

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 2018 AND THE FUTURE YEARS DEFENSE PROGRAM

Tuesday, June 13, 2017

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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The committee met, pursuant to notice, at 9:29 a.m. in

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Room SD-G50, Dirksen Senate Office Building, Hon. John

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McCain, chairman of the committee, presiding.

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Committee Members Present: Senators McCain

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[presiding], Inhofe, Wicker, Fischer, Cotton, Rounds, Ernst,

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Tillis, Sullivan, Perdue, Graham, Strange, Reed, Nelson,

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McCaskill, Shaheen, Gillibrand, Blumenthal, Donnelly,

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Hirono, Kaine, King, Heinrich, Warren, and Peters.

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

3 Chairman McCain: Good morning. The Senate Armed
4 Services Committee meets this morning to receive testimony
5 on the Department of Defense's fiscal year 2018 budget
6 request.

7 We welcome Secretary Mattis, Chairman Dunford, and
8 Secretary Norquist, and thank you for your many years of
9 distinguished service and your leadership of our men and
10 women in uniform.

11 Before we begin, we all want to acknowledge the service
12 and sacrifice of Sergeant Eric Houck, Sergeant William Bays,
13 and Corporal Dillon Baldrige. These three soldiers from
14 the Army's 101st Airborne Division were killed this weekend
15 in Afghanistan. The thoughts and prayers of this committee
16 are with their loved ones.

17 The sacrifice of these heroes is a painful reminder
18 that America is still a Nation at war. That is true in
19 Afghanistan, where, after 15 years of war, we face a
20 stalemate and urgently need a change in strategy and an
21 increase in resources, if we are to turn the situation
22 around.

23 We also remain engaged in a global campaign to defeat
24 ISIS and related terrorist groups, from Libya and Yemen, to
25 Iraq and Syria, where U.S. troops are helping to destroy

1 ISIS and reclaim Mosul and Raqqa.

2 Meanwhile, threats around the world continue to grow
3 more complex and severe. North Korea is closing in on the
4 development of a nuclear-capable intercontinental ballistic
5 missile that can target our homeland. And Iran continues to
6 destabilize the Middle East and seeks to drive the United
7 States out of the region.

8 At the same time, we have entered a new era of great
9 power competition. Russia and China, despite their many
10 differences, are both modernizing their militaries,
11 developing advanced capabilities to undermine our ability to
12 project power globally, threatening their neighbors, and
13 challenging the rules-based world order. Russia, in
14 particular, continues to occupy Crimea, destabilize Ukraine,
15 threaten our NATO allies, bolster the murderous Assad regime
16 in Syria, and pursue a campaign of active measures to
17 undermine the very integrity of Western democracies.

18 With thousands of our soldiers, sailors, airmen, and
19 marines deployed in harm's way around the globe, those of us
20 who are charged with the awesome responsibility of providing
21 for the common defense must ask ourselves if we are doing
22 everything possible to support our brave men and women in
23 uniform to meet the challenges of an increasingly dangerous
24 world and succeed in their mission.

25 I am sad to say that we are not. In response to rising

1 threats, we have asked our military to do more and give more
2 but have given less and less to them.

3 Our witnesses' opening statements are a harsh
4 indictment of this failure, but they are right. I implore
5 my colleagues to listen carefully to their testimony and
6 heed their admonition to us.

7 Since 2011, spending caps mandated by the Budget
8 Control Act have led to a 23 percent cut to the defense
9 budget. These reductions, compounded by growing fiscal
10 uncertainty and continuing resolutions, have left our
11 military with shrinking forces, depleted readiness, and
12 aging equipment. This has put the lives of our men and
13 women in uniform at greater risk, as this committee has
14 heard in testimony for years from our civilian defense
15 leaders and senior military officers.

16 The administration's fiscal year 2018 budget request,
17 if enacted, could help to arrest the decline in our
18 military's readiness. But ultimately, and unfortunately, it
19 falls short of the President's commitment to rebuild our
20 military. The proposed defense budget of \$603 billion is
21 both arbitrary and inadequate -- arbitrary because the
22 topline is simply what was written into the Budget Control
23 Act 6 years ago prior to the sequester cuts, and inadequate
24 because it represents just a 3 percent increase over
25 President Obama's defense plan.

1 It is hardly surprising, then, that this committee has
2 received lists of unfunded requirements from the military
3 services totaling over \$31 billion, all of which Secretary
4 Mattis testified last night in the House Armed Services
5 Committee that he supports. Our military service leaders
6 have testified to this committee that this budget would
7 stanch the bleeding, but we owe our men and women in uniform
8 more than that.

9 It has been said that this budget request focuses on
10 readiness, and it is true that the requested funding
11 increases would make the current force more ready for the
12 next year. But ultimately, readiness is more than training
13 hours and time on the ranges. Real readiness requires
14 sufficient capacity to enable our troops simultaneously to
15 conduct operations, prepare for deployment, rest and refit,
16 and focus on the challenges of tomorrow. This budget
17 delivers no growth in capacity, which means that the joint
18 force will continue to consume readiness as quickly as it is
19 produced. These increases in capacity are reflected in each
20 service's unfunded requirements.

21 True readiness is also modernization, because if we
22 mortgage future capability to pay for present commitments,
23 we have achieved little, especially at a time when our
24 adversaries are moving at an alarming rate to erode
25 America's military technological advantage and call into

1 question our ability to project power.

2 Here, too, unfortunately, this budget request poses the
3 old false choice between readiness and modernization. The
4 fact is that \$603 billion simply is not enough to pay for
5 both priorities, which is why the services' unfunded
6 requirements are heavy on the procurement of new and
7 additional capabilities that are desperately needed.

8 All of this presents this committee, and this Congress,
9 with a significant choice. The administration's budget
10 request is just that -- a request. Ultimately, it is our
11 independent responsibility to authorize and appropriate
12 funding for our military at levels and in ways that we
13 believe sufficient to provide for the common defense. I
14 believe that this budget request is a start, but we can and
15 must do better.

16 This will not be possible, however, as long as the
17 Budget Control Act remains the law of the land. This
18 defense budget request and the additional funding that our
19 military needs is literally illegal under the Budget Control
20 Act. This law has done severe damage to our military. It
21 has harmed the department's ability to plan and execute
22 budgets effectively and efficiently. It has ground the
23 Congress' budget and appropriations processes to a halt.
24 And, worst of all, there are 4 more years of BCA caps to go.
25 We cannot go on like this. Our men and women in

1 uniform deserve better. It is time for the Congress to
2 reinvest in our military, restore readiness and
3 capabilities, rebalance our joint force, and renew America's
4 military advantage.

5 To do so, we must revise or repeal the Budget Control
6 Act. And we must give our troops what they need to succeed,
7 today and in the future.

8 Will the politics of this be difficult? Yes. But the
9 question all of us here must answer is: How much longer
10 will we send our sons and daughters into harm's way
11 unprepared before we get over our politics and do our jobs?

12 Senator Reed?

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

3 Senator Reed: Thank you very much, Mr. Chairman, for
4 holding this hearing to consider funding levels for the
5 Department of Defense to maintain our Nation's military.

6 I also want to welcome our distinguished witnesses this
7 morning and thank them for their service to our Nation.

8 I want to join with the chairman in paying tribute to
9 the soldiers of the 101st who gave their lives, and their
10 families. They are examples of thousands and thousands of
11 Americans who serve, and their families here at home who
12 serve here with them.

13 Today, we consider the fiscal year 2018 Trump
14 administration budget that seeks \$574 billion in base
15 funding and \$65 billion for Overseas Contingency Operations.

16 As we all know, the Budget Control Act, the BCA, of
17 2011, and the sequester, are still law of the land, and this
18 budget request for DOD exceeds the BCA defense spending cap
19 by \$52 billion. Rather than negotiate with Congress or
20 propose an outright repeal of BCA and the sequester,
21 President Trump proposed to offset an increase in defense
22 spending with a \$52 billion cut in nondefense spending. But
23 unless the BCA is changed, the offset will seriously harm
24 nondefense spending and fail to prevent across-the-board
25 cuts reclaiming the \$52 billion, leaving DOD in a worse

1 position.

2 We have already held many hearings this year where
3 senior civilian and military leaders have repeatedly urged
4 us to remove the BCA caps and end sequestration. Like
5 Chairman McCain, I believe it is time to repeal the BCA.
6 Setting arbitrary thresholds on defense and nondefense
7 spending has not made our country safer, and it has not
8 fixed our broader fiscal problems, nor do these caps, which
9 were set nearly 6 years ago, accurately reflect what our
10 military needs in order to confront today's threats, or the
11 kind of domestic investment we need to keep America
12 competitive and strong.

13 Let me be clear. I am not opposed to increased
14 military spending. Democrats have and will continue to
15 support robust defense spending. But it is the duty of this
16 committee to carefully review the budget proposals presented
17 by the President to ensure that the funds are allocated
18 properly so that our fighting men and women have what they
19 need to complete their mission and return home safely.
20 Every member, regardless of party, takes this duty
21 seriously.

22 I also believe that our budget must reflect our
23 Nation's core values and take care of Americans who remain
24 at home. Our military personnel have a vision of the
25 America they are fighting for, and it is our duty to protect

1 that. I, therefore, have grave concerns about the
2 President's budget request, because it robs from Peter to
3 pay Paul. The President's proposal increases defense
4 spending, but it also eliminates \$17.3 billion from the
5 State Department's efforts to prevent wars and foster peace,
6 which is the very kind of spending that Secretary Mattis has
7 said is so crucial to our military efforts. It also slashes
8 funding for health investments like the NIH and CDC, and
9 training for health care professionals to fight against
10 global public health epidemics, such as Ebola, before they
11 reached the U.S. This budget request also eliminates
12 programs that help vulnerable Americans here at home.

13 Certainly, our military needs additional resources to
14 climb out of the readiness hole it is in and, at the same
15 time, deter conflict with near-peer competitors, but I do
16 not believe we should do so at the expense of diplomacy and
17 vulnerable Americans.

18 I would also note that for over the last 15 years, we
19 have found it important enough to send our brave men and
20 women to war, but we have not had the courage to raise
21 revenues to pay for these wars, as this Nation has
22 historically done. As we examine what funding requirements
23 are necessary for the safety and security of our country, we
24 need to look at our Federal budget in much more context.
25 The BCA's delineation between defense and nondefense

1 spending has had the unfortunate effect of pitting each
2 category of funding against the other. Instead, we would be
3 better served if we considered the needs of our Nation
4 holistically.

5 I also believe that it would be best if we examined the
6 President's budget request in the context of an overall
7 National Security Strategy. Such a strategy, however, has
8 not clearly emerged as we enter the sixth month of this
9 administration.

10 We seem to careen from one foreign policy crisis to
11 another, many of which are the administration's own making.
12 This takes up valuable energy and attention at a time when
13 there are several significant national security challenges
14 on which we need to be focused.

15 Secretary Mattis and General Dunford, you have been
16 consummate professionals and steady hands in a tumultuous
17 time, but we face many difficult decisions, both strategic
18 and budgetary, that demand the kind of leadership and
19 engagement that only a grounded and focused President can
20 provide. I look forward to working with you and my
21 colleagues as we address these important issues. I am proud
22 that this committee has always worked in a bipartisan
23 fashion during this process. I look forward to working with
24 the chairman and all the committee members to come to a
25 reasonable agreement again this year.

1 Thank you very much, Mr. Chairman.

2 Chairman McCain: Secretary Mattis, welcome back.

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1 STATEMENT OF HON. JAMES N. MATTIS, SECRETARY OF
2 DEFENSE, ACCOMPANIED BY DAVID L. NORQUIST, UNDER SECRETARY
3 OF DEFENSE, COMPTROLLER, CHIEF FINANCIAL OFFICER, U.S.
4 DEPARTMENT OF DEFENSE

5 Secretary Mattis: Thank you, Chairman McCain, Ranking
6 Member Reed, and members of the committee. I appreciate the
7 opportunity to testify in support of the President's budget
8 request for fiscal year 2018. Mr. Chairman, I request the
9 committee except my written statement for the record.

10 I am joined by Chairman Dunford and the department's
11 new comptroller, Under Secretary of Defense David Norquist.
12 Thank you, Mr. Chairman, and members of the committee for
13 your swift consideration and the Senate's confirmation of
14 Defense Department nominees.

15 This budget request holds me accountable to the men and
16 women of the Department of Defense. Every day, more than 2
17 million servicemembers and nearly 1 million civilians do
18 their duty, honoring previous generations of veterans and
19 civil servants who have sacrificed for our country. And it
20 is my privilege to serve alongside them.

21 We in the Department of Defense are keenly aware of the
22 sacrifices made by the American people to fund our military.
23 Many times in the past we have looked reality in the eye,
24 met challenges with the help of congressional leadership,
25 and built the most capable warfighting force in the world.

1 There is no room for complacency, and we have no God-given
2 right to victory on the battlefield. Each generation of
3 Americans, from the halls of Congress to the battlefields,
4 earn victory through commitment and sacrifice.

5 And yet, for 4 years, the Department of Defense has
6 been subjected to or threatened by automatic, across-the-
7 board cuts as a result of sequester, a mechanism meant to be
8 so injurious to the military it would never go into effect.
9 But it did go into effect, and as forecast by then-Secretary
10 of Defense Panetta, the damage has been severe, hollowing
11 out our force.

12 In addition, during 9 of the past 10 years, Congress
13 has enacted 30 separate continuing resolutions to fund the
14 Department of Defense, thus inhibiting our readiness and our
15 adaptation to new challenges.

16 We need bipartisan support for this budget request. In
17 the past, by failing to pass a budget on time or to
18 eliminate the threat of sequestration, Congress sidelined
19 itself from its active constitutional oversight role.
20 Continuing resolutions coupled with sequestration blocked
21 new programs, prevented service growth, stalled industry
22 initiative, and placed troops at greater risk.

23 Despite the tremendous efforts of this committee,
24 Congress, as a whole, has met the present challenge with
25 lassitude, not leadership.

1 I retired from military service 3 months after
2 sequestration took effect. Four years later, I returned to
3 the department, and I have been shocked by what I have seen
4 about our readiness to fight. While nothing can compare to
5 the heartache caused by the loss of our troops during these
6 wars, no enemy in the field has done more to harm the combat
7 readiness of our military than sequestration.

8 We have only sustained our ability to meet America's
9 commitments abroad for our security because our troops have
10 stoically shouldered a much greater burden. But our troops'
11 stoic commitment cannot reduce the growing risk.

12 It took us years to get into this situation. It will
13 require years of stable budgets and increased funding to get
14 out of it.

15 I urge members of this committee and Congress to
16 achieve three goals. First, fully fund our request, which
17 requires an increase to the Defense budget caps. Second,
18 pass a fiscal year 2018 budget in a timely manner to avoid
19 yet another harmful continuing resolution. And, third,
20 eliminate the threat of future sequestration cuts to provide
21 a stable budgetary planning horizon.

22 Stable budgets and increased funding are necessary
23 because of four external factors acting on the department at
24 the same time.

25 The first force acting on us that we must recognize is

1 16 years of war. When Congress approved the all-volunteer
2 force in 1973, our country never envisioned sending our
3 military to war for more than a decade without pause or
4 conscription. America's long war has placed a heavy burden
5 on men and women in uniform and their families.

6 A second concurrent force acting on the department is
7 the worsening global security situation that the chairman
8 spoke about. We must look reality in the eye. Russia and
9 China are seeking veto power over the economic, diplomatic,
10 and security decisions on their periphery. North Korea's
11 reckless rhetoric and provocative actions continue, despite
12 United Nations censure and sanctions, while Iran remains the
13 largest long-term challenge to Mideast stability. All the
14 while, terrorist groups murder the innocent and threaten
15 peace in many regions while targeting us.

16 A third force is adversaries actively contesting
17 America's capabilities. For decades, the United States
18 enjoyed uncontested or dominant superiority in every
19 operating domain or realm. We can generally deploy our
20 forces when we wanted, assemble them where we wanted, and
21 operate how we wanted. Today, every operating domain --
22 outer space, air, sea, undersea, land, and cyberspace -- is
23 contested.

24 A fourth concurrent force is rapid technological
25 change. Among the other forces noted thus far,

1 technological change is one that necessitates new
2 investment, innovative approaches, and new program starts
3 that have been denied us by law when we have been forced to
4 operate under continuing resolutions.

5 Each of these four forces -- 16 years of war, the
6 worsening security environment, contested operations in
7 multiple domains, and the rapid pace of technological
8 change-- require stable budgets and increased funding to
9 provide for the protection of our citizens and for the
10 survival of our freedoms.

11 I reiterate that security and solvency are my
12 watchwords as Secretary of Defense. The fundamental
13 responsibility of our government is to defend the American
14 people providing for our security, and we cannot defend
15 America and help others if our Nation is not both strong and
16 solvent.

17 So we in the Department of Defense owe it to the
18 American public to ensure we spend each dollar wisely.
19 President Trump has nominated for Senate approval specific
20 individuals who will bring proven skills to discipline our
21 department's fiscal processes to ensure we do so.

22 This first step to restoring readiness is underway
23 thanks to Congress' willingness to support the
24 administration's request for an additional \$21 billion in
25 resources for fiscal year 2017 to address vital warfighting

1 readiness shortfalls. Your support put more aircraft in the
2 air, ships to sea, and troops in the field. However, we all
3 recognize that it will take a number of years of higher
4 funding delivered on time to restore readiness.

5 To strengthen the military, President Trump requested a
6 \$639 billion topline for the fiscal year 2018 defense
7 budget. This year's budget reflects five priorities.

8 The first priority is continuing to improve warfighter
9 readiness begun in 2017, filling in the holes from tradeoffs
10 made during 16 years of war and 9 years of continuing
11 resolutions and Budget Control Act caps.

