 know, kind of an imperative to keep our partnership
7 capacity-building efforts in the region going, and funding
8 those adequately, as well, because, you know, clearly, we
9 can't do it all ourselves. We don't want to do it all
10 ourselves. And the investment that we make in the ability
11 of others to support the interdiction effort, I think is
12 also an important part of this.

13 Senator Ayotte: Great. Thank you.

14 Chairman McCain: Senator King.

15 Senator King: Thank you, Mr. Chairman.

16 First, I'd like to associate myself with the questions
17 and comments of Senator Sessions. I think the idea of
18 developing a long-range strategy for dealing with the Middle
19 East and violent jihadism is a -- is an important project.
20 We can't just ad hoc it all the time. And this should be
21 comprehensive, it should involve the Muslim world, the Arab
22 countries, and other countries. So, I commend the Senator
23 for bringing that up.

24 I'd like to go back to the budget and pull back a bit.
25 We're facing a series of challenges. One is a huge debt,

1 now approaching \$19 trillion, that we're passing on to our
2 children, that I think is utterly irresponsible. The second
3 is what I call the "interest timebomb." Right now, we're in
4 a Never Never Land of low interest rates that's very
5 unusual. If interest rates return to 5 percent, kind of
6 average over many years, just interest on that national debt
7 will be almost equal to the entire discretionary budget
8 today, \$950 billion, way more than the entire defense
9 budget. Just the increase from 2 percent to 5 percent would
10 almost equal the defense budget. That's money that's got to
11 be paid, and that's an impending disaster out there.

12 The third fact is that all of our discussions here
13 today and in the other committees about the nondefense
14 discretionary budget, the total of what we're talking about
15 is a little over 20 percent of the total Federal budget.
16 Fifty percent is mandatory expenditures, which is being
17 driven largely by demographics -- we're all getting older --
18 and healthcare expenses. And then another 25 to almost 30
19 percent is tax expenditures, which are rarely discussed, but
20 which now exceed the entire revenues of the discretionary
21 budget, over a trillion dollars a year. So, we're trying to
22 solve a huge problem, looking at only one piece of it. It's
23 as if you had a big problem in your family budget, and you
24 said, "We're going to solve this whole problem just by
25 focusing on our electric bill." And that's where we are.

1 And if you trim the lines out, we're already at the lowest
2 point in 70 years in defense spending as a percentage of
3 GDP. We're at the lowest point in 70 years as nondefense
4 discretion. And we're struggling within this box that was
5 created in 2011 to try to solve a problem that we can't
6 solve within that -- within that -- the space of that 21
7 percent of the overall Federal budget.

8 So, it seems to me that you're doing a mighty job of
9 working within the constraints, but if we don't go back and
10 revisit the decisions of 2011, particularly in light of the
11 reality of the world that we face today, we're facing a
12 long-term catastrophe. I mean, you're a student of long-
13 term Federal budget. Is this an accurate assessment, Mr.
14 Secretary?

15 Secretary Carter: It is. And I -- it's -- the -- if I
16 say it again this year, I said it at -- when I presented the
17 budget last year, when I became Secretary of Defense --
18 that's not something we can solve in Defense, but we observe
19 it.

20 Senator King: But, we're trying -- we're being forced
21 to try to. That's what bothers --

22 Secretary Carter: You're exactly right. And you --
23 we're trying to solve an entire problem on the back of
24 discretionary spending. And it's not enough. And it's not
25 sustainable. Now, there are -- all those other parts of the

1 budget have to be in the picture. I understand that. I
2 think that is what is necessary, to have everybody come
3 together behind a budget future. And what -- one of the
4 things that we're asking for here is stability and relief
5 from those sequestration caps. I recognize --

6 Senator King: Well, we've gotten to the point, around
7 here, where 2 years sounds like stability. I mean, we're
8 feeling great when we have a 2-year budget deal.

9 Let me change the subject slightly. We've talked a lot
10 about the bow wave and the modernization. We're talking
11 about Ohio-class submarines, long-range strike bombers,
12 missile upgrades. All of those are what I would call
13 capital expenditures, in the sense that they are 30-, 40-
14 year assets, and yet, in this strange world of Federal
15 budgeting, they're treated as current expenditures. There's
16 no way we're going to be able to handle those expenditures
17 and do all the other things. Shouldn't we be thinking about
18 them in a separate category? I believe there should be a
19 capital Federal budget, assuming for a moment we could
20 figure out what it is we own. But, we should have a capital
21 budget for long-range investments, like a 40-year Ohio-class
22 submarine, as opposed to trying to fund them out of current
23 operating expenses. Is that something you'd consider?

24 Secretary Carter: Well, certainly we try to think that
25 way. As we put together budgets 1 year at a time, we

1 prepare budgets 5 years at a time, as you know, even though
2 you only consider budgets 1 year at a time. So, we try to
3 have that long-term perspective. And I opened my testimony
4 by saying we did, in this budget, take the long view.
5 That's an important new thrust in this budget, is to look
6 ahead 10, 20, 30 years from now.

7 Now, in order to do that, you have to be confident that
8 the reasonable resources will be available then. To the
9 specific point about the Ohio-class replacement and the
10 strategic forces recapitalization, for example, I've already
11 made the point that, even with sequester relief, there's
12 going to have to be additional --

13 Senator King: Right. It just --

14 Secretary Carter: -- funds --

15 Senator King: It just doesn't --

16 Secretary Carter: -- for that purpose, because it's so
17 large a bill --

18 Senator King: Right.

19 Secretary Carter: -- that we can't afford to have it
20 squeeze out of our other submarine construction or other
21 shipbuilding. And so, we have to take that long-term
22 perspective, I agree with you.

23 Senator King: Good.

24 Thank you, Mr. Chairman.

25 Chairman McCain: Senator Cotton.

1 Senator Cotton: Thank you.

2 I want to continue along the same vein of questioning
3 here.

4 General Dunford, anytime your friends in the Navy come
5 to testify about their top priorities, we get a little
6 stoplight chart based on different budget scenarios. No
7 matter the budget scenario, the sea-based nuclear deterrent
8 is always green. Most other things might be yellow or red.

9 Can you tell us why that is?

10 General Dunford: That reflects the priority of the
11 Department to provide an effective and safe nuclear
12 deterrent, survivable nuclear deterrent, which is why that's
13 green. It really does address the most important
14 requirement that we have in the Department, which is to
15 prevent a nuclear war against the United States.

16 Senator Cotton: Do you know what percentage of the
17 Department's overall budget is spent on our nuclear
18 deterrent -- not just sea-based, but all legs of the triad,
19 as well as the infrastructure?

20 General Dunford: Senator, I don't know the percentage
21 that we spend on that.

22 Senator Cotton: Secretary Carter, you look like you
23 know.

24 Secretary Carter: It is, it's about \$20 billion a
25 year. It depends on what you include in that, but it's a

1 couple of tens of billions of dollars. It's not an enormous
2 part of our budget, but it is a critical part of our budget.

