Opening Statement on "What's Wrong with DOD?"
Chairman John McCain
Wednesday, October 21, 2015

The Senate Armed Services Committee meets today to begin a major oversight initiative on the future of defense reform. This is the first in a series of a dozen hearings that will proceed from a consideration of the strategic context and global challenges facing the United States, to alternative defense strategies and the future of warfare, to the civilian and military organizations of the Department of Defense, as well as its acquisition, personnel, and management systems—much of which is the legacy of the Goldwater-Nichols reforms that were enacted in 1986.

There is no one better to help us begin this effort than our distinguished witness, former Secretary of Defense Robert Gates. We welcome him back for his first testimony to Congress since leaving the Department. Dr. Gates: We know that you have eagerly awaited this day with all of the anticipation of a root canal.

Few defense leaders can match Dr. Gates's record as a reformer. He directed more than $100 billion in internal efficiencies at the Department of Defense. He eliminated dozens of failing or unnecessary acquisition programs. He held people accountable, even fired a few. And yet, by his own account, Dr. Gates left overwhelmed by the scope and scale of the problems at the Defense Department.

This is the purpose of the oversight effort we are beginning today: to define these problems clearly and rigorously, and only then, to consider what reforms may be necessary. There is profound urgency to this effort. The worldwide threats confronting our nation, now and in the future, have never been more complex, uncertain, and daunting. America will not succeed in the 21st century with anything less than the most innovative, agile, efficient, and effective defense organization. I have not met a senior civilian or military leader who thinks we have that today.

In no way is this a criticism of the many patriotic, mission-focused public servants, both in and out of uniform, who sacrifice every day, here at home and around the world, to keep us safe. To the contrary, it because we have such outstanding people that we must strive to remove impediments in our defense organizations that would squander the talents of our troops and civil servants.

Now, some would argue that the main problems facing the Department of Defense come from the White House, the National Security Council staff, the interagency,

and yes, the Congress. You will find no argument here, especially about the dysfunction of Congress. We must be mindful of these bigger problems, but addressing many of them is outside of this Committee's jurisdiction.

Americans hold our military in the highest regard, as we should. At the same time, as our witness will explain, the problems that he encountered at the Defense Department are real and serious. Just consider Chart 1 here. In constant dollars, our nation is spending almost the same amount on defense as we were 30 years ago. But for this money today, we are getting 35 percent fewer combat brigades, 53 percent fewer ships, 63 percent fewer combat air squadrons, and significantly more overhead—how much is difficult to establish, because the Department of Defense does not even have complete and reliable data, as GAO has repeatedly found.

Of course, our armed forces are more capable now than 30 years ago. But our adversaries are also more capable—some exponentially so. At the same time, many of the weapons in our arsenal today—our aircraft and ships, tanks and fighting vehicles, rifles and missiles and strategic forces—are the products of the military modernization of the 1980s. And no matter how much more capable our troops and weapons are today, they are not capable of being in two places at once.

Our declining combat capacity cannot be divorced from the problems in our defense acquisition system, which one high-level study summed up as follows:

> '[T]he defense acquisition system has basic problems that must be corrected. These problems are deeply entrenched and have developed over several decades from an increasingly bureaucratic and overregulated process. As a result, all too many of our weapon systems cost too much, take too long to develop, and, by the time they are fielded, incorporate obsolete technology.'

Sounds right. But that was the Packard Commission, written in 1986. And since then, as Chart 2 shows, cost overruns and schedule delays on major defense acquisitions have only gotten worse. Defense programs are now nearly 50 percent over budget and, on average, over two years delayed. It is telling that perhaps the most significant defense procurement success story—the MRAP, which Dr. Gates himself led—was produced by going around the acquisition system, not through it.

The rising costs of our defense personnel system is also part of the problem. As Chart 3 shows, over the past 30 years, the average fully-burdened cost per service-member—all of the pays and lifetime benefits that military service now entails—has increased 270 percent. And yet, all too often, the Department of Defense has

sought to control these personnel costs by cutting operating forces, while civilian and military headquarters staffs have not changed and even grown. Indeed, since 1985, the end-strength of the joint force has decreased 38 percent, but the percentage of four-star officers in that force has increased by 65 percent.

These reductions in combat power have occurred while the Department's overhead elements, especially its contractor workforce, have exploded. Nearly 1.1 million personnel now perform overhead activities in the defense agencies, the military departments and service staffs, and Washington Headquarters Services. An analysis by McKinsey and Company found that less than one-quarter of active duty troops were in combat roles, with a majority instead performing overhead activities. Recent studies by the Defense Business Board and others confirm that little has changed in this regard. The U.S. "tooth-to-tail" ratio is well below the global average, including such countries as Russia, India, and Brazil.

For years—decades, in some cases—GAO has identified some of the major management and administrative functions of the Department of Defense as being at high risk of waste, fraud, abuse, and duplication of effort. Perhaps none of this should be surprising when you consider the judgment of Jim Locher, the lead staffer on this Committee during the defense reorganization efforts three decades ago: '[T]he remedies applied by Goldwater-Nichols to defense management and administration have largely been ineffective. They were never a priority for the act's drafters, and troubling trends remain. The Pentagon … is choking on bureaucracy.' He wrote that 14 years ago, and the problem has only gotten worse.

Ultimately, we must also ask whether the Defense Department is succeeding in its development and execution of strategy, policy, and plans. The Office of the Secretary of Defense, the service secretariats and service staffs, the Joint Staff, and the Combatant Commands are all bigger than ever. But is the quality of civilian oversight and control of the military better? Has the quality of military advice to civilian leaders improved? Are the joint duty assignments that our military officers must perform producing a more unified fighting force? In short, is the Department of Defense more successful at planning for war, waging war, and winning war?

Goldwater-Nichols was perhaps the most consequential defense reform since the creation of the Department of Defense. And yet, while the world has changed profoundly since 1986, the basic organization of the Department of Defense—as well as the roles and missions of its major civilian and military actors—has not changed all that much since Goldwater-Nichols. It must be asked: Is a 30-year-old defense organization equal to our present and future national security challenges?

I want to be clear: This is a forward-looking effort. Our task is to determine whether the Department of Defense and our armed forces are set up to be maximally successful amid our current and future national security challenges. We will be guided in this effort by the same principles that inspired past defense reform efforts, including Goldwater-Nichols—enhancing civilian control of the military; improving military advice, operational effectiveness, and joint officer management; and providing for a better use of defense resources, among others.

This oversight initiative is not a set of solutions in search of problems. We will neither jump to conclusions nor tilt at the symptoms of problems. We will take the time to look deeply for the incentives and root causes that drive behavior. And we will always, always be guided by that all-important principle: First, do no harm.

Finally, this must, and will, be a bipartisan endeavor. Defense reform is not a Republican or Democratic issue, and we will keep it that way. These are vital national security issues, and we must seek to build a consensus about how to improve the organization and operation of the Department of Defense in ways that can, and will, be advanced by whomever wins next year's elections. That is in keeping with the best traditions of this Committee. And it is how Dr. Gates has always approached this important work across Administrations of both parties.

We thank our witness for your decades of service to our nation, and for generously offering us the benefit of your insights and experiences today.