12 The second priority is increasing capacity and
13 lethality while preparing for future investment driven by
14 the results from the National Defense Strategy we are
15 working on now. Our fiscal year 2018 budget request ensures
16 the Nation's current nuclear deterrent will be sustained and
17 supports continuation of its much-needed modernization
18 process.

19 The third priority is reforming how the department does
20 business. I am devoted to gaining full value from every
21 taxpayer dollar that is spent on defense, thereby earning
22 the trust of Congress and the American people. We have
23 begun implementation of a range of reform initiatives
24 directed by the 2017 National Defense Authorization Act, and
25 we are on track to enter into a full agency-wide financial

1 statement audit, as required by statute.

2 I urge Congress to support the department's request for
3 authority to conduct a 2021 base realignment and closure, or
4 BRAC, round. I recognize the careful deliberation that
5 members must exercise in considering this, but BRAC is one
6 of the most successful and significant efficiency programs
7 we have. We forecast that a properly focused base closure
8 effort will generate \$2 billion or more annually and, over a
9 5-year period, that would be enough to buy 300 Apache attack
10 helicopters, 120 F-18 Super Hornets, or four Virginia class
11 submarines.

12 The fourth priority in the fiscal year 2018 budget
13 request is keeping faith with servicemembers and families.
14 Talented people are the department's most valuable asset,
15 but we must continually balance these requirements of
16 investment in our people against other investments critical
17 to readiness, equipping and modernizing the force to ensure
18 the military is the most capable warfighting force in the
19 world. Investment in military compensation, blended
20 retirement, the military health system, and family programs
21 are essential to fielding the talent we need to sustain our
22 competitive advantage on the battlefield.

23 Our fifth priority is support for Overseas Contingency
24 Operations. The fiscal year 2018 President's budget
25 requests \$64.6 billion focusing on operations in

1 Afghanistan, Iraq, and Syria; increasing efforts to sustain
2 NATO's defenses to deter aggression; and global
3 counterterrorism operations. ISIS and other terrorist
4 organizations represent a clear and present danger, and I am
5 encouraged by the willingness of our allies and partners to
6 share the burden of this campaign alongside us.

7 Moving forward, the fiscal year 2019 budget informed by
8 the National Defense Strategy will have to make hard choices
9 as we shape the 2019 to 2023 defense program. The
10 department will work with President Trump, Congress, and
11 this committee to ensure future budget requests are both
12 sustainable and provide the Commander in Chief with viable
13 military options that support America's security.

14 In summation, first, I need the BCA caps lifted and a
15 budget, not a continuing resolution, passed on time, and
16 elimination of future sequestration cuts, so we can provide
17 a stable and adequate way ahead on budgets.

18 For those who are concerned we are not asking for
19 sufficient dollars, please consider the following. For
20 2017, as a supplemental, we asked for \$30 billion and the
21 Congress provided \$21 billion for our administration to
22 address readiness shortfalls.

23 Second, this fiscal year, President Trump has requested
24 \$574 billion plus \$29 billion in the Department of Energy
25 budget, plus \$65 billion for Overseas Contingency

1 Operations. This is a 5 percent growth over what the
2 department had for 2017.

3 This request is \$52 billion above the Budget Control
4 Act defense caps. We have underway at this time a National
5 Security Strategy review, and that will give us the analytic
6 rigor to come back to you for the fiscal year 2019 to fiscal
7 year 2023 budget request when we will build up our military
8 to confront the situation that the chairman and I have laid
9 out in our written statements.

10 I am keenly aware that each of you understand the
11 responsibility we share to ensure our military is ready to
12 fight today and in the future. I need your help to inform
13 your fellow Members of Congress about the reality facing our
14 military and the need for Congress as a whole to pass the
15 defense budget on time.

16 Thank you, members of the committee, for your strong
17 support over many years and for ensuring our troops have the
18 resources and equipment they need to fight and win on the
19 battlefield. I pledge to collaborate closely with you for
20 the defense of our Nation in our joint effort to keep our
21 Armed Forces second to none.

22 Thank you, ladies and gentlemen. And Chairman Dunford
23 is prepared to discuss the military dimensions of the budget
24 request.

25 [The prepared statement of Secretary Mattis follows:]

1 Chairman McCain: General Dunford?
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1 STATEMENT OF GENERAL JOSEPH F. DUNFORD, JR., U.S.
2 MARINE CORPS, CHAIRMAN OF THE JOINT CHIEFS OF STAFF

3 General Dunford: Chairman McCain, Ranking Member Reed,
4 distinguished members of this committee, thank you for the
5 opportunity to join Secretary Mattis and Under Secretary
6 Norquist with you today with you today.

7 I am honored to represent your men and women in
8 uniform, and it is because of them that I can begin by
9 saying, with confidence, that your Armed Forces remain the
10 most capable in the world.

11 However, the competitive advantage that the United
12 States military has long enjoyed is eroding. A number of
13 factors have contributed to the erosion. Chairman McCain,
14 you mentioned several of these in your opening comments.

15 Since 9/11, an extraordinarily high level of
16 operational tempo has accelerated the wear and tear of our
17 weapons and equipment. Meanwhile, budget instability and
18 the Budget Control Act have forced the department to operate
19 with far fewer resources than required for the strategy of
20 record.

21 As a consequence, we prioritize near-term readiness at
22 the expense of replacing aging equipment and capability
23 development. We also maintain a force that consumes
24 readiness as fast as we build it. We lack sufficient
25 capacity to meet our current operational requirements while

1 rebuilding and maintaining full spectrum readiness.

2 The Secretary and the service chiefs have addressed the
3 dynamic in their testimonies, and I fully concur with their
4 assessments. But beyond current readiness, we are
5 confronted with another significant challenge that I assess
6 to be now near term. While we have been primarily focused
7 on the threat of violent extremism, our adversaries and
8 potential adversaries have developed advanced capabilities
9 and operational approaches specifically designed to limit
10 our ability to project power. They recognize that our
11 ability to project power is a critical capability necessary
12 to defend the homeland, advance our interests, and meet our
13 alliance commitments.

14 As Secretary Mattis alluded to, Russia, China, and Iran
15 have fielded a wide range of cyber, space, aviation,
16 maritime, and land capabilities specifically designed to
17 limit our ability to deploy, employ, and sustain our forces.
18 Russia and China have also modernized their nuclear arsenal
19 while North Korea has been on a relentless path to field a
20 nuclear-armed ICBM that can reach the United States.

21 In just a few years, if we do not change the
22 trajectory, we will lose our qualitative and our
23 quantitative competitive advantage. The consequences will
24 be profound. It will affect our nuclear deterrence, our
25 conventional deterrence, and our ability to respond, if

1 deterrence fails.

2 Alternatively, we can maintain our competitive
3 advantage with sustained, sufficient, and predictable
4 funding. To that end, the fiscal year 2018 budget is an
5 essential step. However, this request alone will not fully
6 restore readiness or arrest the erosion of our competitive
7 advantage. Doing that is going to require sustained
8 investment beyond fiscal year 2018.

9 Specific recommendations for fiscal year 2019 and
10 beyond will be informed by the forthcoming National Defense
11 Strategy. However, we know now that continued growth in the
12 base budget of at least 3 percent above inflation is the
13 floor necessary to preserve just the competitive advantage
14 we have today, and we cannot assume that our adversaries
15 will stand still.

16 As we ask for your support, we recognize the
17 responsibility to maintain the trust of the American
18 taxpayer. We take this responsibility seriously, and we
19 continue to eliminate redundancies and achieve efficiencies
20 where possible.

21 Thank you again for the opportunity to appear before
22 you this morning, and, more importantly, thank you for
23 ensuring that America's sons and daughters never find
24 themselves in a fair fight.

25 With that, Chairman, I am prepared to take questions.

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[The prepared statement of General Dunford follows:]

1 Chairman McCain: Secretary Norquist?

2 Mr. Norquist: Mr. Chairman, I have no separate opening
3 remarks.

4 Chairman McCain: Thank you.

5 Secretary Mattis, the committee received unfunded
6 requirement lists from each of the military services that
7 amounted to more than \$31 billion. Have you reviewed those
8 unfunded requirements lists?

9 Secretary Mattis: I have, Chairman.

10 Chairman McCain: Do you agree these are military
11 requirements that should be funded?

12 Secretary Mattis: Chairman, I think we have our
13 priorities right in the base budget, but I have reviewed the
14 unfunded requirements. I believe it is \$33 billion, and I
15 think if we were to receive more money, those requests are
16 appropriate.

17 Chairman McCain: I guess my question is, is it your
18 request that we give you \$31 billion more?

19 Secretary Mattis: Chairman, I am here to defend the
20 budget as it stands because I can defend every priority
21 there. If the Congress were to allocate additional funds to
22 national defense, I believe the unfunded priorities lists
23 give good priorities.

24 Chairman McCain: So you are satisfied with what is
25 basically a 3 percent increase in budgetary requirements?

1 Secretary Mattis: Chairman, when it comes to defense,
2 sir, at this point, I think that the President's budget is
3 allocated appropriate to the priorities. The priorities
4 listed by the service chiefs, as we go more deeply into the
5 readiness challenge, are certainly well-tuned to what we
6 need.

7 I would be happy to see more money, if the Congress was
8 to allocate additional funds along the lines of the unfunded
9 priorities lists.

10 Chairman McCain: Well, I appreciate your willingness
11 to cooperate. But a lot of times, we depend on your
12 recommendations in shaping our authorization and
13 appropriations.

14 Secretary Mattis: Yes, sir. I cannot think of any
15 priorities I would put in place of the unfunded priorities
16 list, if we are given additional money, sir. That would be
17 a decision by you. I have to represent the President's
18 budget, since he is having to deal with a wider portfolio
19 than just defense.

20 Chairman McCain: Let me put it this way, will this 3
21 percent increase give you the confidence that we need that
22 we are doing everything we can to make sure that our men and
23 women serving in uniform are adequately equipped and trained
24 and ready to fight?

25 Secretary Mattis: Chairman, it took a good many years

1 to get into the hole we are in. It will not be enough in
2 itself to take us where we need to go. It is going to be a
3 campaign, as I laid out, that started with our request for
4 an additional \$30 billion during this fiscal year, the
5 growth that we have in the 2018 budget. And when I get done
6 with the defense strategy and review that, we will be coming
7 back to you for more and probably along the lines of close
8 to 5 percent growth, 3 to 5 percent growth for 2019 to 2023.

9 But, no, it will not take us the whole way. It is in
10 the right direction.

11 Chairman McCain: It is now mid-June. Congress has not
12 passed a fiscal year 2018 budget, something that should
13 embarrass every Member of the Senate and House. Neither the
14 House nor the Senate has started drafting or considering
15 appropriations bills, because there is no resolution of the
16 topline.

17 This body knows what needs to be done, a bipartisan
18 budget deal to set the budget levels, but it has refused to
19 begin such work. If we do not begin negotiating today, it
20 is very likely the military once again will begin the fiscal
21 year on a continuing resolution.

22 What would be the impacts of starting this year on a
23 continuing resolution at the Budget Control Act levels, or
24 \$52 billion less than your request?

25 Secretary Mattis: Chairman, it can only worsen the

1 readiness situation we face now, which has been laid out
2 starkly, I believe, by the service chiefs, if we go in with
3 a continuing resolution.

4 Chairman McCain: The first conversation that you and I
5 had was about a strategy for Afghanistan. We are now 6
6 months into this administration. We still have not got a
7 strategy for Afghanistan.

8 It makes it hard for us to support you when we do not
9 have a strategy. We know what the strategy was for the last
10 8 years: Do not lose.

11 That has not worked. I just mentioned in my opening
12 statement that we just lost three brave Americans.

13 When can we expect the Congress of the United States to
14 get a strategy for Afghanistan that is a departure from last
15 8 years which is, do not lose?

16 Secretary Mattis: I believe by mid-July we will be
17 able to brief you in detail, sir. We are putting it
18 together now, and there are actions being taken to make
19 certain that we do not pay a price for the delay. But we
20 recognize the need for urgency, and your criticism is fair,
21 sir.

22 Chairman McCain: Well, I am a great admirer of yours,
23 Mr. Secretary, and so are those men and women who have had
24 the honor of serving under you. But we just cannot keep
25 going like this. You cannot expect us to fulfill the three

1 requirements that you gave -- funding increase, pass a
2 budget, present a stable budget -- if you do not give us a
3 strategy.

4 And I hope you understand that I am not criticizing
5 you, but there are problems within this administration. I
6 was confident that within the first 30 to 60 days we would
7 have a strategy from which to start working. So all I can
8 tell you is that, unless we get a strategy from you, you are
9 going to get a strategy from us. And I appreciate our
10 wisdom and knowledge and information and all of the great
11 things, with the exception of some to my left here, but the
12 fact is, it is not our job. It is not our job. It is
13 yours.

14 And I have to tell you, the frustration that I feel is
15 obviously palpable because it is hard for us to act when you
16 do not give us a strategy, which then leads to policy, which
17 then leads to authorization, which is our job. So I hope
18 you understand that we are going to start getting more vocal
19 in our criticism of not having a strategy for Afghanistan.

20 Do you agree that we are not winning Afghanistan?

21 Secretary Mattis: Sir, I understand the urgency. I
22 understand it is my responsibility. We are not winning in
23 Afghanistan right now, and we will correct this as soon as
24 possible.

25 I believe the three things we are asking for stand on

1 their own merit, however, as we look more broadly at the
2 protection of the country. But in no way does that relieve
3 me of the need to deliver that strategy to you, sir.

4 Chairman McCain: I thank you, General, and I
5 understand very well, as do members of this committee, that
6 some of this is beyond your control. But at some point, we
7 have to say, look, the Congress owes the American people a
8 strategy which will then lead to success in Afghanistan. I
9 am sure that the three names that I just mentioned in my
10 opening statement, their parents and their wives and their
11 husbands and their families, members of their family, are
12 very aware that we have no strategy.

13 So let's not ask these families to sacrifice any
14 further without a strategy which we can then take and
15 implement and help you. I am fighting as hard as I can to
16 increase defense spending. It is hard when we have no
17 strategy to pursue. So I hope you understand the dilemma
18 that you are presenting to us.

19 Secretary Mattis: I do, sir.

20 Chairman McCain: Senator Reed?

21 Senator Reed: Thank you very much, Mr. Chairman.

22 Mr. Secretary, as we discussed in your testimony, and
23 in the chairman's and in my testimony, even if you get the
24 additional \$52 billion, with sequestration in place, you
25 would essentially have to turn around and forfeit that in

1 across-the-board cuts. Is that your understanding?

2 Secretary Mattis: Yes, sir.

3 Senator Reed: And those across-the-board cuts would be
4 more disruptive than anything I could conceive, because
5 there would not be no prioritization. It would just be
6 taking from the most sensitive program and, in fact, leaving
7 money in programs that might not even need it. Is that
8 correct?

9 Secretary Mattis: That is correct, sir. It would be
10 injurious. And, again, it would sideline both this
11 committee and myself in making wise decisions.

12 Senator Reed: Did you make that point to the
13 President, in terms of the ultimate consultation about this
14 budget, in his role as Commander in Chief?

15 Secretary Mattis: I assure you, sir, President Trump
16 is keenly aware of this situation.

17 Senator Reed: What is his position on sequestration?

18 Secretary Mattis: I would prefer to speak to mine,
19 sir, because I can speak most authoritatively there. The
20 bottom line is the administration believes that the Congress
21 has to repeal the Budget Control Act and the sequestration
22 that follows.

23 Senator Reed: But wouldn't it be not only appropriate
24 but essential that that be incorporated in the President's
25 budget because the ramifications of sequestration are

1 clearly played out in every aspect of the budget? And
2 remaining silent, as I believe he did in the budget, leaves
3 a lot of people wondering what is his real position or does
4 he even understand what is going on?

5 Secretary Mattis: Senator Reed, we are part of the
6 executive branch and Article One of the Constitution gives
7 you that authority to deal with that very situation. And I
8 think we all know what needs to be done. I have heard it
9 from Republicans and Democrats on this committee for a long
10 time.

11 Senator Reed: But the interesting thing is I have not
12 heard a clarion call from the President and also a practical
13 response and solution as to how we not only undo the BCA but
14 how do you then allocate resources between defense spending,
15 domestic spending, and other spending. And without that,
16 again, it goes in the same trajectory of no strategy.

17 There is no budgetary strategy here either. It is
18 just, "Congress do something." I thank the chairman's point
19 is, it is very late in the game, and the ability for us just
20 institutionally to rewrite a budget, to reallocate resources
21 between defense and nondefense, to increase defense spending
22 without any guideline or framework from the administration,
23 it is not impossible, it is very difficult.

24 Do you sense that?

25 Secretary Mattis: Senator Reed, we have submitted a

1 presidential budget for the Department of Defense. We
2 believe that is guidance. We have submitted the unfunded
3 priorities list from the Pentagon, in accordance with the
4 will of Congress, and we believe that is guidance for what
5 we need.

6 Senator Reed: Just a final point, Mr. Secretary. I
7 do, like all my colleagues, respect you immensely. But the
8 budget that is submitted will not work. If nothing is done
9 to change the BCA, sideline the BCA, the \$52 billion we give
10 you, we will take back, in fact in a more harmful fashion
11 even if we did not give it to you. If we just left the BCA
12 levels, at least you could prioritize.

13 So let me just change gears for a moment. Have you
14 received direction, you and your colleagues in the national
15 security agencies, from the President to begin intense
16 planning and preparation for what appears to be an
17 inevitable renewal of cyberattacks by Russia against the
18 United States, particularly in the context of elections?
19 Have you received any guidance?