3 Senator Cotton: That's a relatively small -- 4 or 5
4 percent.

5 Secretary Carter: It is. Now, that doesn't count the
6 things that Senator King is talking about, the bills that
7 will come in the future to keep it that way. But, you're --
8 just the -- what we're paying in this year for our nuclear
9 deterrent is that.

10 Senator Cotton: And I ask because of the sizable bills
11 coming due to modernize all legs of the triad, as well as
12 the infrastructure. I sometimes hear people say, you know,
13 why do we spend so much money on weapons we never use? And
14 my response would be, first, we don't spend that much money
15 on them, in the context of the defense budget. And, second,
16 we use our nuclear weapons every single day.

17 There is a sea-based deterrence fund that was created
18 last year, I believe, in anticipation of the large expense
19 of the Ohio-class replacement submarine. Obviously, we also
20 need to upgrade our bomber. That's why we have the B-21
21 program. And there are also land-based and infrastructure
22 modernization that is needed. Rather than having merely a
23 sea-based fund, should we perhaps have a nuclear deterrence
24 fund?

25 Secretary Carter: I think that may make sense,

1 certainly for whatever we decide to do with respect to the
2 ICBM force, both as -- regard missiles and their land
3 basing. The B-21 bomber, also one could put in that
4 category. I just want to emphasize, we want the B-21 bomber
5 for the nuclear mission and non-nuclear mission. It'll be
6 capable of both. And, like our current bomber force, we'll
7 use it for both.

8 Senator Cotton: Why would you have a sea-based
9 deterrence fund alone, and not a broader nuclear deterrence
10 fund?

11 Secretary Carter: I'm agreeing with you that --

12 Senator Cotton: Okay.

13 Secretary Carter: -- I think a broader nuclear
14 deterrent fund may be appropriate.

15 Senator Cotton: I mean, recognize that the B-21, like
16 the B-2 and other aircraft, have dual capabilities, but the
17 foundational capability across all of these systems is the
18 nuclear deterrent. I'm not sure we should have any of these
19 deterrent funds, but, if we do decide that we want to treat
20 our nuclear triad in a special kind of way, then I think we
21 should probably do all three legs of the triad.

22 Secretary Carter, I want to turn to the South China
23 Sea. You said, 2 weeks ago, that, "China must not pursue
24 militarization in the South China Sea. Specific actions
25 will have specific consequences." What specific actions are

1 you referring to?

2 Secretary Carter: The specific actions of China are
3 actions to press territorial claims, not through
4 international legal mechanisms and peaceful mechanisms, but
5 through militarization. That's what the Chinese have been
6 doing in the South China Sea. They're not the only ones,
7 but they're, by far and away, the largest militarizers of
8 features in that region. And the kinds of actions we are
9 taking are -- and I'll give you some examples of --

10 Senator Cotton: My next question would be, What are
11 the specific consequences?

12 Secretary Carter: -- we can go through them more in
13 another setting, but, just to give you some examples. In
14 addition to our own force posture in the region, which, as
15 you know, we've been strengthening for -- as part of the
16 rebalance for several years -- we're doing some extra
17 strengthening of that this year. It's detailed in our
18 budget statement. Particularly has to do with increasing
19 the lethality of our platforms out there and their
20 technological capability. But, in addition, one of the
21 other effects that China's behavior is having is, it is
22 driving many of our partners and allies to want to do more
23 with us, give us more access. We will have that in the
24 Philippines. We're doing more with Vietnam, much more with
25 Japan, Australia, India. And so, not only are we reacting,

1 but the countries in the region are reacting, too. And our
2 relationships with them, accordingly, are blossoming. We're
3 doing much, much more.

4 Senator Cotton: Yes. Obviously, our relationships are
5 getting much stronger in northeast and southeast Asia
6 because of China's actions. But, in the end, I think some
7 kind of genuine action on our part is going to be necessary;
8 otherwise, they will present us with a fait accompli in the
9 South China Sea.

10 My time expired. Thank you all. Happy Saint Patrick's
11 Day.

12 Secretary Carter: Same to you.

13 Senator Shaheen: Mr. Chairman, I'm going to defer to
14 Senator Manchin, because he has to leave. So, I will give
15 my slot. And if you will come back to me after the next
16 turn, I appreciate that.

17 Chairman McCain: Senator Manchin.

18 Senator Manchin: Senator Shaheen, thank you so much.

19 And thank you all for your service, and thanks for
20 being here.

21 And let me just say, either to Secretary Carter,
22 General Dunford, or whatever, I'm concerned about the --
23 Russia's recently announced withdrawal from -- the military
24 forces from Syria, saying that they've fulfilled their
25 mission. Putin communicating with President Obama on the

1 Russian military force withdrawal and the next steps
2 required to fully implement a cease-fire, with a goal of
3 advancing political negotiations on a resolution of the
4 conflict in Syria. Then I just have, on -- today, I see
5 where the Syrian Kurds plan to declare a federal region in
6 northern Syria territory. And I guess I would -- asking, Do
7 you anticipate a change in the U.S. military-force role in
8 Syria, based on Russia's military withdrawal? And also, is
9 Russia claiming success? And has it strengthened their --
10 basically, their swagger, if you will, the political clout
11 in that area?

12 Secretary Carter: Well, as I said before, Russia came
13 in wrongheadedly, because they said they were going to fight
14 ISIL, and they didn't. Instead --

15 Senator Manchin: Correct.

16 Secretary Carter: -- they supported Assad, which
17 prolonged the civil war, fueled the civil war.

18 Senator Manchin: Correct.

19 Secretary Carter: So, their effect has been the
20 opposite of what they stated, and certainly the opposite of
21 what is needed. It hasn't had an effect on our prosecution,
22 to get to your -- what we're doing in Syria, of our counter-
23 ISIL campaign. It has had the effect, in my judgment, of
24 prolonging the Syrian civil war.

25 Now, maybe Russia can do what it should do, which is

1 use its influence over the Assad regime to promote the
2 transition. And that's what Geneva's about. And, to get to
3 the question about the Kurds, that's exactly the kind of
4 thing that's being discussed in Geneva. But, the Russian
5 contribution has not been positive. And we're watching its
6 withdrawal. I don't know to -- how far that will go. But,
7 the Russian effect was not what they said it was going to
8 be, and it was, as I've said, wrongheaded.

9 Senator Manchin: But, I'm saying that, still, they're
10 -- the Kurds, the Syrian Kurds establishing an area, or
11 claiming an area, is not met with -- it's being met with
12 resistance from Assad and his regime, correct?

13 Secretary Carter: That is correct.

14 Senator Manchin: And you're thinking Russia can
15 negotiate that?

16 Secretary Carter: No, I don't know that Russia -- I --
17 we and others in the region, including the Turks, will have
18 a major role in Geneva about deciding the manner of
19 participation of the Kurds. And I'd -- so, Russia will play
20 a role in those talks, but we have an important role to
21 play, as well.

22 And I will say, with respect to the Syrian Kurds, that
23 they have proven to be excellent partners of ours on the
24 ground in fighting ISIL. So, we're grateful for that. We
25 intend to continue to do that, recognizing the complexities

1 of their role in the region overall.

2 Senator Manchin: General Dunford, your posture -- the
3 statements -- describes five strategic challenges: Russia,
4 China, North Korea, Iran, and the violent extremists, of
5 course, of ISIS. And I guess I would ask, in your
6 assessment, the greatest threat we're facing from that
7 lineup.

8 General Dunford: Senator, first, I guess I'd say we
9 don't have the luxury of racking and stacking. We have to
10 address each of them in --

11 Senator Manchin: Right.

12 General Dunford: -- their own way. What I've said in
13 the past in testimony, and I guess I would restate today,
14 is, the one that has the greatest capability and poses the
15 greatest threat to the United States is Russia, because of
16 its capabilities -- its nuclear capability, its cyber
17 capability, and clearly because of some of the things we've
18 seen in its leadership's behavior over the last couple of
19 years.

20 Senator Manchin: And what do you make of the
21 kidnapping of the young student in North Korea?

22 General Dunford: You know, I've watched that over the
23 last couple of days, and, you know, you can't help but feel
24 for both him and the family, but I think it's just a
25 reflection of the absolutely irresponsible leadership in

1 North Korea, and it exposes the regime. To those who may
2 not have appreciated what the regime is -- that behavior was
3 certainly not a surprise to me, in terms of North Korean
4 regime behavior, and I think that probably many other people
5 who maybe weren't as attentive to it have now seen what
6 North Korea is all about.

7 Senator Manchin: Why do we have Americans still
8 traveling in that area? I mean, why would they even be in
9 the country?

10 General Dunford: I -- you know, I -- Senator, that's
11 --

12 Senator Manchin: That was a religious, I believe, was
13 it not? A religious --

14 General Dunford: It was a religious group. And what I
15 heard this morning is that we probably had some 15,000
16 people go over to North Korea as tourists over the last
17 several years, and 13 of them have been apprehended. That
18 was a statistic from the news. But, this is clearly not
19 something that the Department of Defense is involved with,
20 and I can assure you that we don't have members of the
21 Department of Defense visiting North Korea.

22 Senator Manchin: Secretary Carter.

23 Secretary Carter: The only thing I want to add, if I
24 could, because it's timely, in view of North Korea's threats
25 about provocations, including missile launches, that we

1 stand alert with our missile defense forces, with our
2 allies, the Japanese and the South Koreans. That's a daily
3 task, all sorts of missile defenses as well as our deterrent
4 forces on the DMZ and in South Korea.

5 I used the phrase "fight tonight," and that's their
6 slogan. And, of course, nobody wants that to occur, but the
7 way to make sure it doesn't occur is for us to be ready each
8 and every night. And they're some of our most highly ready
9 and capable forces.

10 Senator Manchin: Thank you all. My time is up.

11 Senator Reed [presiding]: On behalf of Chairman
12 McCain, Senator Ernst, please.

13 Senator Ernst: Thank you, Senator Reed.

14 Thank you, gentlemen, for being here today.

15 Yesterday, I joined a bipartisan group of lawmakers to
16 advocate for some incredible women who really do deserve to
17 be honored. They are the Women Airforce Service Pilots,
18 otherwise known as WASPs. And, Secretary, you know where
19 I'm going with this. It is a travesty that these women, who
20 are pioneers in military aviation, had the honor of having
21 their ashes inurned at Arlington National Cemetery revoked
22 last year during the same year that, historically, you
23 opened up positions that had been previously closed in
24 combat to women. So, I would like to see that addressed.
25 And the Pentagon should do the right thing and honor these

1 women by restoring their rights to have their ashes inurned
2 at the National Cemetery. And it's my understanding that a
3 waiver can be done for these women to do so. So, I would
4 encourage you to do that. I'd like to see that action
5 taken. They are part of America's Greatest Generation, as
6 well.

7 So, Secretary Carter and General Dunford, I will submit
8 a record -- or a question for the record, and would love to
9 have a forthcoming response from you on this issue. It is
10 something that we are very passionate about in making sure
11 that women are honored, as well.

12 [The information referred to follows:]

13 [COMMITTEE INSERT]

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1 Senator Ernst: So, first, Secretary Carter, I do
2 continue to remain concerned about the lack of capacity and
3 capability provided to EUCOM in order for it to perform its
4 critical mission of defending our Nation and our allies.
5 And especially as we look at Russian aggression. And we've
6 heard a number of members speak on that today.

7 General Breedlove has come before our committee
8 multiple times stressing the need to enhance our capacity
9 and capability for EUCOM to match the threat of both Russian
10 aggression and transnational terrorism. So, specifically,
11 one area which he raised -- this is a top concern of his,
12 and I do share it -- it's the lack of support for force
13 protection of our servicemembers, of DOD civilians, and
14 their family members. Considering terrorists have displayed
15 the capability to plan, stage, and execute attacks in
16 western Europe and in recent bombings in Turkey, I would
17 just urge you to take immediate action to increase our force
18 protection capabilities in the EUCOM AOR.

19 So, with that, there is a request to quadruple funding
20 for the European Reassurance Initiative in fiscal year '17.
21 And, specifically, Secretary and General Dunford, how will
22 you build capacity and capability to enhance our force
23 protection in that area and EUCOM's warfighting functions to
24 better counter Russia's aggressions as well as transnational
25 terrorism?

1 Secretary Carter: Thank you, Senator.

2 First, I look forward to answering the question on the
3 very first --

4 Senator Ernst: Thank you. I appreciate it.

5 Secretary Carter: -- issue. And thank you for that.

6 And, secondly, both the issues you raise with respect
7 to Europe are serious ones that we're adjusting to, and I'll
8 say how.

9 With respect to Russia and the potential for Russian
10 aggression, outright aggression or the kind of Little Green
11 Men hybrid warfare phenomenon that we saw, that's what --
12 why we're quadrupling the European Reassurance Initiative.
13 And to what it pays for, it pays for the rotational presence
14 of forces in Europe, including in border states -- states,
15 that is, that border Russia. It provides for increased pre-
16 positioning of heavy equipment there and also in Germany and
17 elsewhere. It provides for doing more exercising and so
18 forth with the Baltic states, with Poland, with Romania, and
19 so forth, and for equipment sets there that our troops fall
20 in on. So, the European Reassurance Initiative, which this
21 year, you're right, we're asking \$3.4 billion -- it's in our
22 budget -- it's extremely important. Basically, we're
23 adjusting to a fact that we haven't had to face for a
24 quarter century, as I said in my statement, namely that we
25 have a Russia that is threatening to -- western Europe, and

1 we need a new playbook that goes with that. I regret to say
2 that, but there it is. That's what the European Reassurance
3 Initiative is about.