20 Secretary Mattis: We are in constant contact with the
21 national security staff on this, and we are engaged not just
22 in discussing the guidance but in actual defensive measures,
23 sir.

24 Senator Reed: And that guidance, the President has
25 clearly laid out, in some type of authoritative way, the

1 mission to protect the country in this respect? Or is it
2 something just collateral to your discussions?

3 Secretary Mattis: Senator, I am under no confusion
4 whatsoever of my responsibilities in the organizations I
5 have, the National Security Agency and Cyber Command, about
6 what we are supposed to be doing right now. We are taking
7 active steps on that that I can brief you on in a closed
8 hearing.

9 Senator Reed: So, General Dunford, I think you
10 testified previously that Russia represents the most
11 significant threat to the United States, not only in their
12 new area denial systems that I think you alluded to, but
13 also in their cyber operations. Is that still your
14 position?

15 General Dunford: It is, Senator. And I included their
16 nuclear capability as well as their behavior.

17 Senator Reed: And again, finally, in my last few
18 seconds, do you believe that is the position of the
19 President of the United States, that Russia, particularly in
20 all these new dimensions, is the most significant threat to
21 the United States, Mr. Secretary?

22 Secretary Mattis: Sir, I prefer to let him speak for
23 himself on that. I can assure you that, from law
24 enforcement to the intelligence agencies, and all that
25 information is available and briefed to the President, we

1 are recognizing the strategic threat that Russia has
2 provided by its misbehavior.

3 Senator Reed: But you recognize it. The question is,
4 does he recognize it?

5 Secretary Mattis: Sir, I have had full support, for
6 example, for the European Reassurance Initiative, where we
7 are sending more troops to Europe. They are not being sent
8 there for any reason other than to temper Russia's designs.
9 I have had full support on the things that we have had to do
10 in order to address Russia's choices.

11 Senator Reed: Thank you, Mr. Secretary.

12 Thank you, General Dunford.

13 Chairman McCain: Senator Wicker?

14 Senator Wicker: Thank you, gentlemen. Thank you for
15 your service.

16 Let me just say this about sequestration. When I think
17 about the failure of this Congress and this government to
18 deal with this, I look in the mirror and I take my share of
19 the responsibility. One thing that has not been said is
20 that the reason we got to sequestration to start with is
21 that there is two-thirds of American spending that is on
22 autopilot. It is very popular programs, the entitlement
23 programs, Medicare, Medicaid, Social Security, and, of
24 course, interest on the debt. And sequestration was meant
25 to focus us on that two-thirds of the budget that we do not

1 deal with every year.

2 We have been unwilling politically to do that on both
3 sides of the aisle. And until we do that, we are not going
4 to really be able to get back to the problem that got us to
5 sequestration to start with.

6 But let me talk about something, Secretary Mattis, that
7 might save us a good deal of money, and that is multiyear
8 procurement authority, which is assumed in your budget
9 proposals for destroyers, fast attack submarines, and V-22
10 aircraft.

11 It is my understanding that the Cost Assessment and
12 Program Evaluation office, or CAPE, that the Navy and OMB
13 all agree that savings would be significant if we go with
14 multiyear procurement authority, but we lack at this point a
15 preliminary determination to begin to implementation this.
16 A final determination can come later, but we need the
17 preliminary determination.

18 So are you aware of this situation, Secretary Mattis?
19 Do you agree that the assumption in your budget is correct,
20 that this will save money? And can you help us on this?

21 Secretary Mattis: Senator, I have no doubt it would
22 save money to have multiyear procurement, especially of
23 things that take a lot of steel, a lot of equipment to
24 build. The economies of scale allow for enormous savings.
25 We would have to have a repeal of the BCA act in order to

1 give the confidence to industry that they can buy that stuff
2 and it will not sit in the shipyard when funding dries up
3 the next year.

4 So again, we come right back around to the very thing
5 the chairman and the ranking member have been discussing
6 about what BCA does to us. It removes the chance for even
7 wise investment of the money you give us, sir.

8 Senator Wicker: Okay, but at this point, the immediate
9 situation is that I need you to commit to this committee
10 that you will intervene to ensure that we get the
11 preliminary determination necessary to move us forward at
12 that point. We do not need to repeal BCA to get that done.
13 Will you help us on that?

14 Secretary Mattis: We will help you. Yes, sir.

15 Senator Wicker: All right. Thank you very much.

16 Now let me ask you, in the remaining time, I appreciate
17 what has been said about winning in Afghanistan. Now I
18 noticed, over the last few days, a group of my colleagues
19 have advocated just, "It has been too long. We need to look
20 at the timetable. A decade and a half is too much. We just
21 need to pull out and let Afghanistan take care of itself."

22 And let me just say I think that would be a massive
23 mistake which would affect the security of Americans. I
24 hope you agree with that.

25 So if you could comment on that, but also define for us

1 what winning in Afghanistan means. And if we are successful
2 there and have a follow-on force that is not involved in
3 combat, much as we have had for 70 years in Europe and a
4 long, long time in South Korea, that would be certainly
5 something that I could live with.

6 But if you would comment on that in my time remaining?

7 Secretary Mattis: I believe you are correct that to
8 walk away from this, we have already seen what can come out
9 of these kinds of spaces, these ungoverned spaces. The
10 problems that originate there do not stay there. They come
11 out. They threaten all of us. They threaten the world
12 order. They threaten our economy. They threaten our very
13 country.

14 As far as what does winning look like, the Afghan
15 Government, with international help, will be able to handle
16 the violence, drive it down to a level that local security
17 forces can handle it. And with our allies, it would
18 probably require a residual force doing training and
19 maintaining the high-end capability so that the threats,
20 should they mature, we can take them down and keep this at a
21 level of threat that the local government and the local
22 security forces can handle.

23 It is going to be an era of frequent skirmishing, and
24 it is going to require a change in our approach from the
25 last several years, if we were to get it to that position.

1 Senator Wicker: Do the people of Afghanistan want us
2 there?

3 Secretary Mattis: There is no doubt the majority do,
4 sir. The reason the Taliban and Haqqani use bombs is
5 because they cannot win at the ballot box, and they know
6 that.

7 And the people do want us there, and that is based on
8 loya jirga outcome. That is the rather large assembly of
9 local and provincial and national level leaders. Plus, it
10 is based on polls not run by the United States but by other
11 organizations.

12 And I have no doubt the majority want us there. Not
13 all of them do, but the ones who do not are not the ones who
14 are looking forward to Afghanistan's future as we think it
15 ought to look, we and the Afghan people.

16 Senator Wicker: Thank you, sir.

17 Chairman McCain: Senator Gillibrand?

18 Senator Gillibrand: Thank you, Mr. Chairman.

19 I want to continue the line of questioning started by
20 the ranking member.

21 I am deeply concerned about the success of Russian
22 information warfare efforts in influencing the course of the
23 2016 elections here in the United States, as well as its
24 efforts to destabilize democracies across the globe.

25 How is the department working with other Federal

1 agencies to counter Russian information warfare in the
2 United States and the hacking of our electoral systems? And
3 how are you working with our partners and allies to fight
4 these efforts? Secretary Mattis?

5 Secretary Mattis: First of all, ma'am, there is
6 constant information flow defining the problem as critical,
7 because they try to do it in a deniable manner. So we work
8 inside our interagency effort, law enforcement, everything
9 from FBI and any other police organization that gets
10 information on this, but it mostly has been FBI. Our
11 intelligence agencies work together, too.

12 We have good sharing of information, and we also
13 work with our allies, sharing information back and forth.
14 You have seen some of that. Some of it can be released.
15 You will see it in the newspaper, about what is going on in
16 other nations' elections right now, for example, in Europe.

17 Senator Gillibrand: This morning, Bloomberg reported
18 that Russia managed to hack 39 States' electoral systems and
19 attempted to alter data, though it was not successful.

20 Last week, a leaked NSA document suggested that GRU,
21 Russia's military intelligence agency, attacked a company
22 that provides software to manage voter rolls in eight
23 States, including New York. The attackers then used that
24 information they stole to launch targeted attacks against
25 122 local election officials just 12 days before the

1 election.

2 This information highlights the urgent need to protect
3 our election infrastructure from cyberattack going forward
4 to protect our democratic process. During the last
5 election, several National Guard units assessed the States'
6 election systems from these types of intrusions.

7 Do you think there is a role for the National Guard,
8 with its unique authorities, in assisting and securing
9 election systems?

10 Secretary Mattis: There may be, ma'am. I think our
11 organization right now is still adapting to this new domain.
12 One of the reasons we do not want continuing resolutions is
13 because we have to do new things. I also assume in
14 something like this that what you just outlined is not the
15 whole problem. It is worse.

16 Senator Gillibrand: Do you think we should consider a
17 9/11-style commission to just do a deep dive on where are
18 our cyber vulnerabilities, what are the 10 things we need to
19 do to prevent cyberattack in the future, in the same way the
20 9/11 commission made recommendations that, frankly, have
21 subverted terror attacks, certainly in New York State, over
22 the last decade, because those recommendations really did
23 have an impact on how to protect against future terrorism?

24 Secretary Mattis: Senator, I would have to look at
25 what is the problem we are trying to solve. I think

1 reorganization of Cyber Command and NSA along the lines that
2 have been proposed by the Congress, I think that also is
3 part of defining the problem and defining the defensive
4 measures that we need to take.

5 But I would not be against something like that. I
6 would have to look at what the specific problem is it would
7 be assigned to do, but I am not against that.

8 Senator Gillibrand: It would just make recommendations
9 to prevent another cyber hack of our elections, just the
10 same way the 9/11 commission did it, basically impaneling
11 nonpartisan experts in cyber to just come up with the 10
12 things we need to do.

13 Secretary Mattis: Yes, I will just tell you we have
14 efforts underway to do these very things right now. But at
15 the same time, I am not against what you are proposing.

16 Senator Gillibrand: Okay. I want to talk a little bit
17 about sort of the world order, in my last 1.5 minutes.

18 President Trump's decision to withdraw from the Paris
19 climate agreement was just one of the several signals to the
20 world that the administration is repositioning the United
21 States not as a global leader but as a country focused
22 exclusively on its interests. Upon his return, National
23 Security Adviser H.R. McMaster and Gary Cohn wrote in the
24 Wall Street Journal, "The President embarked on his first
25 foreign trip with a clear-eyed outlook that the world is not

1 a 'global community' but an arena where nations,
2 nongovernmental actors, and businesses engage and compete
3 for advantage."

4 Our defense strategy has been predicated on working
5 with allies to maintain the stability of different regions
6 of the world, and yet this op-ed suggests that we would only
7 work with allies and partners when it suits us. Is the
8 department redrawing its defense strategy around this new
9 paradigm?

10 Secretary Mattis: We do work by, with, and through
11 allies. We have alliances. We have bilateral agreements.
12 I think that we will continue to be working alongside
13 others.

14 The Greatest Generation came home from World War II and
15 said, like it or not, we are part of the world. And that is
16 a philosophy that guides our foreign policy, as well as our
17 military policy.

18 Senator Gillibrand: Admiral Mike Mullen, former
19 Chairman of the Joint Chiefs, and former National Security
20 Adviser Jim Jones just wrote an opinion piece on the same
21 topic, and you said something similar several years ago,
22 that the less we invest in diplomacy, the more we invest in
23 bullets.

24 Do you still agree with that analysis?

25 Secretary Mattis: Yes, ma'am. It has to be a whole-

1 of-government approach to the world. Absolutely.

2 Senator Gillibrand: Thank you, Mr. Chairman.

3 Chairman McCain: Senator Fischer?

4 Senator Fischer: Thank you, Mr. Chairman.

5 Good morning, gentlemen. I would like to thank you
6 both for your service and for being here today.

7 First, I would like to note my appreciation for this
8 budget's strong support for nuclear modernization and the
9 comments that both of you made on this issue in your
10 prepared comments. I know, Mr. Secretary, you alluded to
11 that in your opening statement as well. I was pleased to
12 see the department's request reflect the necessary
13 prioritization for that nuclear modernization, so thank you
14 for that.

15 General, in your opening statement, you said that you
16 assess that, within 5 years, we will lose our ability to
17 project power. Can you put that in context? What does
18 being unable to project power do to our ability to protect
19 our homeland and deter conflict, meet our obligations to our
20 allies, Article 5 under NATO, for example?

21 General Dunford: I can, Senator. From my perspective,
22 really since the 1990s, China, Russia, other countries, have
23 studied U.S. capabilities from precision munitions to our
24 ability to project power. We identify that as -- we call it
25 our center of gravity, but our source of strength, the

1 ability to project power when and where necessary to advance
2 our interests, to meet our alliance commitments.

3 We think that plays an important role in deterrence.
4 It plays an important role in assuring our allies that we
5 can meet our alliance commitments.

6 In the specific areas where they have invested in --
7 anti-ship cruise missiles, anti-ship ballistic missiles,
8 electronic warfare capabilities, cyber capabilities -- all
9 focus to prevent us from projecting power when and where
10 necessary to accomplish our objectives. So they want to
11 keep us from getting into the area. And this is both the
12 case with Russia with regard to our NATO alliances and China
13 with regard to meeting our commitments in the Pacific. They
14 want to keep us from being able to deploy forces into the
15 area and to operate freely within the area.

16 So when I talk about competitive advantage, in my
17 judgment, the problem that we are trying to solve is to
18 continue to be able to do what we have historically been
19 able to do, and that is simply to project power when and
20 where necessary.

21 Again, I mentioned the role it plays in assuring our
22 allies and meeting our commitments. I also believe that
23 source of strength plays a very, very important role in
24 deterring potential adversaries from initiating provocation
25 or conflict.

1 Senator Fischer: You mentioned that 5-year period. Do
2 you believe that it is in doubt now?

3 General Dunford: It is eroding now. We have
4 historically had the ability to do that, not uncontested but
5 in a decisive way. I think our competitive advantage has
6 eroded right now.

7 We would be challenged in projecting power today. We
8 have done some very careful analysis at a classified level
9 looking function by function at our current capabilities,
10 our adversaries' current capabilities, the path of
11 capability development that we are on, the path of
12 capability development that our adversaries are on. And
13 what we have seen is an erosion over the past 10 years.

14 In our judgment, we will get to the point where we
15 would suffer significant casualties and significant time
16 delays in meeting our objectives and projecting power in 5
17 years.

18 Senator Fischer: In 5 years. Do you think now that,
19 regardless of our intent, we do not have the capability to
20 act unless we change the path we are on?

21 General Dunford: Senator, I do not think there is any
22 question that, unless we change the path we are on, we are
23 going to be at a competitive disadvantage, qualitatively and
24 quantitatively.

25 Senator Fischer: So that is pretty consequential,

1 isn't it?

2 General Dunford: Senator, to me, it affects our
3 ability to deter conflict. It affects the confidence that
4 our allies have in our ability to meet our commitments. And
5 at the end of the day, it makes it a more dangerous world,
6 because both nuclear deterrence and conventional deterrence
7 would be affected.

8 Senator Fischer: And if we are unable to meet the
9 needs of the force that we have now, that they are incapable
10 or that they are not ready, do you believe that any leader
11 will send that force into the battle?

12 General Dunford: I think it would be very difficult
13 for a leader to send a force in battle when his military
14 leadership would articulate the risk associated with doing
15 that.

16 I do want to make it clear, I believe we have a
17 competitive advantage over any potential adversary today.
18 What I am doing now is projecting into the future based on a
19 trend line that we have seen over the past decade where we
20 will be if we do not turn it around.

21 Senator Fischer: Thank you.

22 Secretary Mattis, in the last 4 weeks, the United
23 States has conducted three strikes against pro-regime forces
24 that threaten coalition soldiers in Syria. Do I have your
25 assurance that we are going take any and all measures

1 necessary to protect our forces in that area?

2 Secretary Mattis: Absolutely, Senator. Those are
3 self-defense strikes, and the commander on the ground has
4 the authority to take whatever action necessary, and I
5 support that.

6 Senator Fischer: Okay. And during your confirmation
7 hearing, you talked about how Russia had chosen to be a
8 strategic competitor. And with respect to engagement with
9 Russia, you stated, "I am all for engagement, but we also
10 have to recognize reality and what Russia is up to. And
11 there is a decreasing number of areas where we can engage
12 cooperatively and an increasing number of areas where we are
13 going to have to confront Russia."

14 Do you believe this is still an accurate
15 characterization of Russia's behavior?

16 Secretary Mattis: I think there are very modest
17 expectations for finding areas of cooperation right now with
18 Russia until they change their behavior.

19 Senator Fischer: Thank you, sir.

20 Thank you, Mr. Chairman.

21 Chairman McCain: Senator Heinrich?

22 Senator Heinrich: Thank you.

23 Mr. Chair, first, I want to associate myself with the
24 views of 16 former senior military leaders who submitted a
25 letter today in support of foreign assistance.

1 Specifically, they made the following point. "Proactive
2 conflict prevention strategies are far less expensive in
3 terms of resources and lives expended than reactive use of
4 our Armed Forces."

5 This is signed by a number of folks we will all
6 recognize, from General Breedlove to Admiral Mullen to
7 General Petraeus to General McChrystal. I think we should
8 keep that in mind when we review the President's budget,
9 which I believe is particularly shortsighted with regard to
10 foreign assistance.

11 I want to move now, Secretary Mattis, to something you
12 said at your confirmation hearing in January. I asked you
13 for your assessment of the key threats to our vital
14 interests and at what priority level. And you said that the
15 principal threats start with Russia.

16 Do you still view Russia as a significant threat to the
17 United States?

18 Secretary Mattis: Yes, Senator, I do.

19 Senator Heinrich: Can you walk us through a little bit
20 how this year's budget request invests in the resource
21 areas, the programs, and the initiatives that can help
22 counter those threats posed by Russia?