4 Now, separately, you're right, in that this is
5 something that General Breedlove and I and General Dunford
6 watch very closely, is the protection of our people. That's
7 a paramount concern to us everywhere, is force protection.
8 Everywhere overseas, but Europe, also. And so, we watch
9 that very carefully, and we're making -- taking steps to
10 work with our host countries to increase the protection.
11 We're taking steps, ourselves, with our own people,
12 procedural and technical steps. We can go into them with
13 you in another setting. But, it's extremely important. Our
14 people are protecting us. We owe them protection, as well.

15 Let me ask the Chairman if he wants to add anything on
16 either of those.

17 General Dunford: The only thing -- the exercises,
18 Senator -- I mean, it's not only the capabilities we bring,
19 and, of course, it's posturing the forces. We pre-position
20 forces for responsiveness. It's the exercises to assure our
21 allies and partners on a day-to-day basis. But, a number of
22 those exercises are also designed to build the capacity of
23 our European partners, too, so that, collectively --

24 Senator Ernst: Military to military.

25 General Dunford: -- the 28 nations of NATO can be

1 prepared to deal with the Russian threat. And I would say
2 that, if we fully leveraged the political, the economic, and
3 the military capabilities of the 28 nations in NATO, it
4 wouldn't be a fair fight, which is exactly what we wouldn't
5 want it to be.

6 Senator Ernst: Exactly.

7 Thank you, gentlemen, very much.

8 Thank you, Mr. Chair.

9 Senator Reed: Thank you.

10 On behalf of the Chairman, let me recognize Senator
11 Shaheen.

12 Senator Shaheen: Thank you, Mr. Chairman.

13 And thank you all for your testimony today, and for
14 your service.

15 I want to follow up on Senator's questions about the
16 European Reassurance Initiative, because, as I'm sure you're
17 both aware, Europe is probably facing more challenges today
18 than it has at any time since the end of World War II. And
19 the European Reassurance Initiative is very important in
20 letting them know how committed we are to the peace and
21 security of Europe. And I was pleased to see that the
22 President's budget increased funding for the ERI. Can you
23 talk a little bit more about what the risks are if we don't
24 support additional funding for the Reassurance Initiative?
25 And also, tell me if you share General Breedlove's view that

1 -- I don't think I'm misquoting him, but, when he was before
2 this committee, he talked about the need to put more of our
3 troops in Europe.

4 Secretary Carter: Well, the effect of not funding the
5 European Reassurance Initiative would be, physically, that
6 we wouldn't have the funds to put equipment -- position
7 equipment there. That's equipment that then forces could
8 fall into in a crisis to reinforce the forces that -- it's
9 always been our strategy in Europe, and it would be now,
10 that the -- we would have forces there already, but we would
11 fall in with a much greater force -- in fact, the full
12 weight, the full might of the U.S. military behind NATO, in
13 the event of a crisis. But, we need the equipment there,
14 and we need our forces to be familiar with the terrain,
15 which is why rotational training is so important. We need
16 them to know how to work with their allies. We need -- how
17 to -- them to be able to do all the logistics that allow a
18 force to flow quickly. That's the kind of thing that
19 General Breedlove needs to be able to exercise and prepare
20 for. That's our approach, and we need the money in the ERI.
21 That's physically what it does. Politically --

22 Senator Shaheen: And let me --

23 Secretary Carter: -- it's also important, because --

24 Senator Shaheen: Yes.

25 Secretary Carter: -- the reassurance is important.

1 The allies want to know that we're there with them and that
2 we see what they see in the behavior of Russia. And we do.
3 And we want to match our behavior to theirs. And their
4 concern is growing, as well. We're asking them to do more
5 at the same time we're doing more.

6 Senator Shaheen: I had a chance to visit some of the
7 NATO exercises last summer in Latvia, and it was very
8 impressive. And you could see that -- the synergy that
9 existed because there were a number of countries coming
10 together to work together and to work out the bugs of any
11 future challenges we might face.

12 Let me switch topics, here, to the issue of energy. I
13 had the opportunity, at the readiness hearing this week, to
14 talk to the -- to ask all of the Vice Chiefs of each of the
15 branches about the move towards more energy efficiency and
16 alternative sources of energy within our military, and the
17 perception that some people have that this is being done
18 because people are being forced to do it, as opposed to
19 because there's -- part of our military imperative to
20 improve our strategic readiness, that we have other energy
21 sources that we can count on so that we're not so dependent
22 on fossil fuels, as we have been in the past. Can I ask you
23 all if you can speak to that, why you think this is an
24 important strategic move as we look at our national
25 security?

1 Secretary Carter: Well, it is important to our overall
2 national security. Energy security is. And we play a part
3 in that. But, everything we do needs to make sense for
4 defense as well as play a part in the overall national
5 energy strategy. But -- so, things we do to increase the
6 energy efficiency of engines, develop new engines, very
7 important for our air forces, but also will have a
8 consequence for the -- a good consequence for the economy,
9 generally. We -- for -- spend money in order to save money
10 on facilities, making them more energy efficient. We have a
11 large existing base of buildings, installations, and so
12 forth. We work on making them more energy efficient. We do
13 that for the very reason that it frees up more money in the
14 future that we can invest in real military capability. See,
15 everything we do in the energy sphere has to make sense as a
16 military investment. At the same time, these things are
17 beneficial for the Nation's overall energy strategy. And we
18 do try to align them with the Department of Energy and the
19 overall strategy so that we're not doing something that
20 somebody else is already doing, and that we're benefiting
21 from what other people are doing, and they're benefiting
22 from what we're doing. But, it has to make military sense
23 for us.

24 Senator Shaheen: General Dunford, could you speak to
25 the readiness benefit of our being able to take advantage of

1 some of these new technologies?

2 General Dunford: Senator, I could. You know, from my
3 perspective, there's a couple of things about this. One is,
4 if you save money in base operating expenses, that money is
5 available for something else -- read readiness. And then
6 there's also an operational flexibility aspect of this, as
7 well. The less reliant you are on fuel, the more
8 operationally flexible you are. And that is not only at the
9 level of aircraft and ships and some of the bigger programs
10 that we talk about a lot, but it's also -- if you just look
11 at the load of an individual infantryman in batteries, as an
12 example. So, some of the initiatives, we've had to lighten
13 the load. If you look at the weight that our young men and
14 women are carrying right now, it prohibits -- it's
15 prohibitive. And so, we've spent a lot of time trying to
16 reduce the load of the individual soldier, sailor, airmen,
17 and marine. And one of the ways we've been able to do that
18 is simply by renewable energy sources that reduces the
19 weight that they carry in batteries, alone, which is one of
20 the biggest things that an infantryman has to carry.

21 So, you know, again, I think, from a readiness
22 perspective, you save money with fuel, you're able to
23 reinvest that money. And then, from an operational
24 flexibility perspective, again, both at the platform level
25 and the individual servicemember level, there's a lot of

1 utility to that. But, as the Secretary says, it's got to
2 make sense.

3 Senator Shaheen: Sure.

4 Thank you all.

5 Thank you, Mr. Chairman.

6 Senator Reed: On behalf of Chairman McCain, Senator
7 Graham, please.

8 Senator Graham: Thank you.

9 Thank you all very much.

10 The Freedom Caucus, I think, in the House --

11 Do you want to go?

12 The Freedom Caucus in the House, I think, has taken a
13 position that the House budget should go back to
14 sequestration levels for this year. General Dunford, what
15 would your response to that position be?

16 General Dunford: My immediate response, Senator, would
17 be, we will have to revise the defense strategy if we go
18 back to sequestration. We will not be able to do what we
19 need to do right now. And when I say to revise the
20 strategy, it's important to emphasize, we'll have to revise
21 the ends of our strategy, because we will not be able to
22 protect our interests in the same way that's articulated
23 right now in our national security strategy and our defense
24 strategy.

25 Senator Graham: What effect would that have on our

1 national security?

2 General Dunford: It would cause us to expose the
3 Nation to risk from those five challenges that the Secretary
4 and I have spoken about today.

5 Senator Graham: Would you say significant risk?

6 General Dunford: I would say significant risk.

7 Senator Graham: It would actually put our freedom at
8 risk.

9 General Dunford: It would absolutely affect it.

10 Senator Graham: Okay. I sent you a letter, and you've
11 given me a very timely response, and I appreciate it,
12 General Dunford, about -- some have suggested that we
13 intentionally target civilians in the war on terror, and
14 that we go back to using waterboarding or maybe even more
15 aggressive interrogation techniques. And you've given me a
16 good response, which I'll share with the public later. But,
17 I forgot to ask one question. What effect, if any, would
18 this have on the warfighter if we started telling our men
19 and women in uniform to intentionally target civilian
20 noncombatants and engage in techniques such as waterboarding
21 or more extreme forms of interrogation?

22 General Dunford: Well, Senator, what I've said
23 publicly before is that, you know, our men and women -- and
24 we ought to be proud of it -- when they go to war, they go
25 to war with the values of our Nation. And those kind of

1 activities that you've described, they're inconsistent with
2 the values of our Nation. And, quite frankly, I think it
3 would have an adverse effect -- as many adverse effects it
4 would have, one of them would be on the morale of the force.

5 Senator Graham: Yeah.

6 General Dunford: And, frankly, they would -- you would
7 -- what you're suggesting are things that actually aren't
8 legal for them to do anyway.

9 Senator Graham: Well, I don't think I've ever met a
10 tougher guy than you, and I think it would hurt your morale
11 if you were ordered to kill innocents, noncombatants.

12 So, Raqqa. Do you see Raqqa falling this year, taken
13 away from ISIL?

14 General Dunford: Senator, we're focused right now on
15 isolating Raqqa, limiting the enemy's freedom of movement.
16 I can't put a timeline on when Raqqa will fall. I can tell
17 you that we're working very closely with indigenous forces
18 on the ground to isolate and then subsequently --

19 Senator Graham: Do you agree with me the likelihood of
20 Raqqa falling between now and the election is pretty remote?

21 General Dunford: Senator, again, I haven't put a
22 timeline on it.

23 Senator Graham: Okay. When it came to liberating
24 Fallujah, how many U.S. soldiers or military personnel were
25 involved?

1 General Dunford: Senator, we had 14,000 U.S. personnel
2 that were involved immediately in the operations around
3 Fallujah, but obviously many more in the surrounds that had
4 a isolation effect.

5 Senator Graham: If they haven't been there, would the
6 outcome have been different?

7 General Dunford: If the --

8 Senator Graham: If we were not using military --
9 American military personnel to deal with Fallujah.

10 General Dunford: Well, at that time, Senator, we did
11 not have capable indigenous forces. There was not an
12 alternative to U.S. forces in Fallujah.

13 Senator Graham: Compare the indigenous forces in Syria
14 today with indigenous forces that existed at the battle of
15 Fallujah. Are they more capable in Syria than they were in
16 Iraq?

17 General Dunford: Today, the Syrian -- I would assess
18 the Syrian Democratic Forces, based on their performance at
19 Shaddadi and other recent operations, are more capable,
20 relative to the threat that exists in Syria, than what we
21 had in Iraq back in 2004 --

22 Senator Graham: Are they --

23 General Dunford: -- and 2005.

24 Senator Graham: -- more capable of taking Raqqa than
25 the Iraqis were at taking Fallujah?

1 General Dunford: In 2004 and 2005, I would assess yes.

2 Senator Graham: Okay. How many Arabs are in the
3 Syrian Democratic Forces?

4 General Dunford: Right now, we have about 10- to
5 15,000 Syrian Democratic Forces, of which 5,000 are Arabs,
6 and there's an estimated 20- to 30,000 additional reserve
7 Syrian Democratic Forces.

8 Senator Graham: Is it your testimony that the people
9 we're training inside of Syria are capable of taking Raqqa
10 back from ISIL and holding it?

11 General Dunford: At this time, Senator, no, but that
12 we intend on growing their capabilities over time. And I
13 would qualify that by saying that they're also going to
14 require some support from the coalition.

15 Senator Graham: Okay.

16 Iran. Post-agreement, is Iran becoming a better actor
17 in the region, or their behavior gotten worse, post-nuclear
18 agreement?

19 General Dunford: Senator, Iran was a malign influence
20 in the region prior to the agreement. Iran remains a malign
21 influence today.

22 Senator Graham: Do you think Mosul will be in the
23 hands of ISIL by the end of this year?

24 General Dunford: Senator, I don't -- similar to Raqqa,
25 I wouldn't put a timeline on when we would secure Mosul.

1 But, again, I would emphasize that operations against Mosul
2 are ongoing --

3 Senator Graham: Is taking going to be more difficult
4 than what we had to do in Fallujah in 2004 and '05?

5 General Dunford: Significantly more difficult, based
6 on the population and the size of the enemy.

7 Senator Graham: So, if you take Mosul without 14,000
8 American military members, does that make it even more
9 significantly different?

10 General Dunford: Senator, it really is a correlation-
11 of-forces issue. And right now, we've identified over 12
12 brigades of Iraqi Security Forces, additional Peshmerga
13 forces, and we're in the process of generating effective
14 Sunni forces. So, the idea is that we'll isolate Mosul
15 until the conditions are set for those forces to be
16 successful in securing Mosul.

17 Senator Graham: Finally, between 2016 and 2021, the
18 next 5-year window, we've talked about what's happened since
19 2011 to now. Generally speaking, do our national security
20 threats -- do they maintain at this level, go up, or go
21 down? What can America expect in the next 5 years, in terms
22 of threats? And what kind of budget should we have?