23 Secretary Mattis: Senator, I think the European
24 Reassurance Initiative alone of \$4.8 billion is designed
25 with one target in mind. That is to dissuade Russia from

1 thinking that this is a time when they want to test NATO or
2 the Americans.

3 I would also point out that, in terms of technology, we
4 are looking at specific technologies that address some of
5 the maturing threats that they have -- air, space,
6 underwater, that sort of thing.

7 And I think, too, that the investment in pre-positioned
8 equipment that allows us to move forces quickly into an area
9 would cause a change in their strategic calculus, as far as
10 the risk from their behavior, from their perspective, would
11 go up.

12 There is also a fair amount of ground munitions and
13 airfield enhancements that are going on specifically
14 targeted to your concerns, Senator.

15 Senator Heinrich: I want to thank you for that. I
16 think those are all very important investments.

17 One of my concerns is that the Russians employed a set
18 of hostile, highly asymmetrical tools during our election
19 last year, and that for the cost of a fraction of a single
20 ship, they were able to use very low-cost tools like
21 hackers, trolls, and social media bots to manipulate our
22 media and even penetrate our political and election
23 structures.

24 Do we have an overall strategy to meet that threat
25 either in CYBERCOM or as a whole-of-government approach?

1 Secretary Mattis: Sir, we have vulnerability
2 assessments and analyses going on that cause us to buttress
3 our defenses in different areas to shift our filtering of
4 information and to shift our focus or intelligence services
5 to define the problems to a level that we can figure out
6 what to do about them.

7 So is there an overall strategy? We are working on a
8 broader strategy that this would be part of. But right now,
9 we have enough definition that we do not have to delay
10 taking steps at this time intel-wise and defenses-wise
11 against the Russian threat.

12 Senator Heinrich: Should there be consequences when
13 Russia does this kind of thing?

14 Secretary Mattis: Absolutely. I mean, that is a
15 decision that has to be taken by the Commander in Chief and
16 certainly with the Congress' support, involvement. But I
17 think that this sort of misbehavior has got to face
18 consequences and not just by the United States but more
19 broadly.

20 Senator Heinrich: I could not agree more.

21 I want to shift gears a little bit in my last 40
22 seconds or so.

23 You know my interest in directed energy weapons
24 systems. They have enormous potential to be a game-changer,
25 the kind of thing that we have seen change asymmetry in the

1 past for our warfighters.

2 Section 219 of last year's defense bill instructs the
3 Secretary of Defense to designate a senior official at the
4 Pentagon to have principal responsibility for the
5 development and transition of directed energy weapons
6 systems. As of today, it is my understanding that this
7 position remains unfilled.

8 Secretary, can I have your commitment today to meet
9 this requirement and to assign someone this critical
10 responsibility at the Pentagon?

11 Secretary Mattis: Yes, sir. Thank you for bringing it
12 up. I did not know I had that responsibility. I am
13 learning more every day. If that is a responsibility you
14 have assigned, it will be done. I will tell you that, right
15 now, I have been briefed on directed energy R&D and
16 advances, so I know people are working it right now. But if
17 we have not filled that line number, that assignment, I will
18 get onto it.

19 Senator Heinrich: I appreciate that very much.

20 Thank you, Mr. Chair.

21 Chairman McCain: Senator Cotton?

22 Senator Cotton: Thank you, gentlemen.

23 I want to associate myself with the remarks about our
24 budget picture that Secretary Mattis had and Chairman McCain
25 had. I will say that I agree with Chairman McCain. I think

1 the President's budget is inadequate to the threats that we
2 face.

3 But the more fundamental problem is the Budget Control
4 Act, and the simple solution, colleagues, is to repeal the
5 Budget Control Act. From Senator Fischer all the way down
6 to my right, and Senator Donnelly all the way down to
7 Senator Peters, not a single one of us was here in the
8 summer 2011 and voted for that bill.

9 The Budget Control Act is not the Constitution, and the
10 112th Congress was not the Constitutional Convention. We
11 should simply repeal it.

12 Now some people say it is going to increase the
13 deficit, but it is not going to go into effect. We know
14 that. We know exactly what will happen. We will have a
15 continuing resolution in September. We will have some kind
16 of 2-year budget in October, November. We will have an
17 omnibus in December 2017, an omnibus in December 2018. And
18 then we will do it all again in 2019.

19 Let's simply repeal the Budget Control Act and take our
20 responsibilities seriously and own up for our annual
21 budgeting cycle. And I would urge all the Democrats and all
22 the Republicans on this committee to work together to do so
23 in the Senate itself.

24 Now, off my soapbox.

25 Mr. Secretary, the Open Skies Treaty allows for aerial

1 surveillance of military forces. U.S. and Russia are both
2 parties. However, according to the State Department, Russia
3 has not been playing ball lately. They are denying the
4 United States overflight of certain parts of their
5 territory.

6 I know that we have sought resolution with Russia on
7 these matters. My understanding is those efforts have come
8 up empty.

9 Does the U.S. believe that Russia is in violation of
10 the Open Skies Treaty?

11 Secretary Mattis: We are meeting on that issue. I
12 have been briefed on it, and we will be meeting with the
13 State Department and the national security staff here in the
14 very near future. There certainly appears to be violations
15 of it, but I have to go into the meeting and figure out that
16 I have all the information.

17 Senator Cotton: Would you care to elaborate in a
18 classified manner, in this setting, on the nature of those
19 violations?

20 Secretary Mattis: There are areas that we have been
21 prevented from overflying. I think some of the other
22 aspects of it, I would prefer to talk privately with you.
23 But that is one of the clear, to me, violations.

24 Senator Cotton: Could we get your commitment to submit
25 a response on the record, classified or unclassified, as

1 appropriate, once you have had those consultations?

2 Secretary Mattis: I would prefer to do it even before
3 I had the consultation. I can get it to you right away. I
4 can tell you what we know right now, what we believe right
5 now, and then we can update you later, sir.

6 Senator Cotton: That is fine, if we can get that on
7 the record in writing.

8 General Dunford, while we are on the topic of Russian
9 treaty violations, our EUCOM Commander, General Scaparrotti,
10 testified in March, saying, Russia has repeatedly violated
11 international agreements and treaties that underpin European
12 peace and stability, including the Treaty on Intermediate-
13 Range Nuclear Forces and the Treaty on Conventional Armed
14 Forces in Europe.

15 Do you agree that Russia is in violation of both those
16 treaties?

17 General Dunford: I do, Senator.

18 Senator Cotton: So let's put this plainly then. If
19 Vladimir Putin wanted, he could hold U.S. troops in Europe
20 at risk with nuclear-armed cruise missiles, and our only
21 choices would be, one, we send 30-year-old F-16s with 30-
22 year-old weapons against state-of-the-art Russian defenses,
23 or we have a choice to escalate a tactical crisis to a
24 strategic one by responding with long-range bombers or
25 intercontinental missiles or submarine-launched ballistic

1 missiles. Is that the situation we face in EUCOM right now?

2 General Dunford: Senator, that is a good reason why we
3 have argued to modernize our nuclear enterprise and make
4 sure we have an effective deterrent, an effective response.

5 Senator Cotton: One of the modernization priorities is
6 the air-launched cruise missile, which is going on 40 years
7 now. General Selva said, "A decade from now, ALCMs will not
8 be able to penetrate Russian air defenses, and, therefore,
9 there is an urgency to their replacement."

10 Given Russia's treaty violations and the imbalance
11 between American and Russian nuclear forces, and the age of
12 ALCM, do you agree that it is an urgent priority to replace
13 the ALCM with the long-range standoff cruise missile?

14 General Dunford: Senator, as you know, we are going
15 through a Nuclear Posture Review right now.

16 What I would say is this, the third leg of the triad,
17 the bomber, needs to be able to penetrate. It needs to be
18 able to achieve effects. That is the criteria that we
19 should have going into the Nuclear Posture Review.

20 Senator Cotton: Thank you.

21 To conclude, we had Admiral Harris from PACOM in a few
22 weeks ago as well. He pointed out that although China is
23 obviously not a party to the INF Treaty, if they were, over
24 90 percent of their missiles would be banned by it. So the
25 situation that we face is the INF Treaty gives China a

1 lethal advantage over American forces in the Pacific.
2 Russia is out-right ignoring the INF Treaty in Europe. We
3 have no matching response to either of those threats. And
4 even if we did, it would be illegal because we are literally
5 the only Nation in the world that restrains itself from
6 developing intermediate-range cruise missiles.

7 Is that right?

8 General Dunford: Senator, it is. And I think what is
9 important about the Chinese capability is that is in that
10 category of anti-access/area denial that we discussed
11 earlier, where the large number of missiles and rockets that
12 they have do present a challenge to us as we try to project
13 power.

14 Senator Cotton: It seems a critical strategic problem
15 that we face. I know that you gentlemen are working to
16 address it. I hope that we can do everything possible to
17 help you. Thank you.

18 General Dunford: Senator, there is a wide range in the
19 fiscal year 2018 budget. Frankly, we started in 2017, a
20 wide range of capability areas, where we requested resources
21 designed specifically for those challenges that you have
22 articulated.

23 Chairman McCain: Senator Warren?

24 Senator Warren: Thank you, Mr. Chairman.

25 And thank you to our witnesses for being here today.

1 I want to ask about what is happening between Qatar and
2 its neighbors. Last week, Saudi Arabia severed all
3 diplomatic and economic ties with Qatar. And almost
4 immediately, Bahrain, the UAE, Egypt, and Yemen did the
5 same.

6 This crisis began in part because it was reported that
7 the leader of Qatar gave a speech praising Iran and
8 criticizing other countries in the region. Now it appears
9 that that was fake news and that the leader of Qatar gave no
10 such speech. Now the media has reported that the FBI
11 believes that it was actually the Russians who planted the
12 story.

13 I do not want to ask a question that depends on
14 classified information, so let me ask this question instead.
15 If the news reports are accurate, what motive would the
16 Russians have had for doing something like that?

17 Mr. Secretary, might you be able to answer that?

18 Secretary Mattis: I think a disruption of the
19 international order is something that Russia, in a
20 shortsighted way, thinks works to their benefit. I think it
21 does not, but I cannot speak for them.

22 I think what you are seeing here, though, is the
23 continued prevalence of threats not just to our own country,
24 not just to Western Europe democracies, but they are trying
25 to break any kind of multilateral alliance, I think, that is

1 a stabilizing influence in the world.

2 Senator Warren: Good. Good, in terms of your
3 description. This is very helpful, and I hope we are going
4 to be able to get to the bottom of this.

5 Our intelligence agencies have told us that the
6 Russians conducted a successful cyberattack against our 2016
7 elections. A few months later, the Russians tried to do the
8 same thing in France. Now it appears they are trying to
9 take this to a whole new level.

10 So I also, though, would like to ask for your help to
11 clarify the U.S. policy on this current dispute. After the
12 Saudis cut off diplomatic and economic ties, the President
13 immediately tweeted his support for the move, saying, and I
14 am going to quote here, "So good to see the Saudi Arabia
15 visit with the King and 50 countries already paying off."

16 But soon afterward, Secretary of State Tillerson called
17 on those countries to ease the Qatar blockade, saying it
18 was, "hindering U.S. military operations in the region and
19 the campaign against ISIS."

20 Then, in testimony to this committee, the Air Force
21 Secretary contradicted Secretary Tillerson and said that the
22 dispute was, in fact, not impacting air operations at Al
23 Udeid, our base in Qatar.

24 Secretary Mattis, can you please clarify? What is the
25 policy of the United States Government toward the current

1 dispute among gulf countries in the Middle East?

2 Secretary Mattis: Yes, ma'am.

3 Senator, the Secretary of the Air Force was referring
4 to the operations at that one airbase. There is more than
5 that going on in the region. So she was quite correct in
6 what she was saying about that.

7 Secretary Tillerson was nonetheless correct as he
8 looked more broadly at the situation where we have to work
9 with many of what we call Gulf Cooperation Council states
10 together.

11 We have friends in the region, Senator, who have
12 problems. They admit it. One of the issues that came up
13 when President Trump visited Saudi Arabia was their effort
14 to turn off the spread of rabid ideologies that undercut
15 stability and create the kind of the ocean in which the
16 terrorists swim, that sort of thing.

17 So we have friends out there. We have to work with
18 them. Our policy is to try to reduce this problem. But at
19 the same time, we have to make certain that we are all
20 working together and there is no funding, whether it be from
21 a state or from individuals in the state, who can get away
22 with it because there is a lack of oversight or law or that
23 sort of thing.

24 So there are a lot of passions at play here. It is not
25 tidy as we deal with it.

1 Senator Warren: And I understand that Qatar needs to
2 do more to fight terrorism in the field. I just want to
3 make sure I clarified the point and understood it correctly.

4 General Dunford, is the Qatar blockade affecting U.S.
5 military operations?

6 General Dunford: Senator, it is not.

7 Senator Warren: Okay.

8 General Dunford: We are watching that very, very
9 closely, but we have had good cooperation from all the
10 parties to make sure that we can continue to move freely in
11 and out of Qatar where we have both an important airbase as
12 well as the headquarters forward of the United States
13 Central Command.

14 Senator Warren: Good. Thank you very much.

15 I just want to say this cyberthreat appears to be
16 getting bigger and bigger, more and more dangerous, taking
17 on multiple permutations. I think that means it is really
18 important, and I am going to ask you later for an update on
19 the status of trying to implement our Cyber Command
20 elevation. But this is something we have to fight back
21 against.

22 Secretary Mattis: We are on track with elevation.

23 Senator Warren: Good.

24 Secretary Mattis: It is going fine. I do not see any
25 issues there. There are some other things about splitting

1 them that we are working through, but we will work through
2 it.

3 Senator Warren: Good. Powerfully important.

4 Thank you, Mr. Chairman.

5 Chairman McCain: Senator Rounds?

6 Senator Rounds: Thank you, Mr. Chairman.

7 Gentlemen, thank you for your service to our country.

8 General Mattis, Secretary Mattis, do you see any way
9 that the current budget could be operational with the Budget
10 Control Act still in existence?

11 Secretary Mattis: I believe Congress is going to have
12 to remove the Budget Control Act in order for that to
13 happen, so for this budget to go through.

14 Senator Rounds: Would it be fair to say that a
15 continuing resolution has never saved money with regard to
16 any of the defense programs?

17 Secretary Mattis: Sir, I guarantee you continuing
18 resolutions cost us more money for less capability.

19 Senator Rounds: Last week, Dr. Wilson and General
20 Goldfein talked about the B-21 program and reiterated the
21 importance that it stay on time and on budget.

22 The program ramps up next year from \$1.3 billion to \$2
23 billion requested for 2018. I also understand that a CR or
24 a return to BCA funding levels could jeopardize funding for
25 this and ultimately affect the timely fielding of this

1 critical component of our future national security.

2 General Dunford, you just mentioned the fact that we
3 absolutely have to have the long-range strike bomber with
4 regards to our plans for delivering any type of weapons
5 against the upgraded threats of our peer competitors. Would
6 you care to comment on the need for the continuation on a
7 timely basis of the development of the B-21?

8 General Dunford: Senator, I cannot comment on the
9 timing. What I can tell you is we have done three Nuclear
10 Posture Reviews since 2010 that I am aware of. All of them
11 have validated the need for triad and emphasized the need
12 for a bomber that had assured access.

13 So completely supportive of that, and I know that
14 General Goldfein and the Secretary of the Air Force have
15 testified as to the challenges with the timing of the B-21.
16 I think that they have assured the committee that their
17 leadership will be decisive in that program.

18 Senator Rounds: Thank you.

19 Secretary Mattis, for more than a year now, we have
20 talked about cyber and about the need to define policy with
21 regards to cyberattacks within the United States. We have
22 put within the NDAA, the 2017 NDAA, a directive that the
23 administration deliver a policy or a proposed policy back to
24 Congress by December of this year. And I believe that since
25 this is coming through the NDAA, it is going to fall under

1 your purview to see that it gets done. This would not
2 necessarily identify an act of war, but rather those acts of
3 aggression which are of sufficient duration, similar to what
4 a kinetic attack would be, that it would impact our country.

5 Do you know if that study or that planning is ongoing
6 at this time or if there is specific direction for
7 individuals within the administration to comply with that
8 NDAA directive?

9 Secretary Mattis: Sir, I want to get back to you with
10 a detailed answer on that one. I understand the question.
11 I am not prepared to answer it right now.

12 I know that we have an awful lot of work going on. We
13 are engaged in the operations. But the specific answer to
14 your question I do not have right now. But I will get back
15 to you.

16 Senator Rounds: Thank you, sir.

17 General Dunford, the need for cyber superiority, I
18 think sometimes when we talk about air, land, and sea, and
19 space, sometimes we forget to add in the fact that cyber is
20 connected in all sequences. They are all connected.

21 Could you just share a little bit with the committee
22 about the need to upgrade the cyber capabilities and our
23 ability not only for defense but to be able to attribute the
24 attacks, to defend against them but then to go back and
25 respond? And one step farther on that is to be able to

1 survive the attack in such a fashion that we actually can
2 respond afterwards.

3 General Dunford: Senator, thanks.

4 First, I would tell you that as we have analyzed
5 today's conflicts and future conflicts, I would agree with
6 you completely. We used to talk about multidomain. Now we
7 talk about all domain. You refer to all of them: sea, land,
8 air, space, and cyberspace. So we do expect cyberspace to
9 be integral to any campaign that we would conduct in the
10 future.

11 The requirements start with making sure that our own
12 network is protected. We provide support to the rest of
13 government but our own network is defended, to include our
14 command and control systems. We talked earlier about
15 nuclear, our nuclear command-and-control systems.