23 General Dunford: I think -- I would assess, based on
24 the trajectory we see today, I don't see our security
25 challenges decreasing over the next 5 years, Senator, for

1 sure.

2 Senator Graham: Agree with that, Mr. Secretary?

3 Secretary Carter: I do.

4 Senator Graham: Thank you.

5 Senator Reed: On behalf of Chairman McCain, Senator
6 Nelson.

7 Senator Nelson: Mr. Secretary, would you give us your
8 advice for that period of time, 2018 to 2022, of being able
9 to put our payloads into space? And I'm mainly talking
10 about DOD and intel payloads, in addition to NASA payloads
11 and commercial payloads. Would you give us your advice on
12 the question of whether or not we should continue to be able
13 to have access to the RD-180 engine, which is the engine in
14 the first stage of the Atlas V rocket?

15 Secretary Carter: I --

16 Senator Nelson: Until we develop the new one.

17 Secretary Carter: I can, Senator. And it is reflected
18 in our budget. And I know that there are different points
19 of view on how to approach this problem. I think everybody
20 agrees we have to have assured access to space, so we have
21 to have a way to launch our national security payloads into
22 space. Our country's security depends on that.

23 One way to do that, which is reflected in our budget,
24 is to continue to use the Atlas booster, including a limited
25 but continuing number of RD-180 engines, notwithstanding

1 the fact that we don't like the fact that they're made in
2 Russia and we buy them from Russia. That's the approach we
3 recommend, because it is less expensive.

4 The alternative, which I understand, but we don't
5 recommend in this budget because it costs more, would be,
6 essentially, to use the Delta as a replacement, which is
7 more expensive than is required. If we're forced to do
8 that, it ends up giving us a bill of a billion dollars,
9 maybe more, which is not a bill we would like to pay. So,
10 it's that simple. We'll get to space. We have to, because
11 our security depends upon it. We are recommending to you a
12 less expensive way but which does, however, cause us to have
13 to hold our nose insofar as the procurement of the RD-180
14 engine is concerned. And I recognize that there's a
15 difference of opinion there, but that's my advice.

16 Senator Nelson: Can -- in your opinion and what you've
17 been advised, can they ramp up the production of enough of
18 the Delta IVs to get all of your payloads into space, even
19 though it's going to cost more?

20 Secretary Carter: My understanding is that, yes, that
21 alternative is available -- technically available.
22 Obviously, it's much more expensive, which is the reason for
23 the -- not recommending it.

24 Senator Nelson: And it's more expensive also because
25 the RD-180 has to be used on the Atlas V for a number of the

1 NASA payloads, including the Americans on the new Boeing
2 Starliner, which is the spacecraft that will take us to and
3 from the International Space Station, along with what we
4 expect the Falcon 9 and its spacecraft, Dragon, but also all
5 of the commercial payloads. So, if you shut down part of
6 that production until we get the new replacement engine and
7 new replacement rocket -- because you just can't take a new
8 engine and plug it into the Atlas V -- it's going to cost
9 everybody more, including the commercial sector.

10 Secretary Carter: I can't speak for NASA or for them,
11 but you're right, the Delta route is more expensive than the
12 Atlas route. It is available. And the -- and we've made
13 our recommendation. Where we'd like to go in the future,
14 and where we're headed in the future, is a competitive
15 provision of launchers -- that's really important, for both
16 cost and quality reasons -- and to have two or more
17 competitors from whom we buy launch services. I don't buy
18 their -- the pieces of the rocket, or develop them. They do
19 that, and they provide us launch services. That's an
20 efficient and competitive way. That's the route we're going
21 to. But, I realize that there is a difference of opinion
22 about how we get to that destination. We've made our
23 recommendation in our budget submission.

24 Senator Nelson: And, fortunately, that competition has
25 started, because the Falcon 9, SpaceX, has been a very

1 viable competitor. And, in fact, that competition has
2 brought the cost of the Atlas V down. And so, there's a
3 good example of competition that, in fact, is working.

4 Let me just conclude by -- any comment on our aging
5 nuclear triad and the need for the long-range strike
6 capability.

7 Secretary Carter: Yes, just to reinforce that the
8 nuclear deterrent of this country is -- it's not in the
9 headlines every day, thank goodness, but it's not in the
10 headlines because it's there, it's the bedrock of our --
11 it's a bedrock capability for our -- of our security. We
12 need it for the indefinite future. We intend to have it for
13 the indefinite future. And we're going to need to spend the
14 money required to have that.

15 Of particular concern, I would single out the Ohio-
16 class replacement submarine, just to take one example, but a
17 big example, because the Trident submarines are going to age
18 out. They're effective but old submarines. They'll be
19 replaced by the Ohio-class replacement. That's a key
20 survivable part of our nuclear deterrent. We have to have
21 it.

22 You mentioned the bombers. That's one of the reasons
23 why we're seeking to start, and have started, the long-range
24 striker bomber, or B-21 bomber, program. And so, making
25 sure that we have a safe, secure, and reliable nuclear

1 deterrent for the future is a bedrock responsibility of the
2 Department. We'll need the funding to do that. We have
3 plans to do that.

4 Senator Reed: On behalf of the Chairman, Senator
5 Sullivan, please.

6 Senator Sullivan: Thank you, Mr. Chairman.

7 And thank you, gentlemen, for your service and your
8 testimony here today.

9 I particularly appreciate both of you outlining the
10 five strategic threats. I think that's very clear. I think
11 the American people need to hear that. I think Senator
12 Graham's comments about -- or his question about how you
13 think those are going to continue is also very important
14 testimony.

15 You know, those threats in the -- and how to counter
16 them, include the aggression of Russia, which, as you know,
17 Mr. Secretary, General Dunford, is not only Europe, but in
18 the Arctic; the ability to "fight tonight" with regard to
19 North Korea, as you mentioned; the ability to continually
20 rebalance our Asia-Pacific force posture in light of our
21 challenges there with China. And in light of those serious
22 threats, you may have seen that General Milley recently
23 decided to reverse the Army's earlier decision, made last
24 year, to disband the 425, which, as you know, Mr. Secretary,
25 is the only airborne BCT in the Asia-Pacific, the strategic

1 reserve that's very -- that would be very involved in any
2 kind of conflict in Korea, the only Arctic BCT that's
3 trained to fight in mountains and extreme cold weather. And
4 I've raised this issue a number of times in the committee
5 over the last year. Recently, several combatant commanders
6 mentioned that they were supportive specifically of what
7 General Milley is trying to do, just given how critical
8 these forces are.

9 So, Mr. Secretary, do you support the Army's
10 recommendation to more effectively posture its forces to
11 best meet the national security threats that you outlined in
12 your testimony, particularly as it relates to the 425 and
13 what General Milley mentioned, I think, a couple of weeks
14 ago?

15 Secretary Carter: Well, Senator, for -- thank you very
16 much for your interest in this. I -- and I had the
17 opportunity, which I appreciate, the other day to discuss
18 this with you.

19 Senator Sullivan: Yes, sir.

20 Secretary Carter: And thank you for your leadership
21 with respect to the overall rebalance and also for your
22 State's hosting of forces that are so critical to so many
23 scenarios of possible risk to the United States, as you
24 already said.

25 With respect to 425, I looked into that after our

1 conversation. I've spoken to General Milley. If he makes
2 that recommendation to me, I want you to know I'm going to
3 approve that.

4 Senator Sullivan: Thank you.

5 Secretary Carter: And I think that that is an
6 important part of our force posture in the Pacific. And I
7 appreciate your calling my attention to it.

8 Senator Sullivan: Thank you. I appreciate that, as
9 well.

10 Let me get back to the rebalance issue that you
11 mentioned. You know, a lot of us met with you last year in
12 Shangri-la. I think was a -- as we -- you and I have talked
13 about, at the Defense Ministers meeting out there, an
14 important demonstration of U.S. legislative, executive
15 bipartisan support for that important strategy. And I think
16 a number of us are planning on going again, so I think doing
17 that again would be important to show a strong across-the-
18 board American resolve.

19 Secretary Carter: Thank you.

20 Senator Sullivan: With regard to the implementation of
21 the strategy that you laid out in your speech last year,
22 which I thought was a very strong speech, you know, we've
23 been asking -- a number of us have written the President,
24 have been encouraging -- make sure we do -- we implement
25 this policy on a routine basis -- now I'm talking about the

1 South China Sea and our FONOPS there -- not only on a
2 routine basis with -- but also with allies. But, I'd like
3 you to comment on -- and both you and General Dunford -- on
4 the opportunities that what's going on out there presents to
5 the United States, from a strategic perspective. And, more
6 specifically, as you know, Mr. Secretary -- and you see it
7 every time you go out to the region -- many, many countries,
8 because of what China is actually doing in the South China
9 Sea -- many countries are very much being more interested in
10 working with us and drawing closer to the United States.
11 Are there strategic opportunities that we should be looking
12 at, in terms of possible new basing, new training
13 opportunities with the Marines in the Asia-Pacific,
14 clarifying strategic relationships -- I think there's a
15 number of questions of what our strategic obligations are
16 with regard to, say, a country like the Philippines, looking
17 at the next challenges -- I know that there's some concern
18 on this committee about the Scarborough Shoal -- but, what
19 are the opportunities that we have? Because they seem to me
20 -- yeah, we have challenges there, but there's also, I
21 think, enormous strategic opportunities. Could you and
22 General Dunford talk to those? Particularly, you know, the
23 idea of new basing arrangements, the idea of new training
24 arrangements. I think that there's a lot we could be doing,
25 and I'd like to hear both of your views on that.

1 Secretary Carter: Well, you're absolutely right. And
2 I'll start, and then I'll ask the Chairman to chime in, as
3 well.

4 There are opportunities. They are presenting
5 themselves because countries in the region recognize that
6 their region has had peace and stability for 70 years, and
7 that is what has given them all the opportunity to rise.
8 All the Asian miracles, beginning with Japan, South Korea,
9 Taiwan, Southeast Asia, today India and, yes, China -- all
10 of that has occurred in an atmosphere of peace and
11 stability, which they know we have played a pivotal part in.
12 And so, there is a greater demand for partnership with us.
13 Whether you talk about basing -- we are discussing with
14 Philippines right now. And you may know that their court
15 passed an important milestone recently, which allows -- will
16 allow us to do much more with the Philippines. We're doing
17 more -- and General Dunford had a key role in this -- with
18 Australia, particularly our marine rotations in Australia.
19 Vietnam -- who'd have thought, decades ago, Vietnam -- we're
20 doing more with Vietnam. We thank you, because the -- we
21 have the Maritime Security Initiative funding, which
22 originated in discussions with you, Senator, and other
23 members of the committee. We're grateful for that. We're
24 using that funding. So -- and the Japanese, as you probably
25 know, are -- have adjusted and amended their practices.

1 They're looking to do more with us -- joint patrolling,
2 exercising, and so forth. India -- I'll be in India in a
3 short while, continuing to strengthen our relationship with
4 that -- an incredibly important country of a billion people
5 and essential geography and a very capable military that
6 wants to partner with us, as well.

7 So, we do all this in order to keep going the system
8 that has brought prosperity to Asia. We're not seeking to
9 have conflict with China. It's not against anybody. It's
10 part of keeping that system of security intact. And we
11 intend to do it. That's what the rebalance is about. But,
12 the good news, as you say, is that it -- we're popular
13 there. People --

14 Senator Sullivan: Yeah

15 Secretary Carter: -- want to work with us.

16 Let me turn it over to the Chairman.

17 General Dunford: Senator, I guess I'd emphasize what
18 you and the Secretary have alluded to. I've made two trips
19 to the region since I've been in my current assignment. And
20 I would tell you that the desire for people to develop
21 stronger bilateral relationships with the United States has
22 probably never been greater. And, frankly, with our
23 partners, particularly those with whom we have a treaty
24 obligation, our relationship has probably haven't -- never
25 been deeper.

1 But, when you talk about opportunities, the one thing
2 that we haven't necessarily had in the past, a --
3 multilateral relationships and interoperability associated
4 with conducting everything from humanitarian assistance
5 operations to other operations that may be required in the
6 region, or that multilateralism, in and of itself, serving
7 as a deterrent to those who might want to be destabilizing
8 in the region. So, there is an opportunity. And from those
9 relationships then comes the one issue we haven't talked
10 about in great detail, is opportunities for training.

11 Because --

12 Senator Sullivan: Right.

13 General Dunford: -- in the Pacific, you know, joint
14 training is required to maintain readiness. And we're
15 always looking for opportunities to identify training areas
16 where we can maintain readiness even as we conduct the
17 exercises and engagements with our partners. And I think
18 the willingness of our partners to afford us the opportunity
19 to train in their countries, continue to maintain
20 proficiency with live fire, aviation capabilities, those
21 kinds of things, I think will only increase in the future.
22 And there's a number of places where we're in contact --
23 Secretary's staff is in contact with a number of countries
24 to enhance our training opportunities and, as the Secretary
25 spoke about, our actual basing opportunities in the region.

1 So, I would agree with you. I think a view of the
2 common challenges in the Pacific has brought us together in
3 a very positive way and has created all the opportunities
4 you've alluded to.