16 But our mission of defense in the department also
17 requires us to be able to take the fight to the enemy, which
18 is an integral part of any campaign that we would wage.
19 That requires us, as you suggested, one, to be able to
20 attribute attacks and then provide the President with viable
21 options in response.

22 Although I would tell you the one thing that we
23 emphasize is that just because the enemy chooses to fight in
24 cyberspace does not mean our response has to be limited to
25 cyberspace. In other words, we may experience a

1 cyberattack, but we will take advantage of the full range of
2 capabilities that we have in the department to respond.

3 Senator Rounds: Thank you.

4 Thank you, Mr. Chairman.

5 Chairman McCain: Senator Kaine?

6 Senator Kaine: Thank you, Mr. Chairman.

7 And thank you to the witnesses for your testimony and
8 for your service.

9 In March, you each testified before the Defense
10 Subcommittee of Senate Appropriations on a topic that I care
11 deeply about, which is Authorization for Use of Military
12 Force in the ongoing military effort against ISIS. The
13 record would reflect, Secretary Mattis, you stated, "I would
14 take no issue with the Congress stepping forward with an
15 AUMF. I think it would be a statement of the American
16 people's resolve, if you did so. I thought the same thing
17 for the next several years, I might add, and have not
18 understood why the Congress has not come forward with this,
19 at least to debate, because I believe ISIS is a clear and
20 present danger we face."

21 The testimony of General Dunford on March 22nd, the
22 same hearing, "I agree with the Secretary. I think not only
23 would it be a sign of the American people's resolve but,
24 truly, I think our men and women would benefit from an
25 Authorization for Use of Military Force that would let them

1 know that the American people, in the form of their
2 Congress, were fully supportive of what they are doing out
3 there every day as they put their lives in harm's way."

4 Is that still and accurate reflection of both your
5 views sitting here today in June?

6 Secretary Mattis: Yes, it is, Senator, for me.

7 General Dunford: Absolutely, Senator.

8 Senator Flake and I are members of the Senate Foreign
9 Relations Committee and have introduced an authorization
10 trying to square some difficult circles dealing with these
11 nonstate actors -- ISIS, the Taliban, Al Qaeda -- trying to
12 appropriately exercise congressional oversight without
13 micromanaging functions that are functions for the Commander
14 in Chief and his staff, and I would appreciate very much
15 both of you individually but also the administration
16 generally trying to work with us.

17 The head of Senate Foreign Relations, Chairman Corker,
18 has indicated a desire to move on this, and we would very
19 much like to work in tandem with you to hopefully get this
20 to a place that will express the congressional resolve that
21 you discussed in this testimony.

22 Secretary Mattis: Happy to work in concert with you,
23 sir.

24 Senator Kaine: Great.

25 General Dunford: Absolutely, Senator. Thank you.

1 Senator Kaine: Great. Thank you. I do not have any
2 other questions.

3 Thank you, Mr. Chair.

4 Chairman McCain: Senator Perdue?

5 Senator Perdue: Thank you, Chair.

6 I want to clear one thing up. First of all, I have the
7 utmost respect for you guys, and, God help us, we have to
8 have you be successful. But there is zero chance, zero -- I
9 am on the Budget Committee. There is zero chance that the
10 budget process is going to work. The best this year, the
11 best we can hope for, is that we will -- there are 43
12 working days left before the end of this fiscal year. We
13 are headed for another CR, unless we have an omnibus. So
14 the best we can hope for today is an omnibus.

15 The budget process is broken. It is why we are sitting
16 here today. It is why we are at a historic low in terms of
17 spending on our military.

18 And we will not fix this long term. We can argue about
19 \$20 billion, \$30 billion, \$50 million. I am going to tell
20 you in a second I think the number is much bigger than that.

21 I need help on two things.

22 One, help us with an audit. You have my full support.
23 We are going to try to get the money for you, but we have to
24 have an audit.

25 Second, we need a bottom-up analysis of mission-based

1 need. We are going to hypothesize about how much you need.
2 You have answered questions about it. But I want to give a
3 little history today.

4 In my lifetime, we have disinvested in the military
5 three times -- this is significant -- once in the 1970s,
6 once in the 1990s, and once just recently in the last 8
7 years, such that, today, we are spending 3.1 percent of our
8 GDP on our military. The low point was 2.6 percent in 2000.
9 A lot of people refer back to 2000. That was prior to 9/11,
10 prior to ISIS, prior to all the things that have changed our
11 world in the last 15 years.

12 But we recapped only one time in my lifetime, and that
13 is in the 1980s. We called ourselves recapping in the
14 2000s, but we chewed that up in 16 years of war, as you just
15 said, Secretary. We have not built new aircraft carriers or
16 submarines or airplanes.

17 And here we are, where most of our major platforms are
18 maturing at exactly the same time that we have to rebuild
19 and recap. It is estimated that, by 2000, Russia will have-
20 - 70 percent of their nuclear triad will be absolutely new
21 technology. It is estimated it will take us 30 years to get
22 to just 70 percent there.

23 So we have an estimate here that says that, based on
24 the historical average of 4.1 percent, that is the redline
25 there, the difference between where we were last year at 3.1

1 percent and 4.1 percent, that 100 basis points on our
2 economy is \$200 billion.

3 The other way to triangulate about need is Bob Gates in
4 2011 put a 5-year mission-based need requirement out. And,
5 in 2016, estimated, his estimate for 2016 is \$130 billion
6 more than what we have.

7 Then the last one I want to give you is this, and that
8 is, General, you said our mission is to make sure our sons
9 and daughters never have to fight in a fair fight. I agree
10 100 percent with that. Historically, though, the country
11 with the biggest economy is always the 800-pound gorilla.
12 Today, China has reached us in purchasing power parity.
13 Their economy is the same size as ours.

14 There is every reason to believe that they are going to
15 continue to outpace us with a population that is four times
16 our size. There is no reason to believe that will not
17 continue to happen.

18 My problem is this, is that China this year will spend
19 \$826 billion in equivalent money compared to our \$677
20 billion. That is if we get everything you want. So
21 already, they are spending more in equivalent terms than we
22 are, significantly more.

23 So when I triangulate this, we are somewhere between --
24 this is this year -- \$130 billion to \$200 billion. That
25 does not count the real full recap that we are talking

1 about. And by the way, Gates did that before ISIS, Crimea,
2 Ukraine, before a lot of the things that we know today.

3 So what we are really looking at here is a situation
4 where, over the next 30 years, just the Navy alone, just to
5 rebuild -- this is not operations -- CBO estimates it is \$26
6 billion.

7 So, Secretary, my question to you is, I know you are a
8 historian, how do we, not just this year, how do we develop
9 a long-term plan to make sure, in an environment where every
10 dollar, where every dime we are already spending on the
11 military, the VA, and all domestic programs is borrowed --
12 that is our discretionary spending. That is 25 percent of
13 what we spend. Every dime of that is borrowed, because in
14 the last 8 years, we borrowed 35 percent of what we spent.
15 In the next 10 years, projected, we will borrow another 30
16 percent of what we are going to spend.

17 In that environment, how do we develop a long-term
18 strategic plan that helps us achieve what the general has
19 said that our mission is? And I agree with that mission, by
20 the way.

21 Secretary Mattis: Sir, we need to have a strategic
22 dialogue with the Congress and determine what you can do.
23 And at that point, we will have to adapt the strategy to
24 whatever level of resources you can give us to avoid a
25 strategic mismatch and protect the country.

1 Senator Perdue: Sir, with due respect, you mentioned
2 one time before that you are working on a mission-based
3 estimate now. It is going to take some time to come
4 together, for that to come together. Is that correct?

5 Secretary Mattis: There is a strategy review underway,
6 sir, yes.

7 Senator Perdue: General Dunford?

8 General Dunford: Senator, there are really two pieces
9 to this. We have been involved over the last 18 months in
10 doing a comprehensive analysis of what we are using as
11 benchmarks for the joint force. So we have looked carefully
12 at China, Russia, North Korea, Iran, and then violent
13 extremism, as not predictive as that being the only threats
14 we will face but with the key assumption being that, if we
15 benchmark our capabilities and capacities against one or
16 combinations there of those challenges, we will have the
17 right force.

18 We have carefully gone through and done a functional
19 analysis that we are going to share with the committee at
20 the top secret level that basically takes a look at our
21 relative competitive advantage or disadvantage by functional
22 area against each one of those challenges and the aggregate
23 effect of those competitive areas and our ability to meet
24 our objectives in a conflict.

25 Regardless of where the Secretary goes with the defense

1 strategy, what we intend to do is provide the Secretary with
2 very clear -- you asked for a bottoms-up, needs-based
3 prioritization. I believe we are in a position right now to
4 provide the Secretary recommendations for bottom-up, needs-
5 based requirements.

6 Again, what we have done is we have taken all the
7 analytic work that has been done against each one of those
8 problems sets and dissected it so we can make clear
9 recommendations maintaining our competitive advantage. We
10 have identified where we need to be 5 years from now and
11 what specific programs will help us get there. Obviously,
12 the latter part of that is a work in progress. We will
13 continue to review that constantly.

14 But I feel like for the first time in many years, as a
15 result of an emphasis on that assessment, so over the last
16 18 months, we are going to be in a position to have a very
17 good, constructive dialogue with the Secretary, and the
18 Secretary will be better empowered to have a good,
19 constructive dialogue with the Congress and be able to
20 outline our requirements, and, more importantly, the
21 specific impact of either meeting or not meeting those
22 requirements and our ability to achieve our objectives
23 against those states that we are using as a benchmark.

24 Senator Perdue: When can we expect that?

25 General Dunford: It is available right now. We have

1 started to talk to the committee about that, Senator. We
2 are informed now by some detail work that has already been
3 done on a couple of those problems sets. And the work is
4 actually reflected in this year's budget recommendations.

5 Secretary Mattis: The briefs, Senator, allowed me to
6 come forward with the degree of confidence I have about what
7 it is we are asking for and to support the unfunded
8 priorities lists that were submitted. This is where I got
9 the background, the rigor, to understand the need for it,
10 sir.

11 Senator Perdue: I thank the chair.

12 Chairman McCain: Let me point out again, Mr.
13 Secretary, and I am not without sympathy, but unless we have
14 a strategy, it is hard for us to implement a policy. And it
15 is now 6 months. And members of this committee,
16 particularly Senator Reed and I, but everybody, we want a
17 strategy. And I do not think that is a hell of a lot to
18 ask.

19 I know that there are problems within the
20 administration. But, honestly, what you just said is fine.
21 But what is the strategy? And I do not think that the last
22 8 years are exactly what we have in mind. So right now, we
23 have a "don't lose" strategy, which is not winning.

24 And, General Dunford, I appreciate very much what you
25 are doing. I remember 2 years ago going over to the

1 Pentagon and you telling me about all these studies that are
2 going on. That is fine. Where is it?

3 And I understand that one of the problems is within the
4 administration itself. But please do not tell us that we
5 have a strategy when we do not.

6 Secretary Mattis: Chairman, we have entered a
7 strategy-free time, and we are scrambling to put it
8 together. But anyone who thinks a strategy, an integrated,
9 interagency, whole-of-government strategy can be done
10 rapidly is probably someone who has not dealt with it. It
11 is, according to Dr. Kissinger, the most complex series of
12 threats that he has ever seen in his lifetime, and he is a
13 master of dealing with these kinds of issues.

14 We are working it. As far as the strategy for
15 Afghanistan, it is coming very shortly. We have broader
16 strategies that we are building on, having to do with NATO
17 and allies in the Pacific. You have seen us engage with
18 those people as we make certain that we are drawing strength
19 from allies, too. We are not putting this all on the backs
20 of the American taxpayer, the American military.

21 But it does take a lot of effort to walk into the level
22 of strategic thinking that we found and try to create
23 something that is sustainable.

24 Chairman McCain: Senator Shaheen?

25 Senator Shaheen: Thank you, Mr. Chairman.

1 Thank you Secretary Mattis, General Dunford, Under
2 Secretary Norquest, for being here this morning.

3 I would like to continue to pursue the question of
4 strategy. My question is about strategy in Syria. The map
5 that everyone has at their place and that we just put up on
6 the board is a map that was produced by the Washington
7 Institute for Near East Policy. And this weekend, the
8 Russian Ministry of Defense announced that pro-regime forces
9 have reached the Iraqi border.

10 This comes as Russia-backed forces encircle U.S. troops
11 and their partners in al-Tanf and seemed to raise questions
12 about our strategy to clear ISIS along the Euphrates River
13 Valley.

14 So my question is, were we expecting the Russians to
15 come down and make the move that they did around al-Tanf and
16 to encircle our troops? And what is our next move because
17 of that?

18 Secretary Mattis: Senator, as you know, we are in
19 Syria in a defeat-ISIS campaign based on the President's
20 decision of about a month ago now when he met with President
21 Erdogan. We have chosen to arm the Syrian Democratic
22 Forces. We had taken out already the Manbij area, which is
23 where the attacks on Brussels and Istanbul and Paris
24 originated. That was taken down. The next move is against
25 Raqqa.

1 We have shifted the operational arc to first invest or
2 surround the locations where the enemy is located, so that
3 their foreign fighters cannot escape and get home to Europe,
4 to America, to Southeast Asia. That fight, they crossed the
5 line of departure about a week ago, a little bit less than a
6 week ago, going into Raqqa, and the fighting is now deep
7 inside the city.

8 As far as the al-Tanf situation, that was another
9 operating area that we had. I did not anticipate that the
10 Russians would move there. We knew it was a possibility. I
11 did not anticipate it at that time, but it was not a
12 surprise to our intelligence people who saw the potential
13 for them to move out in that direction.

14 The Middle Euphrates River Valley, clearly Assad,
15 thanks to the Russians and Iranian support, is flexing his
16 muscle. He is starting to feel a little more optimistic
17 about his strategic situation. And certainly, they are
18 moving to break through to their garrison that is surrounded
19 at Deir Al-Zour.

20 Senator Warren: I appreciate that. I guess the second
21 question I had was, does that compromise our strategy for
22 clearing ISIS in the Euphrates River Valley?

23 Secretary Mattis: It certainly is complicated. Let me
24 have the chairman talk about the military situation on the
25 ground there.

1 Senator Warren: And can I also ask you, General
2 Dunford, if you would talk about, deconfliction aside, how
3 we are or are not working with the Russians in Syria?

4 General Dunford: I can, Senator.

5 First, without splitting hairs, the media reports of us
6 being encircled are not accurate. We still had freedom of
7 movement outside of al-Tanf area, and we are not limited
8 from moving up toward the Euphrates River Valley at this
9 time.

10 And I talk to, as the Secretary does, our Commander at
11 the United States Central Command, if not daily, multiple
12 times each day. So there are not large numbers of forces,
13 pro-regime forces, out there. They have, in fact, moved to
14 the border. But they have not restricted our movement.

15 To that point, our deconfliction mechanism with the
16 regime via the Russians is still effective in allowing us to
17 prosecute the campaign.

18 Senator Warren: I guess I was asking not about the
19 deconfliction but about the other ways in which we are or
20 are not working with the Russians. So I understand that
21 deconfliction efforts are going on.

22 General Dunford: Sure. The only thing that we are
23 doing, Senator, with the Russians is communicating with them
24 to deconflict to ensure the safety of our aircrews and our
25 personnel on the ground at the military-to-military level.

1 Meanwhile, Secretary Tillerson is leading an effort
2 dealing with the Foreign Minister of Russia to take a look
3 at what might be done to address Syria as a whole to include
4 the political solution.

5 But today, on a day-to-day basis, we have three main
6 mechanisms to communicate with the Russians. We have a
7 direct communication between our Air Operations Center and
8 the Russians on the ground in Syria. We have a three-star
9 channel that is on the joint staff. It is my J5 that
10 communicates with his counterpart on the Russian general
11 staff. And then I speak routinely to the chief of defense,
12 General Gerasimov. In fact, I have spoken to him twice in
13 the past week to ensure that we address the safety of our
14 personnel and our ability to continue to prosecute the
15 campaign against ISIS.

16 So to the extent that we are doing more than
17 deconfliction, that is a political dialogue taking place led
18 by Secretary Tillerson. But right now, we are completely
19 informed by the NDAA language that restricts any kind of
20 mil-to-mil cooperation with the Russians limited to
21 deconfliction in Syria. So we are compliant with the law at
22 this time.

23 And if there is a need to do something more than that,
24 my understanding is that the Secretary of Defense, for
25 national security interests, purposes, can waive the

1 requirement and allow us to do more with the Russians, if
2 that meets our interests inside of Syria.

3 Senator Warren: Thank you.

4 Can I ask a follow-up question, Mr. Chairman?

5 Chairman McCain: Yes.

6 Senator Shaheen: Thank you.

7 There have been reports about the political efforts
8 that Secretary Tillerson is undertaking through Tom Shannon
9 to go to St. Petersburg, and the news reports have suggested
10 that that could involve our exchanging sanctions, the
11 removal of the Russian dachas, the facilities that we seized
12 back in December, in the U.S.

13 Secretary Mattis, have you been consulted about what is
14 being proposed there? Are you troubled by the idea that we
15 are going to do these exchanges without having any proof
16 that Russia is changing their behavior?

17 Secretary Mattis: I have not talked to Secretary
18 Tillerson about that, ma'am. We have extensive talks every
19 week, mostly every day. That has not been one of the issues
20 that I have brought up with him or he has brought up with
21 me. I stay more on the military factors, like what your map
22 lays out here, that sort of thing.

23 Senator Warren: Thank you.

24 Thank you, Mr. Chairman.

25 Chairman McCain: Senator Inhofe?

1 Senator Inhofe: Thank you, Mr. Chairman.

2 I am sure it did not go unnoticed the people coming and
3 leaving. We have three hearings going on at the same time,
4 so I will be very brief.