5 Senator Sullivan: Great. Thank you.

6 Thank you, Mr. Chairman.

7 Senator Reed: Thank you very much.

8 On behalf of Chairman McCain, Senator Lee, please.

9 Senator Lee: Thank you, Mr. Chairman.

10 Thanks, to all of you, for being here.

11 Secretary Carter, on December 3rd, just a few months
12 ago, you announced that the military branches would be
13 opening all military occupational specialties, or MOSs, to
14 servicemembers, regardless of gender, on the basis of
15 various provisions in several iterations of the National
16 Defense Authorization Act, on the basis of committee
17 hearings and formal briefings with members and staff. At
18 the time of your decision, you were certainly aware of
19 Congress's interest in being closely consulted on the
20 matter. Nevertheless, in your announcement and in
21 subsequent briefings with Members of Congress, you failed to
22 discuss the legal and practical implications this decision
23 could have on the Selective Service in America. Would --
24 so, my concern is that it seems the Department may have made
25 a policy decision and left up to Congress and the courts to

1 deal with the difficult legal ramifications.

2 So, I'd like to know, what assessments, Mr. Secretary,
3 has the Department of Defense made to examine how opening
4 all MOSs to female servicemembers will affect the Selective
5 Service Act. And what assessments have you made to examine
6 how requiring American women to register for the draft or,
7 alternatively, ending the Selective Service altogether,
8 would affect military readiness, recruitment, retention, and
9 morale?

10 Secretary Carter: Well, thank you, Senator. Thank you
11 for that question.

12 Let me just begin at the beginning. Why did we do this
13 in the first place? The reason to open up all MOSs to
14 females is to make sure that we're able to access what is,
15 after all, 50 percent of the population --

16 Senator Lee: Right. And understand, I'm --

17 Secretary Carter: -- for force effectiveness --

18 Senator Lee: -- I'm not expressing concern about that
19 --

20 Secretary Carter: Understand.

21 Senator Lee: -- on the merits of that when I'm talking
22 about its implications for the Selective Service.

23 Secretary Carter: I do understand. So, that is the
24 action we took. And as far as informing the Congress is
25 concerned, we have the implementation plans for that,

1 including everything that is required by law in order for us
2 to do what we need to do.

3 Separately is the Selective Service system, which is
4 not administered by us and is governed by statute. So, you
5 will have a voice in any implications for that. My own
6 belief about that is twofold. First, it stands to reason
7 that you'll reconsider the Selective Service system and its
8 treatment of females, in view of the Department of Defense's
9 policies and practices with respect to women as well as men.

10 But, the second thing I'd like to say about -- and --
11 about the Selective Service system and the draft, generally,
12 is this. We want to pick our people. We don't want people
13 forced to serve us, and we don't want all the people that
14 are -- young people that are in our country. We pick very
15 carefully. In fact, only about -- a little bit more than
16 two-thirds of young Americans even meet our basic
17 qualifications. Many of them are, I'm sad to say, obese or
18 have other health issues. A third of them haven't graduated
19 from high school, and we want high school graduates. About
20 10 percent of them have criminal records that make it
21 impossible for us to want them. So, we don't want a draft.
22 We don't want people chosen for us. We want to pick people.
23 That's what the All-Volunteer Force is about. That's why
24 the All-Volunteer Force is so excellent. And that's why
25 we're constantly trying to make sure we keep up with labor

1 markets and generational trends and so forth, so that we
2 continue to pick and have access to the very best people.

3 Look at the magnificent people we have now in uniform.
4 I need to make sure that tomorrow and 10 years from now and
5 20 years from now, we're also able to attract the very best.
6 But, now, and then, we want to pick. We don't have -- want
7 to have people picked for us; we want to pick, ourselves.

8 Senator Lee: Right. Thank you. And I appreciate
9 that. And I appreciate the sentiment that I think I
10 understand you expressing, which is that any change to the
11 universe of persons subject to the Selective Service
12 registration requirement needs to be made by Congress, with
13 input from the American people, rather than administratively
14 or by the courts.

15 Secretary Carter: It's set in law.

16 Senator Lee: In the -- in a long-ranging interview
17 published with The Atlantic, President Obama has expressed
18 his disdain for security freeriders when it comes to allies
19 in Europe and parts of the Middle East. However, your FY17
20 budget calls for a quadrupling of the European Reassurance
21 Initiative, and robust OCO funding for activities in the
22 Middle East. So, how do you, and how does the
23 administration, how does President Obama, reconcile the
24 concerns that President Obama has expressed about some of
25 our allies who are not taking steps to increase their

1 defense spending or who are potentially abusing their
2 relationship with us, their alliance with us, for their own
3 benefit without making corresponding increases to their
4 investment in defense spending?

5 Secretary Carter: Well, I'll just say, as Secretary of
6 Defense, I think America needs to lead. And I'm happy to
7 have us lead. And we have, by far and away, more capability
8 than anybody else. But, we need others to join us and get
9 in the game. You mentioned Europe. We have been urging,
10 very insistently, Europeans to spend more on their own
11 defense. Some are doing what they're supposed to do. I'd,
12 for example, commend the United Kingdom, which has recently
13 increased its percentage of GDP and has agreed to stay at
14 what all the NATO countries agreed, which is a minimum of 2
15 percent. And they're not all there yet. And then, as you
16 go around the world with respect to others, allies in the
17 Gulf and so forth, we are looking for people to join us.
18 There, the counter-ISIL coalition, the effort to deter
19 Iranian aggression, that's something we need our security
20 partners to do with us. So, we're prepared to lead. We're
21 willing to lead. But, I think it's fair to turn to our
22 partners and say, "We need you to join us."

23 Now, my role in that is very specifically -- and the
24 Chairman's, as well -- to describe for our -- let's take the
25 counter-ISIL coalition -- what it is we need. So, "Here's

1 what we need. We need some more ISR help from you. We need
2 some Special Forces from you. We need" -- and this is
3 important -- "reconstruction funding for places like Ramadi.
4 So, if you don't have any forces, or you don't want to put
5 your forces there, you can open your wallet. That's
6 needed." And so, we try to give them choices for how they
7 can make a contribution, and lead them in that direction.
8 But, we need people to follow.

9 And so, I -- it's an important part of my job -- and I
10 know the Chairman does this well -- to talk to our
11 counterparts and say, "We need everybody in the game if
12 we're going to have a peaceful world. We share this world
13 together. We share this future together. You've got to get
14 in the game."

15 Let me ask the Chairman if he wants to --

16 General Dunford: No, I'd just emphasize what the
17 Secretary said. I think a key part of our responsibility is
18 on a day-to-day basis. And I recently went to the region
19 and met with 30 of the chiefs of defense from our coalition
20 partners to encourage their participation. But, one of the
21 things we do very hard is work on where they can make a
22 contribution, and then encourage them to actually do that.
23 I mean, I'd -- that's an ongoing process. We're -- are we
24 satisfied with where we are? Never.

25 Senator Lee: Thank you, General Dunford. And thank

1 you, Secretary Carter.

2 Senator Reed: Thank you.

3 Gentlemen, thank you for your testimony. And thank you
4 for your service.

5 And, on behalf of Chairman McCain, let me declare the
6 hearing adjourned.

7 [Whereupon, at 12:20 p.m., the hearing was adjourned.]

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