5 I was here for your opening statement, Secretary
6 Mattis. You said that you came back out of retirement and
7 you were shocked at what you saw. And you have been very
8 upfront. You made the statement that, for decades, America
9 has been uncontested, and that is no longer the case now.

10 So times are different now. I do think it is great,
11 very effective for the uniforms to be talking about this.
12 You know, I cannot do that. Those of us up here do not have
13 the credibility that you have when you are speaking from
14 your vast experience.

15 We are facing, in my opinion, the greatest threat this
16 country has ever faced. So when we talk about that, and we
17 look at the attention that our military has been getting, I
18 go back to 1965 when 52 percent of the total Federal
19 spending was on defense, and then that slowly degraded down
20 to today when it is 15 percent.

21 So when it gets right down to it, is a lot of this the
22 fact that we have just not prioritized the military budget?
23 I mean, we are faced with something, the threat is great.
24 When you have people like General Milley coming out and
25 saying, as he did at the Army posture hearing last month, he

1 said we are outranged and outgunned. We are being very
2 honest with the American people.

3 But do you think we have just gotten to the point over
4 a period of time where we are not giving the proper
5 priorities to defending America?

6 Secretary Mattis: Senator, I know there were a lot of
7 contributing factors, but I do not know how we can restore
8 the strength that we all know that we need if we do not
9 start with repeal of the BCA and at least open the door to
10 effective action by the Congress oversight and funding.
11 Right now, it is like we have tied ourselves up in a knot.

12 Senator Inhofe: Do you agree with that, General?

13 General Dunford: Senator, I do. I mean, we have to
14 benchmark our military capabilities against our national
15 interests and the threats that we face. I think what we
16 tried to do is paint a picture where we have a disconnect.
17 We are on a trend where the military capabilities and
18 capacities we have are insufficient to meet our national
19 interests in the context of the threat has that has grown.

20 As Secretary Mattis said, Secretary Kissinger, and I
21 have used this expression many times, describes this as the
22 most volatile and complex period since World War II.

23 Certainly, sitting where I sit, I could not agree more
24 with that assessment.

25 Senator Inhofe: If you just single out end-strength,

1 and I was looking at a chart that you may have in front of
2 you, I do not know, but you take out the Reserve and the
3 National Guard, just take the Army Active, the Air Force
4 Active, the Navy Active, and the Marine Active, you have
5 made statements, or the administration has made statements,
6 for example, that the Army Active needs to be at about
7 540,000, and yet this budget is coming up with 476,000, a
8 steady figure from fiscal year 2017. Then the same thing is
9 true with the Air Force. We talked about the necessity for
10 having 361, and at it is at 325, and the same with Navy, and
11 the same with Marines.

12 So I would just ask, we have talked about how adequate
13 the budget is. Do you really think it is adequate, in terms
14 of end-strength? We are not meeting the goals that --
15 apparently, you were in on the decisions. Both of you were
16 somewhat in on the decisions as to where we should be in the
17 four services on just end-strength alone.

18 What am I overlooking here?

19 Secretary Mattis: Senator, I believe what we face
20 right now is the reality that we are already asking you to
21 bust the BCA cap by \$52 billion. We are trying to be
22 informed by the reality of what the law says. But, at the
23 same time, we are not being shy telling you where we are
24 really at, in terms of what we need.

25 But I think we need to work together and come up with a

1 solution here, because I do not know how I would bring
2 something to you that laid out a budget for what you pointed
3 out here, when the BCA -- I would have to completely ignore
4 this, and I am ignoring it already to the tune of \$52
5 billion. Well, the President is, with the budget that he
6 submitted.

7 It just seems to me that we have to have the kind of
8 discussion that Senator Perdue, Chairman McCain, Senator
9 Reed have brought up, and get a grip on reality here,
10 because it is like we are all walking around like we are
11 victims.

12 Senator Inhofe: Yes, you are right. I appreciate the
13 answer. We have to do all we can. I still think it is back
14 to priorities, and a lot of people out there in the real
15 world agree with me.

16 Thank you, Mr. Chairman.

17 Chairman McCain: Let me just point out again, Mr.
18 Secretary, a 3 percent increase over the Obama proposed
19 budget is not enough. So whether we do away with BCA or
20 not, and that is our problem, our problem with you is that
21 it is a 3 percent increase over the Obama administration.
22 Everybody agrees that that is not enough.

23 So if we are going to bust the BCA, then why don't we
24 bust it to what we really need rather than come forward here
25 and complain all about the BCA when what you are asking for

1 is not sufficient? At least, that is the view of the
2 military commanders that I have talked to.

3 Senator Donnelly?

4 Senator Donnelly: Thank you, Mr. Chairman.

5 And I want to thank our witnesses for being here with
6 us.

7 As leaders, you both made a strong commitment to
8 improve the mental health and resiliency of our
9 servicemembers and their families. I appreciate your
10 leadership on this issue.

11 As we discussed before, in Section 701 of the fiscal
12 year 2015 NDAA, Congress passed what we call the Sexton Act
13 requirement, which requires every servicemember, active,
14 guard, or reserve, receive a robust mental health assessment
15 every year.

16 The department has said in the past that the Sexton Act
17 requirement would be fully implemented across all services
18 by October 2017.

19 Secretary Mattis, will this be fully implemented by
20 October 2017?

21 Secretary Mattis: I do not know right now, Senator. I
22 will get back to you with the best estimate I can give you.
23 As you are no doubt aware, that is a significant
24 requirement. It is a very labor-intensive requirement for
25 the number of mental health professionals that would be

1 needed to do that. But let me get back to you and tell you
2 where we are at on meeting that deadline date.

3 Senator Donnelly: That would be great. It is
4 critically important.

5 Also, Secretary Mattis, we discussed one time the
6 challenges with a proper transition. General Chiarelli has
7 worked on this extensively, on the handoff from Active Duty
8 to the VA in regard to the formulary and in regard to making
9 sure that it is a smooth transition.

10 Are the department and the VA working closely on this?
11 And do you think progress is being made at this time? What
12 has happened sometimes, not to get too off-script or
13 whatever, is a lot of Active Duty, when they become vets,
14 medicines that they are dependent on, that are critically
15 important, are not available when it flips over to the VA
16 side, or a different one is handed off, which causes
17 significant problems. And I want to make sure that, in the
18 transition, that the DOD and the VA are working tightly
19 together to get this done properly.

20 Secretary Mattis: Sir, I believe that both the
21 committees will be briefed very soon, both VA and this one
22 will be briefed very soon. We have made significant
23 progress on electronic health records. That is actually one
24 of the contributing factors to how we will do this right.

25 And we have, I believe, right now, according to people

1 who have been involved in this for many years, in one case
2 over 2 decades, we have never had a closer relationship
3 between DOD and VA, targeted right at this transition, the
4 records and the formularies.

5 Senator Donnelly: And I want to ask a little bit about
6 Afghanistan, to follow up on what the chairman was asking.
7 You both have done extraordinary work there over the years.

8 Some years ago, I was with the Marine MEU out in
9 Helmand Province and tried to figure out the strategy. They
10 were doing an extraordinary job, but it almost seemed like a
11 place put down in the middle of Taliban Highway in every
12 other direction.

13 And so as we look at this, I know we are waiting for
14 the plan, but what does success look like a year from now,
15 in your view? What, in your mind, makes the situation
16 better?

17 Secretary Mattis: Sir, I believe that the violence
18 will be reduced significantly, especially in the population
19 centers where most of the people live, that the Afghan
20 Government has a degree of integrity in what it is
21 contributing to its people, the government services, the
22 corruption has been driven down. But most of all, that the
23 Taliban no longer has the freedom of movement that we are
24 seeing right now, that it has been rolled back.

25 Senator Donnelly: General?

1 General Dunford: Senator, I probably would add to that
2 to the mitigation of Afghan casualties. That has been a
3 great concern in 2015 and 2016, the number of casualties the
4 Afghan forces have experienced. I think one of the ways
5 that we get after that is by more effectively assisting them
6 both in planning operations and delivering combined arms,
7 more specifically the aviation capability. So continuing to
8 grow their aviation capability and providing them support
9 while they grow their aviation capability will be a key
10 piece of mitigating casualties.

11 Senator Donnelly: Do you think we are in better shape
12 now than we were last year at this time? Or do you think it
13 has gone backwards?

14 General Dunford: I do not assess that we are in better
15 shape than we were last year, Senator.

16 Senator Donnelly: General Mattis?

17 Secretary Mattis: I think Taliban had a good year last
18 year, and they are trying to have a good one this year, sir.
19 I think we may be able to, by a change in some of our
20 concepts of operations, help them with air support and fire
21 support. That will put the enemy on their back foot.

22 Right now, I believe that the enemy is surging right
23 now.

24 Senator Donnelly: Well, we look forward to the report,
25 and I would still love to talk to both of you or one of you

1 or your team about Raqqa and some of the situations about
2 some of the Indiana folks there.

3 Thank you.

4 Thank you, Mr. Chairman.

5 Chairman McCain: Senator Ernst?

6 Senator Ernst: Thank you, Mr. Chair.

7 Gentlemen, thank you very much for being here today.

8 We appreciate your advice to this committee and your service
9 to our great United States.

10 Secretary Mattis, open invitation to ruck march with
11 Team Ernst at any time -- any time. The Vice Chief of Army
12 and I solved most of the world's problems this morning. We
13 just need you to fill in the gaps. So you are welcome at
14 any point.

15 Gentlemen, a counter-ISIS strategy in Southeast Asia is
16 something that I have continued to push for, which was why I
17 was excited to hear this weekend U.S. special operation
18 forces were assisting the Government of the Philippines in
19 taking back the ISIS-held town of Marawi.

20 Until 2014, we used to have a sizable counterterrorism
21 mission in the Philippines, and we have known about this
22 threat for a very long time. Unfortunately, we have not
23 returned to that area in order to counter some of ISIS's bad
24 deeds.

25 So, General Dunford, as we target a terrorist enemy

1 that wishes to strike our homeland, how does our
2 counterterrorism commitment in the region also help ward off
3 other adversaries like China and Russia?

4 General Dunford: Senator, do you want me to hit those
5 two separately?

6 Senator Ernst: Absolutely.

7 General Dunford: First of all, with Southeast Asia, in
8 addition to our presence in the Philippines with
9 counterterrorism, the Congress funded what is called the
10 Maritime Domain Awareness Initiative. That helps countries
11 in the region, specifically Indonesia and Malaysia in the
12 Philippines, to have a common understanding of the maritime
13 domain, particularly the flow of foreign fighters,
14 criminals, and those kinds of things.

15 The other thing that we have done is we have
16 incorporated Southeast Asian nations into what we call
17 Operation Gallant Phoenix. That is our intelligence and
18 information-sharing architecture, which allows us to take a
19 transregional approach to violent extremism.

20 Separately, our forward presence in the Pacific, to
21 include the fielding of our most modern capabilities, the P-
22 8, the F-22, F-35, and our routine Pacific presence
23 operations, are designed to deter conventional conflict and
24 specifically conventional conflict with China and North
25 Korea in the region.

1 Senator Ernst: Do you see that as being affective also
2 in the areas of Malaysia and Indonesia?

3 General Dunford: In terms of deterring conventional
4 conflict, I do. And I view the most dangerous threats in
5 Malaysia and Indonesia to be the threat of violent
6 extremism.

7 Senator Ernst: Okay, so ISIS or --

8 Secretary Mattis: Senator, if I could just add one
9 point here. We have talked about the lack of strategy
10 earlier.

11 In 2014, we canceled the named operation that we had
12 down there, perhaps of a premature view that we were gaining
13 success. Without that, we lost some of the funding lines
14 that we would have otherwise been able to offer.

15 So what the chairman has brought up is completely
16 correct, but it again shows the lack of strategy that we
17 inherited there. I just got back from Shangri-La where the
18 chairman and other Members of the Congress were. And this
19 came up, and we are working closely with the Philippines
20 right now, for example, with both manned and unmanned
21 aircraft as they try to retake Marawi there in Mindanao.

22 So this is an ongoing issue. What you are bringing up
23 I think is going to loom larger, if we were having this
24 hearing a couple months from now. So we have to take steps
25 to get this back under control and support Indonesia,

1 Malaysia, and Philippines, along the lines that your
2 questioning leads us to.

3 Senator Ernst: Yes. Thank you for bringing up the
4 Shangri-La Dialogue, Mr. Secretary.

5 While you were there, the other countries that
6 participate in that dialogue, what type of support are they
7 looking at coming from the United States? What can we offer
8 them?

9 Secretary Mattis: Yes, ma'am. Much of it is along the
10 lines of what the chairman just mentioned with Operation
11 Gallant Phoenix. It is getting the intelligence and sharing
12 the information, where everything from Interpol to all the
13 secret services of various nations work together, so that
14 transnational threats are tracked when they go over the
15 Nation's borders, when they flee from one to another.
16 Gallant Phoenix is critical. Also, other intelligence
17 helps.

18 I would add there that is where our strategy of working
19 by, with, and through allies helps take the load off us.
20 For example, Singapore has offered ISR surveillance aircraft
21 to the Philippines. That is the way we need to get
22 everybody working together out there against this threat and
23 not carrying the full load ourselves.

24 Senator Ernst: Thank you.

25 Just very briefly, because I am nearly out of time, our

1 special operators have a dwell time of about a 1:1 ratio.
2 This was mentioned by General Votel in one of our
3 conversations recently.

4 What can we do?

5 And I will tell you it is because they want that. I
6 mean, they will not say no when they are given a mission,
7 and I think that is incredibly important, that they stand up
8 to their obligations. But what can we do to increase their
9 dwell time beyond expanding their forces? Is there a way we
10 can push their talents out to the conventional forces?

11 Secretary Mattis: Some of these missions, due to our
12 conventional forces capability today compared to 2001, we
13 have now Army infantry, Army brigades, Marine battalions
14 that can pick up some of these missions, take the load off,
15 take the work off of the special operators and that sort of
16 thing. Where you want relationships, we still want to use
17 the special operations forces.

18 Chairman, do you have anything to add?

19 General Dunford: The only thing I would say, Senator,
20 is the Secretary actually directed me several weeks ago to
21 do an analysis of all of our special operations requirements
22 today and look for opportunities to substitute with
23 conventional forces for exactly the reason you are talking
24 about. We are concerned about the deployment to dwell
25 ratio, which is not only a factor from a human perspective,

1 and families. It also precludes them from training for the
2 full range of missions that we may require them for. We do
3 not want them, as you know, to be singularly focused on the
4 current fight. We want them to be prepared, just like the
5 rest of the force, to be prepared to support us across the
6 spectrum.

7 Senator Ernst: Absolutely. Thank you, gentlemen.

8 Thank you, Mr. Chair.

9 Chairman McCain: Senator Blumenthal?

10 Senator Blumenthal: Thanks, Mr. Chairman.

11 Thank you both for your extraordinary service to our
12 Nation, and all the men and women under your command. And
13 thank you for being so forthright and helpful in your
14 answers today to our questions.

15 I want to ask about the F-35s, which are on the
16 unfunded priorities list. I believe there are 24 of them.

17 Would you support including them, assuming that you
18 receive additional funds from the Congress?

19 Secretary Mattis: Do you mean the support that goes
20 with the aircraft to make them fully capable?

21 Senator Blumenthal: Correct, and the additional
22 aircraft as well.

23 Secretary Mattis: Yes, sir.

24 Senator Blumenthal: Thank you.

25 And as to helicopters, I have written a bipartisan

1 letter along with a number of my colleagues to the
2 appropriators, asking for an additional \$327 million to
3 fully fund the 60 helicopters that are necessary to reach
4 the state of readiness for our National Guard that they have
5 asked to be. Would you support that as well, assuming that
6 the Congress provides funding?

7 Secretary Mattis: I would have to look at the
8 priorities we place more broadly. But I mean, it sounds
9 reasonable, sir. I would have to look at it, in particular.

10 Senator Blumenthal: Thank you.

11 Secretary Mattis: Yes, sir.

12 Senator Blumenthal: A number of our military leaders,
13 past and present, have characterized the greatest threat to
14 this Nation as being cyber warfare. And there was a report
15 in the Washington Post just yesterday, as a matter of fact,
16 that hackers allied with the Russian Government, you may
17 have seen the report, have devised a cyber weapon that
18 essentially has the potential to disrupt our electronic
19 grid, completely cause chaos in our electric systems that
20 are vital to daily life in this country -- an alarming
21 report.

22 Have you seen it? Do you agree that it is accurate?

23 Secretary Mattis: I have seen it. I believe that this
24 threat is real, and none of us are ignoring this threat at
25 all. There is a lot more going on in this regard, sir, that

1 I can discuss in a private setting.

2 Senator Blumenthal: I would appreciate that
3 opportunity.

4 Would you agree with me and with others that cyber is
5 one of the greatest threats, perhaps the greatest threat, in
6 terms of warfare today?

7 Secretary Mattis: It is certainly one of the tops,
8 sir, because it cuts across all domains, air, surface. It
9 impacts our nuclear command-and-control. Certainly, our
10 very institutions, whether it be democratic or banking or
11 whatever, are vulnerable to this sort of attack.

12 Senator Blumenthal: Would you agree that the Russian
13 hacking and cyberattack on our systems during the last
14 election was an act of war?

15 Secretary Mattis: I would leave the -- I know it was a
16 hostile act. Whether or not it crosses the threshold for
17 war, sir, I am not a lawyer. But there is no doubt it was a
18 hostile act directed against our country.

19 Senator Blumenthal: Would you agree with me that we
20 need a better definition and a policy? And it may involve
21 lawyers or others. I am not sure lawyers are the best to
22 define it. But wouldn't you agree that we need a better
23 policy defining what is an act of war in the cyber domain?

24 Secretary Mattis: I think clarity in this regard would
25 help in terms of deterrence and response. Absolutely.

1 Senator Blumenthal: I want to, in my remaining time,
2 focus on an area that is extraordinarily important to our
3 Nation, even though it is not the kind of glamorous, shiny
4 toy area that attracts most attention.

5 President Trump's budget cuts the Department of Labor's
6 worker training budget by 36 percent. At a time when we are
7 working to modernize our military with particular emphasis
8 on the nuclear triad, the Department of Defense will be
9 relying on the defense industrial base to recruit and hire
10 and train thousands of workers across the country: in my own
11 State of Connecticut at Pratt & Whitney, thousands of
12 workers to build the engines that are necessary for the
13 Joint Strike Fighter; at Electric Boat, thousands of workers
14 necessary to build the submarines that are so essential to
15 our national security.

16 And yet, we are cutting the funding necessary for
17 training those workers, the welders, the pipefitters, the
18 engineers, designers, people with real skills that are
19 essential to our national defense.

20 Would you agree with me that our national security
21 really requires that funding be restored?

22 Secretary Mattis: Sir, I believe there is a need for
23 the kind of people you are referring to. There is an
24 apprenticeship program I know the Department of Labor is
25 starting. I do not know the details of it. But it is

1 directed exactly at the skills that you have just been
2 citing, but I cannot tell you more about it other than to
3 say that would probably be the best place to get information
4 about what is actually in the President's budget to address
5 this.

6 Senator Blumenthal: I know the Labor Department budget
7 is out of your direct jurisdiction, but it affects our
8 military capability

9 And my time has expired, but this subject is intensely
10 important to the future of our Nation, and I hope that you
11 will support efforts to increase the funding necessary for
12 apprenticeship and training and other such skill-enhancement
13 programs.

14 Thank you, Mr. Chairman.

15 Chairman McCain: Senator Graham?

16 Senator Graham: Thank you, Mr. Chairman.

17 Senator Graham: Secretary Mattis, you famously said,
18 as a Marine Corps Commander, that if you cut the State
19 Department's budget, you need to buy me more ammo. Do you
20 still stand behind that idea?

21 Secretary Mattis: That was probably a rather
22 simplistic way to point out that we have to engage with
23 whole-of-government, and yes, sir, I still stand by the
24 theory.

25 Senator Graham: So you believe soft power is an

1 essential ingredient to winning the war on terror?

2 Secretary Mattis: I think America has two powers,
3 fundamental power, sir, the power of inspiration, the power
4 of intimidation. You have to work together, and the State
5 Department represents inspiration overseas.

6 Senator Graham: Do you agree with that General
7 Dunford?

8 General Dunford: I do, Senator.

9 Senator Graham: Mr. Norquist, has anybody asked you a
10 question yet?

11 Mr. Norquist: Senator Perdue made a reference to the
12 audit, but I think the time ran out before --

13 Senator Graham: I am going to give you a question, but
14 you have to be quick.

15 Mr. Norquist: Okay.

16 Senator Graham: Where will TRICARE costs be in terms
17 of DOD spending in the next decade?

18 Mr. Norquist: Where will which costs be?

19 Senator Graham: TRICARE costs.

20 Mr. Norquist: I do not have those numbers at my
21 fingertips, sir, but I know that the overall is \$51 billion
22 for all of the defense health costs.

23 Senator Graham: Well, look at it, because I think you
24 are going to find it to be really encroaching on the defense
25 budget. We need TRICARE reform.

1 Mr. Norquist: Correct. The health care costs of
2 defense have gone up significantly year after year.

3 Senator Graham: All right. Thank you.

4 General Dunford, when we liberate Mosul, and I am sure
5 we will, would you recommend a residual force to stay
6 behind, of Americans?

7 General Dunford: Senator, I do believe the Iraqis are
8 going to need support after Mosul, but I would also point
9 out that the end of Mosul is not the end of combat
10 operations in Iraq. There is much more work to be done.

11 Senator Graham: Absolutely right. So the day that we
12 get to the end of combat operations, is it your testimony,
13 as Chairman of the Joint Chiefs, that we would be wise as a
14 Nation to leave a residual force to prevent ISIL and other
15 radical groups from coming back?

16 General Dunford: My assessment is that that support
17 for the Iraqis would be strategically important.

18 Senator Graham: To the United States.

19 General Dunford: To the United States.

20 Senator Graham: Do you agree with that, Mr. Secretary?

21 Secretary Mattis: I do, sir.

22 Senator Graham: Do you agree that, from a homeland
23 security point of view, the outcome in Afghanistan matters,
24 in terms of whether it is a failed state or a stable
25 country?

1 Secretary Mattis: Yes, Senator, I do.

2 Senator Graham: Do you believe that every soldier
3 serving in Afghanistan today, American soldier, is an
4 insurance policy against another 9/11?

5 Secretary Mattis: An insurance policy?

6 Senator Graham: Against another 9/11 coming from
7 Afghanistan?

8 Secretary Mattis: Oh, yes, absolutely, sir.

9 Senator Graham: Do you agree with that, General
10 Dunford?

11 General Dunford: I do. I do, Senator.

12 Senator Graham: If anybody falls in the service of the
13 country in Afghanistan, they died to protect the homeland?

14 General Dunford: I do not think there is any question.
15 And I would also point out that I believe strongly that the
16 pressure that we have put on terrorist groups inside of
17 Afghanistan over the last 15 years is the reason we have not
18 seen another 9/11 from that part of the world.

19 Senator Graham: As a matter of fact, it is one of the
20 best purchases you could have, in terms of dealing with the
21 international terrorism, is Afghanistan. Do you agree with
22 that, both of you? It is a good place to be, in terms of
23 countering international terrorism.

24 General Dunford: It is a center of international
25 terrorism, sir, in the number of groups there, and we have

1 to confront them there.

2 Senator Graham: All right, thank you very, very much.

3 Saudi Arabia. Do both of you support the arms deal to
4 Saudi Arabia negotiated by President Trump?

5 Secretary Mattis: I do, sir.

6 Senator Graham: General Dunford?

7 General Dunford: Senator, that is really a policy
8 decision. I will defer to the Secretary.

9 Senator Graham: Okay, militarily, do you think it
10 would be wise for us to help Saudi Arabia?

11 General Dunford: The only military judgment
12 consideration is, how does that fit into the qualitative
13 military edge for the Israelis, and it has been looked at
14 through that lens. It is not a challenge.

15 Senator Graham: All right, let's get back to this
16 right quick, General Mattis. If Congress rejects this arms
17 deal, what message are you sending to Iran?

18 Secretary Mattis: I believe Iran would be appreciative
19 of us not selling those weapons to Saudi Arabia.

20 Senator Graham: And the type of weapons we are talking
21 about selling would make Saudi Arabia more effective on the
22 battlefield in places like Yemen, not less, because of the
23 precision nature of the weapons.

24 Secretary Mattis: With proper training, it can have
25 that effect. Yes, sir.

1 Senator Graham: Okay.

2 North Korea. Is it the policy of the Trump
3 administration to deny North Korea the capability of
4 building an ICBM that can hit the American homeland with a
5 nuclear weapon on top? Is that the policy?

6 Secretary Mattis: Yes, it is, Senator Graham.

7 Senator Graham: And that policy has to have all
8 options on the table to be meaningful, including the
9 military option?

10 Secretary Mattis: That is correct, sir.

11 Senator Graham: And the military option would be
12 devastating for the world at large, but the President and
13 you have to balance the interest of homeland security
14 against regional stability.

15 And do you think China gets it this time, that we are
16 serious about stopping North Korea?

17 Secretary Mattis: I have no doubt that China thinks we
18 are serious about stopping North Korea, sir. It is
19 principally a diplomatic-led effort right now to try to
20 denuclearize the peninsula.

21 Senator Graham: Last question. What signal would we
22 be sending to Russia if Congress failed to act for punishing
23 them, if Congress failed to push back against Russia's
24 interference in our election, if we gave Russia a pass?
25 What message would that send to Putin? What message would

1 that send to our allies? And what would you recommend that
2 the Congress do about Russian aggression? Do you support
3 more sanctions?

4 Secretary Mattis: Sir, I believe that we have to make
5 very clear what behavior we want to see in the international
6 community and what behavior we will not stand for. And we
7 need to make that clear in the Congress, in the executive
8 branch, and in our alliances.

9 Senator Graham: Do you agree with that, General
10 Dunford?

11 Chairman McCain: Senator, I do. Although, having
12 spoken to Secretary Tillerson, I would hope that anything we
13 do with regard to Russia would be done in conjunction with
14 the State Department. Meanwhile, I can assure you we are
15 preparing for the military dimension of the problem.

16 Chairman McCain: With a 3 percent increase over the
17 Obama administration's defense appropriations, we are going
18 to take care of all those things. Is that right, General?

19 General Dunford: Chairman, I was responding to the
20 Russia challenge. I think the fiscal year 2018 budget is
21 giving us some significant resources to deal with the Russia
22 challenge.

23 Chairman McCain: So 3 percent is sufficient, in your
24 view?

25 General Dunford: Chairman, all I can tell you is that

1 the prioritization within the topline that we have been
2 given is the right prioritization.

3 And as I indicated earlier, I believe the requirements
4 that the services have provided over and above the budget
5 are legitimate requirements.

6 Chairman McCain: So 3 percent is enough?

7 General Dunford: Chairman, I also stipulated that I
8 believe we need a minimum of 3 percent just to maintain the
9 competitive level we have right now. The Secretary and I
10 described it, as indicated, we need at least 5 percent for
11 several more years to come before we can be competitive.

12 Chairman McCain: Senator Nelson?

13 Senator Nelson: Mr. Chairman, Senator King has to go
14 to a funeral, so he asked for 2 minutes of my time, if I may
15 give that to him?

16 Chairman McCain: Senator King?

17 Senator King: Thank you. Just a couple points, Mr.
18 Chairman. I think it is important, and I hate to be
19 bringing more bad news, but in thinking about our budget and
20 the budget future, the looming threat that I see, in
21 addition to all those we have discussed today, is interest
22 rates.

23 An easy way to think about this: 1 point of increase in
24 the interest rate on our national debt equals the Air Force.
25 The entire Air Force budget would be encompassed in a 1

1 percent increase in interest rates. Three percent would
2 encompass the entire defense budget. Five percent would
3 encompass almost the entire discretionary budget.

4 And I do not think there is any doubt that interest
5 rates are headed up. So that is an additional factor that
6 we have to think about, in terms of our development of the
7 budget.

8 Secondly, there is what I call the modernization bulge
9 coming, which CBO estimates to be \$400 billion over the next
10 10 years. That is for the B-21; the Columbia submarine, the
11 Ohio replacement; the B-21; and then the whole nuclear. So
12 that is another problem that we have to deal with and still
13 maintain current budget levels.

14 So I think the situation is even more grim than what we
15 have talked about this morning, because of those additional
16 factors that are not generally discussed in terms of this.

17 And we have talked a lot about unconventional threats
18 that we are facing. Cyber and the attack on our electrical
19 system are clearly attacks. We have not talked about hybrid
20 war, and I worry that Crimea is a precursor of a way, for
21 example, to attack the Baltic states without tanks rumbling
22 across the border.

23 And finally, Mr. Norquist, I hope that you will take
24 very seriously the necessity for the audit, which we have
25 been hearing about for years. I think, as I recall, 2017

1 was supposed to be the year the Department of Defense was
2 ready.

3 So my folks in Maine say, how can they possibly do this
4 without an audit? And I hope to have a report back from you
5 and perhaps we can have a hearing just on that.

6 So those are the points that I wanted to make. And I
7 want to thank you, gentlemen, for your testimony today.

8 Thank you, Mr. Chairman.

9 Thank you, Senator Nelson.

10 Senator Nelson: Thank you for your public service.

11 I want to follow up on the quote that Senator Graham
12 quoted you, with regard to the State Department. Are we
13 giving up options that were previously available to us to
14 exercise before we reach an armed conflict by a budget that
15 is substantially cutting the State Department and other
16 agencies of soft power, such as USAID?

17 Secretary Mattis: Senator Nelson, I have not looked in
18 detail at the State Department. I cannot tell you what is
19 actually being cut and what is being retained. I would have
20 to direct that to Secretary Tillerson, because I am not
21 competent to answer it.

22 Senator Nelson: Well, I would suggest that you look at
23 it, because if you are supporting a budget that whacks the
24 State Department and USAID, you well know you are not only a
25 warrior, you are a diplomat as a commander who utilizes all

1 those other agencies of government in projecting your soft
2 power. And this is a budget that substantially decreases
3 the State Department and USAID.

4 So I understand the sensitivity. You do not want to
5 answer that. But that is going to be something you are
6 going to have to face.

7 Let me ask you, are you satisfied in your statements
8 with regard to the U.S. support of Article 5 in the NATO
9 treaty? Are you satisfied that you have assured our allies
10 that America supports Article 5?

11 Secretary Mattis: I have, sir. And I believe the
12 President has just recently done so right from the White
13 House.

14 Senator Nelson: Was it in his speech and he took it
15 out when he was over there?

16 Secretary Mattis: I think he believed that, by being
17 there, that was -- those actions spoke louder than any
18 words. But he has put it in his speech since then, as you
19 know, just here in the last couple days.

20 Senator Nelson: All right, let me ask you, do you
21 think that the existing sanctions are enough to deter
22 further Russian aggression in Ukraine and Syria, the
23 sanctions against Russia?

24 Secretary Mattis: Sir, it is hard to tell what
25 influences Putin. I think he is not acting in the best

1 interests of the Russian people. And as such, I think that
2 whatever the Congress does, so long as it leaves us some
3 flexibility to our Secretary of State and our President to
4 negotiate as we try to get out of this spiral that is going
5 downhill, make the point about where you stand, sir, but
6 leave some flexibility in execution to those who have to
7 diplomatically engage and try to reverse this.

8 Senator Nelson: Would additional economic sanctions
9 against Russia help, in your opinion?

10 Secretary Mattis: I think if they were conditioned on
11 failure of the diplomats to gain some kind of common
12 approach to get out of the jam that Russia is putting
13 everyone in.

14 Senator Nelson: Thank you, Mr. Chairman.

15 Senator Reed: [Presiding.] On behalf of Chairman
16 McCain, Senator Sullivan, please.

17 Senator Sullivan: Thank you, Mr. Chairman.

18 Gentlemen, thank you for your service.

19 There has been a lot of discussion today about the
20 budget and a continuing resolution. One of the issues that
21 seems to be forgotten here is, last year, actually, the
22 Appropriations Committee, Defense Approps, voted out of
23 committee, almost unanimously, a defense budget.
24 Unfortunately, it came to the floor last summer right around
25 this time, and it was filibustered.

1 So if we did that again, Secretary Mattis, would that
2 be helpful, to have a defense budget that we worked on,
3 voted out of committee, and then be filibustered? Is that
4 helping our troops, if that happens again? I certainly hope
5 it does not happen again, but I am just trying to get your
6 view on it.

7 Secretary Mattis: I think it would be horrible for our
8 country, as well as our troops, sir.

9 Senator Sullivan: You know, Secretary Mattis, I really
10 appreciate your focus on the Asia-Pacific. I know it was
11 not lost on our key allies in the region that that was your
12 first trip as the Secretary. And your recent visit to
13 Singapore with the Shangri-La Dialogue I also think was
14 important for a whole host of reasons.

15 I am sorry I could not have joined you. I had an event
16 that was even more important than the Shangri-La Dialogue,
17 which was a high school graduation of one of my daughters.
18 Otherwise, I would have been with you.

19 I read your speech and the Q&A afterwards. I thought
20 it was outstanding.

21 Can you succinctly state U.S. policy as it relates to
22 freedom of navigation operations in the South China Sea and
23 other areas, just so both our allies and adversaries are
24 aware of it?

25 Secretary Mattis: Yes, sir.

1 We operate freely in international waters, and we do
2 not accept unilateral inhibitions on the international
3 waterways and their use, or airways.

4 Senator Sullivan: And are we going to continue to do
5 that on a regular basis, with our allies, if possible?

6 Secretary Mattis: We will unilaterally or in league
7 with our allies. Yes, sir.

8 Senator Sullivan: So I read in the press that USS
9 Dewey conducted a FONOPs near Mischief Reef within the 12
10 nautical miles, and we even conducted military-type
11 training, a man overboard mission, according to the press
12 reports. The Chinese, according to press reports, protested
13 that.

14 What was our response in response to their protest?

15 Secretary Mattis: To reiterate that we operate in
16 international waters, sir.

17 Senator Sullivan: I also very much appreciated your
18 focus, and, General Dunford, your focus on the importance of
19 our allies. You highlighted that quite well in your
20 Shangri-La Dialogue speech.

21 Can you just touch on that again for the committee's
22 benefit and the benefit of the American people, just how
23 important our allies are not only in the Asian-Pacific but
24 globally in terms of us securing our national security
25 objectives?

1 Secretary Mattis: Senator Sullivan, there is an awful
2 lot of talk about asymmetric advantages and competitive
3 advantages and disadvantages. I would put our allies and
4 our alliances from NATO to the Pacific, bilateral,
5 multilateral, as our asymmetric advantage, especially if you
6 put a list of our allies alongside a list of China's allies
7 or Russia's alliances. You can see the proof coming through
8 from history that nations with allies thrive and those
9 without them do not thrive.

10 Senator Sullivan: So we are an ally-rich Nation, and
11 our adversaries and potential adversaries are ally-poor. Is
12 that one way to look at it?

13 Secretary Mattis: That is a perfect way to look at it.

14 Senator Sullivan: So we should be working to deepen
15 those alliances and expand them, correct?

16 Secretary Mattis: Absolutely.

17 Senator Sullivan: And do you think everybody in the
18 administration gets that and is doing that?

19 Secretary Mattis: As you know, sir, Secretary
20 Tillerson and I work very closely together exactly along
21 these lines. He leads foreign policy. I provide military
22 factors and buttress his efforts.

23 I also know that, in terms of Homeland Security,
24 Secretary of Homeland Security Kelly is working with our
25 closer allies around the hemisphere but also further out to

1 try to protect the country.

2 So I see it being a theme that is being carried
3 forward. Yes, sir.

4 Senator Sullivan: Let me just finish up, maybe follow
5 up on a couple questions Senator Graham asked about North
6 Korea. I actually very much appreciated what the President
7 and Vice President did when they invited 100 U.S. Senators
8 over to the White House to get the briefing with the
9 President there, the Vice President, H.R. McMaster, and all
10 of you. I thought that was actually very useful, very
11 important.

12 One element that I thought was very important was that
13 you were clearly trying to get the Congress, in a bipartisan
14 way, to be supportive of this new strategy. I think, as you
15 know, Mr. Secretary, our country is at its most powerful
16 when the executive branch and the legislative branch are
17 working together on difficult issues, when Democrats and
18 Republicans are working closely together on difficult
19 issues, which is why I thought what the President did that
20 day, bringing everybody over to hear about our strategy
21 firsthand from you and others, and General Dunford, was so
22 important.

23 Is a nuclear ICBM armed in North Korea the most
24 significant threat we face right now as a Nation?

25 Secretary Mattis: It is certainly the one that is in

1 the hands of a potential rogue state that we have to
2 consider.

3 Senator Sullivan: And is it increasing? Increasing,
4 that threat is increasing, heightening?

5 Secretary Mattis: No doubt, every test, we assume they
6 are learning from it, sir.

7 Senator Sullivan: So we need more missile defense
8 capabilities for our Nation?

9 Senator Sullivan: Right now, I believe we can protect
10 the Nation. But as we look to the future, absolutely.

11 Senator Sullivan: Thank you, Mr. Chairman. I might
12 have a few follow-ups, if there is time.

13 Senator Reed: Thank you, Senator Sullivan.

14 On behalf of Chairman McCain, Senator Peters, please.

15 Senator Peters: Thank you, Senator Reed.

16 Thank you to our witnesses today. I appreciate this
17 very interesting and informative testimony.

18 Secretary Mattis, in your testimony, you describe rapid
19 technological change as an important force acting on the
20 department. In fact, I believe you highlight it as one of
21 the four major forces that we have to confront.

22 And you and I have had the opportunity in my office to
23 talk about how robotics and autonomous systems, artificial
24 intelligence, all these other technologies will
25 fundamentally change warfare in the next 10 years, perhaps

1 much sooner than that. The private sector is leading on
2 many of these developments.

3 For example, Ford Motor Company, General Motors, will
4 likely have a production self-driving automobile in the next
5 4 to 5 years out in the marketplace, which is much sooner
6 than most people, I think, realize.

7 And, Secretary Mattis, you stated in your testimony, in
8 fact, that the fact that much of this technological change
9 will come from the commercial sector may expose it to state
10 competitors and nonstate actors.

11 So I am concerned that, in recent years, China has
12 strategically weaponized investment in joint ventures in the
13 United States as a method of improving its capabilities and
14 obtaining advanced U.S. technology. The Committee on
15 Foreign Investment in the United States, or CFIUS, is the
16 U.S. Government entity responsible for vetting foreign
17 investment in the U.S. for national security risk. But I am
18 concerned that CFIUS is both outdated and overburdened, and
19 may not be really up to the challenges that we are facing
20 today.

21 Admiral Rogers testified last month before this
22 committee that our adversaries understand our CFIUS
23 structure and its limitations, and some nation-states have
24 actually changed their investment methodology to get around
25 the process that we have in place.

1 So my question is to both of you, Secretary Mattis and
2 General Dunford. Is there a national security benefit to
3 taking a tougher line against certain types of investment
4 from nations that pose a clear threat to our national
5 security, like China?

6 Secretary Mattis: Absolutely. There is. I completely
7 agree with your view that CFIUS is outdated, sir, and needs
8 to be updated to deal with today's situation.

9 Senator Peters: General?

10 General Dunford: I couldn't agree more, Senator. I
11 think, of the many challenges that we look at very
12 carefully, the theft of intellectual property, particularly
13 as it pertains to defense programs, is of great concern.

14 Senator Peters: If we go through some reforms of
15 CFIUS, which I am in the process of working with Senator
16 Cornyn and others to do that, are there any specific
17 recommendations that you would have for us in changing the
18 CFIUS process?

19 Secretary Mattis: Senator Peters, let me send you a
20 note that outlines some. I would tell you right up front
21 that there is a lack of restrictions on investment in
22 certain types of technology that we must have put in place.
23 But I can give you a more inclusive list of where our
24 thinking is at on this, if you just give me a couple days,
25 sir.

1 Senator Peters: I appreciate that. Thank you so much.
2 That would be very helpful.

3 In closing, given the fact that this is one of our
4 major threats that we have to face, which is rapid
5 technological change, and the list that you put in your
6 opening testimony, are there any particular technologies
7 that you are most concerned about, and ones that we need to
8 be investing more in our own capabilities? This is to both
9 Secretary Mattis and to General Dunford.

10 Secretary Mattis: Let me come back to you again in
11 private. I would prefer -- these are areas that are very
12 sensitive, and I do not want to let our adversaries know
13 which ones we are looking at. But we will explain exactly
14 what we are looking at, sir.

15 Senator Peters: I understand that. I appreciate that.
16 General, I assume that is your same position.

17 General Dunford: Absolutely, Senator.

18 Senator Peters: Good. I will look forward to working
19 with both of you. Thank you.

20 Chairman McCain: [Presiding.] Senator McCaskill?

21 Senator McCaskill: I know the chairman has mentioned
22 this several times, but I think repetition matters, in terms
23 of getting this message out to the American people.

24 The President said that he was going to have historic
25 increases in defense spending. At one point, the President

1 said he was going to expand the Army from 480,000 to
2 540,000.

3 It is my understanding, as the chairman has mentioned,
4 that, in fact, the President's request for the military was
5 exactly 3 percent higher than President Obama's. And,
6 furthermore, I assume you all agree that it calls for zero
7 additional soldiers. Correct?

8 Secretary Mattis: That is correct, right now.

9 Senator McCaskill: So does he not know that this is
10 not a historic request? Does he not know -- I mean, what I
11 worry about is the American people are being told over and
12 over again, "Well, we are going to have a really big, I
13 mean, we are going to fund our military. Our military, this
14 is a huge increase and request." And the reality is so
15 different than the rhetoric coming out of the White House,
16 Mr. Secretary.

17 And I worry that the American people will not
18 understand that we have not even begun to do what we need to
19 do, in terms of bringing our combat brigades to where they
20 need to be.

21 I hate to sound like a "me, too." I think I would have
22 to be a mini-me to you, Mr. Chairman. But I am worried that
23 there is some misrepresentation going on.

24 Secretary Mattis: Well, Senator, if you look at the
25 \$30 billion we asked for as fast as we came in to address

1 immediate readiness problems, and the -- I would just call
2 it the situation that we have inherited that demands more,
3 we are trying to put together a coherent program on the run
4 while we are engaged overseas, while we have numerous crises
5 unfolding, while we are still getting people approved
6 through the Senate, nominated to the Senate, and get the
7 consent of the Senate to get them in. There is a fair
8 number of things going on at one time.

9 That is not to say we should not continue to work along
10 the lines that we are together, but I have to come to you
11 with a coherent plan where I can confidently say that the
12 money you throw into this is going to be spent wisely.

13 Senator McCaskill: I think that is fair.

14 Secretary Mattis: I did not say that we are asking for
15 enough money in this budget.

16 Senator McCaskill: Well, he is.

17 Secretary Mattis: That is why we have a 5-year program
18 coming to you.

19 Senator McCaskill: And I appreciate and I know you are
20 in a difficult position. I just think it does not help our
21 cause, in terms of adequately funding our military, if the
22 President is giving the country the impression that he is.
23 That is the point I was trying to make.

24 In addition to the strategy the chairman is asking for
25 Afghanistan, I am awaiting the strategy on ISIS, which was

1 supposed to be ready 30 days after the President took
2 office. We still do not have that.

3 Finally, what I want to turn to is strategy on cyber.
4 I am really worried. We spend a lot of time worrying about
5 Russians hacking politicians. I am worried about the
6 Russians hacking our military and doing the things they are
7 doing in terms of planting stories and gathering
8 information.

9 Fancy Bear, who has been identified by our intelligence
10 and all of the intelligence experts as one of the premier
11 agents of Russia in terms of cyber warfare, of the people
12 that Fancy Bear has targeted outside of the former Soviet
13 Union, 41 percent of them are either current or former
14 members of the military, according to a recent analysis.

15 Russia hacked the Twitter account of Central Command.

16 We know that Russia has co-opted a very well-known
17 veterans site that originally began in America. I do not
18 want to use the name of it, because it will chase people to
19 the site, and it has totally been co-opted as a Russian
20 proxy.

21 In fact, the Americans who began the site, they were
22 seen in video at a meeting of the folks they are working
23 with in Damascus, and the big, giant, oversized pictures
24 behind them were of Assad and Putin. And this is a site
25 that is asking veterans to -- helping them find jobs,

1 ostensibly helping them find help for cancer treatment.

2 Veterans are giving personal information to the site.

3 We know that attractive women are going on Facebook.

4 In the old days, you would send a spy into a bar that the
5 military frequented and try to gain relationships one drink
6 at a time, as this recent article pointed out. But now,
7 they can do it through a Facebook page.

8 So are you all all hands on deck, as it relates to the
9 way military personnel and veterans -- I know General
10 Breedlove, they went after him. Are you all really paying
11 attention to the corrosive ability of Russia to influence
12 our military through direct contact through social media
13 with our veterans through these proxy sites?

14 Secretary Mattis: I know that training is probably the
15 number one way to armor our people against this sort of
16 thing, and training is perishable. It has to be ongoing. I
17 have no complacency about this.

18 I will see if the Chairman has anything to offer.

19 But I will just point out that we have funded Cyber
20 Command. We have all sorts of things going on with NSA that
21 keeps us posted, puts protections, firewalls, into place.

22 We have blocked a number of times, as you have seen,
23 malicious malware being used where we were not affected.
24 That was not because we were lucky. That was because we
25 were throwing obstacles in the path and building firewalls

1 as fast as we could. All you can do is stay ahead of these.
2 You cannot build one and say, "There. I can go home now."

3 So training and constant attention to the protective
4 measures, I can guarantee you, is ongoing. I am briefed
5 weekly on this, and the brief itself is pages' long, as I
6 look at the various blocks and countermeasures we are
7 putting in place and what we are finding out about what
8 various actors are up to.

9 Anything else, Chairman?

10 General Dunford: Senator, I would probably say two
11 things.

12 I do believe, and I have seen it, that the service
13 chiefs, in particular, have really changed the command
14 climate with regard to cyberspace and emphasized that, and
15 treated violations of the protocols associated with our
16 information technology as violations of UCMJ in holding
17 people accountable.

18 So as the Secretary said, it is about training. It is
19 also about accountability. And I think our culture of
20 accountability with regard to information technology has
21 changed a great deal.

22 I also think, with the support of the Congress, our
23 cyber capabilities, while we continue to need to grow them,
24 have grown quite a bit. The 133 cyber mission teams that
25 you all approved, 70 percent of them now are fully

1 operational capable. I think if we had this conversation
2 24, 36 months ago, we would have been talking about just
3 getting out of the gate. Now 70 percent of them are fully
4 operationally capable.

5 In the coming months, we will have 133 of those teams
6 that are fully operationally capable and continue to
7 identify requirements to make sure that we can stay out in
8 front of the threat.

9 But I think the Secretary used the word complacency.
10 And I think your fundamental question is, do we get it? And
11 are we changing the culture? And are we taking effective
12 action to deal with threat? And I do think we have
13 significantly changed the culture. And none of us believe
14 we are where we need to be.

15 Senator McCaskill: Thank you, Mr. Chairman.

16 I would say that one of the things that worried me the
17 most in this article I read was that there was a purported
18 story of a Russian soldier in Syria, and how he had been
19 heroic in the way he had died fighting ISIS, and that this
20 spread like wildfire through troops in various places.

21 And we have seen an uptick in the popularity, the
22 approval rating, of Putin and Russia in this country. And I
23 just worry that they are really insidiously trying to insert
24 combat-related stories that reflect favorably on Russian
25 soldiers, when instances may not even be true. That is

1 infecting our troops with maybe less than a clear eye about
2 what Russia is and about what Russia is trying to do.

3 I just wanted to put that on the record.

4 Secretary Mattis: This is also understood throughout
5 NATO, Senator. The German Minister of Defense, she was
6 explaining to me how one of their soldiers deployed to
7 Lithuania, I think it was, was alleged to have raped a
8 Lithuanian girl. "Here come the German bad soldiers," a
9 completely made-up story, trying to undercut the cohesion of
10 NATO.

11 I am just pointing out that this is a military problem.
12 It is accepted as a military problem. And we are working
13 it.

14 But I think we have a long way to go up against this
15 rather imaginative enemy that we have.

16 Senator McCaskill: Thank you, Mr. Chairman.

17 Chairman McCain: Senator Sullivan has some additional
18 questions.

19 Senator Sullivan: Thank you, Mr. Chairman.

20 Gentlemen, I just wanted to follow up on the North
21 Korea discussion briefly.

22 Mr. Secretary, General Dunford, I know you are Korean
23 War history buffs in many ways. I heard you talk about the
24 Korean War, as a matter of fact, yesterday in your House
25 Armed Services testimony.

1 General Dunford, you talked about a potential conflict
2 on the Korean Peninsula. Seoul residents would face
3 casualties unlike anything we have seen in 60 or 70 years.
4 General Milley had similar testimony a couple weeks ago
5 before this committee about what a conflict on the Korean
6 Peninsula could be like.

7 Mr. Secretary, you just mentioned the rapidly
8 developing threat that the North Koreans present in terms of
9 an intercontinental ballistic missile. And to Senator
10 Graham's question, you stated it was the policy of the Trump
11 administration to prevent them from getting that capability.
12 And I think you have strong support from most members of the
13 committee on that.

14 But it certainly does seem like those two issues are
15 going to start colliding here relatively soon. I know there
16 are a lot of ways to prevent them from getting that kind of
17 capability, left of launch kind of activities.

18 But if one of those ways was a decision to take some
19 kind of preemptive military action, I believe that that
20 would clearly trigger Congress' Article One authority with
21 regard to declaring war, and you would need this body's
22 authority to take such action.

23 Do you agree with that? Has that been a discussion in
24 the Trump administration? It is a very big issue that I am
25 not sure has gotten enough attention.

1 Secretary Mattis: I have not brought that issue to the
2 President's attention, sir. Right now, as you know, from
3 Mar-a-Lago, where the President met with his counterpart, to
4 Secretary Tillerson and I, who will be following up with our
5 counterparts in the next week or 2 weeks here in Washington
6 as we have strategic security dialogues, we are doing
7 everything we can to avoid resorting to war, in terms of
8 protecting ourselves and our allies.

9 Senator Sullivan: I think it is an issue that should
10 be on somebody's radar screen, not that we want that, but
11 part of what the President has been trying to do, and I am
12 fully supportive, is get the Congress to be supportive of
13 his policy, like I mentioned. That is why I thought the
14 briefing at the White House a few months ago was actually
15 very useful.

16 But to continue to have that support, we need to be
17 involved. And I think that is something that this committee
18 needs to be cognizant of, but also the White House does as
19 well.

20 Let me ask one final question. In the past 6 weeks,
21 the Russians have sent Bear bomber missions off the coast of
22 Alaska that have been intercepted by our F-22s based there
23 five times in the last 6 weeks.

24 What do you think the Russians are up to with this kind
25 of very persistent checking of our NORAD systems? That is a

1 pretty active engagement. Last time, it was not just with
2 Bear bombers but with fighter escorts. What do you think
3 they are trying to do in the Arctic? What are they trying
4 to achieve? Why are they so active up there?

5 Secretary Mattis: Sir, I am not sure what they are
6 trying to achieve there. When you look at the combination
7 of their cyberthreats to democracies, when you look at what
8 they are doing in Syria, the Bear bombers, as you put this
9 panoply of activities together, it is very, very concerning,
10 and we are going to have to turn this around. The cycle has
11 got to be turned around.

12 I think it is going in the wrong direction, in terms of
13 stability and peace. This is where miscalculations can
14 occur.

15 Senator Sullivan: Thank you.

16 Thank you, Mr. Chairman.

17 Chairman McCain: I thank the witnesses for their
18 patience. I thank them for their responses.

19 I want to emphasize again, Mr. Secretary, it is not
20 your fault, not yours, Secretary Norquist, General Dunford.
21 But we are not going to sit still while you settle the
22 internecine strife that is obviously going on, which is
23 preventing this strategy from coming forward.

24 We are moving forward with authorization, with
25 appropriation. And without a strategy, it makes our job 10

1 times harder.

2 I think we have been pretty patient with you. We are
3 going to start putting pressure on, because we need a
4 strategy. And to sit here June 13th, 2017, and say, "Well,
5 don't worry. We are going to be coming forward with a
6 strategy," things are happening too rapidly in the world.

7 So you have my greatest respect and admiration, but we
8 are not doing the job for the American people that they
9 expect us to do. So it is what it is.

10 I thank the witnesses, and I thank you for being here.

11 The hearing is adjourned.

12 [Whereupon, at 12:16 p.m., the hearing was adjourned.]

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