

TRANSCRIPT

Defense Writers Group

A Project of the Center for Media & Security
New York and Washington, D.C.

Congressman Adam Smith
Ranking Member, House Armed Services Committee

July 6, 2016

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DWG: Good morning, everybody. Thank you for coming in. Our guest this morning, Congressman Adam Smith, Democrat of Washington. Congressman Smith is the Ranking Member of the House Armed Services Committee. Sir, thank you for making the time to meet with us.

As usual, we have 60 minutes, we are on the record. Without further ado, sir, let me get your thoughts on what you hope comes out of the committee process on the authorization bill.

Aa: Obviously the number one thing is we hope to get a bill in a timely manner. You know, it's always our goal and I know Senator McCain has really stated strongly that we would love to have a bill before October 1st. A novel thought, but something that we are still going to strive for. And you know, it's sort of one big impediment and then like, I don't know, 20 or 25 smaller impediments. The big impediment, of course, is the number. What do we mark to? It would have been nice if the agreement that we reached eight, nine months ago now, we'd just stuck to. Then we'd have the number, we'd know what the OCO was, we'd know what the base was and we could work around that. But as you know, each of the four committees have taken their own unique approach to what that number means. Honest, having the most promising one is the Senate Appropriations Committee which while they added about \$15 billion in stuff to the base, they took that \$15 billion out of the base in a bunch of places. So it's sort of a one-for-one balancing thing. They kept the deal and found some of the increases that people thought were important.

But we don't know how that's going to come out. The authorizers, of course, in the Senate stuck to the deal straight up. And then on our side both the appropriators and the authorizers took money out of the OCO and put it into the base which fundamentally alters the deal. So we have to resolve that.

Then, you know, once we get past that we have some major reform issues to deal with on acquisition. Obviously the Senate was much more aggressive than were. We're going to have to figure out which pieces of that make sense, which pieces don't, and how we can arrive at an accommodation.

In terms of personnel cuts, the Senate again was more aggressive than us on health care, on basic housing allowance, on a variety of different things. We'll have to reach an accommodation on that issue. There's Goldwater/Nichols reform. You know, Senator McCain took a pretty big swipe at rearranging that in a way that I think is intriguing and probably makes some sense. We'll have to see how he worked out the details in a way that's amenable to the House and the Senate and the White House.

I think the other big area of challenges starts with the end strength debate. The end strength debate is about the larger issues of you know, the Congress in general not really making any cuts in defense programs to accommodate the lower budget numbers as a result of the budget caps. And whether you're talking about end strength, whether you're talking about the A-10 debate, whether you're talking about the U-2 debate, the 11 cruisers, three amphibious ships that the Navy wants to lay up to save some money, the end strength issues, BRAC, all the efforts that the Pentagon has made to say look, well, I'll close with this and then I'll take your questions.

Back in 2010 under Secretary Gates the Obama administration did a very hard look at the next ten years and said what are our national security objectives and threats, and how should we meet them? And then also said, realistically, how much money are we going to have? And of course the Republicans had a conniption fit over the fact that we would consider how much money we're going to have. I obviously found that odd. I've never done anything where the budget was concerned where the amount of money you had was not at least a factor in determining what the strategy should be. But be that as it may, they came up with a strategy and they laid it out.

Now the problem with that strategy is the Budget Control Act happened afterwards, and I don't know what the exact number is but there is a lot less money now than we thought there was going to be in 2010. But what programs have we cut? What have we changed from that strategy? Not much.

We are on pace with the size of the military, with the various procurement programs, with the personnel costs, to basically over the course of the next ten years vastly exceed the amount of money that we are likely to have. Which calls into question something that I think we fundamentally need to do and that is to rethink our national security strategy based on the threat environment and also based on the economics. Based on the money we have. We haven't really done that. We haven't really done a hard scrub. Obviously the one big thing that I've written about is the trillion dollar nuclear modernization program. If there were places to save money in that, that might help us meet some of the other threats that we see out there. Obviously the biggest threat being the threat of terrorism from Islamist extremist groups like ISIS and al-Qaida, how we can contain that. But there are others. Dealing with Russia in Eastern Europe, Iran,

North Korea, China. You know, how do we realistically meet those threats? And we've always done it in a very deceptively logical way. And what I mean by that is, when you go into briefs, you know, we will run through every scenario of what bad things North Korea could do or Iran could do or Russia could do or what if they do this, what would we want to have to be in a position to respond? You sort of wargame it out, and that's why you then build this number of ships and this number of missiles, and this number of you know, Marines or whatever.

The problem with that game, of course, is that if you play it to its logical conclusion, you'd want about a \$3 trillion defense budget, if you were to anticipate ever possible national security challenge. That's illogical in its own way.

So what's a realistic number? What's a realistic way to meet those threats? I think that partnerships are going to be a key part of it. We are not going to be able, if we ever were, to meet all of our national security threats on our own. We're going to need partners and allies that we can work with, and also I think we're going to need to be smart diplomatically to hopefully minimize some of those threats so that we don't have to have the military to confront them. Both because of the -- well, bad things happen when you go to war; and also because, you know, the financial situation is real. We don't have the money that we would, that some would like to have. We're still not really making those choices in Congress. We're sort of kicking the can down the road and eventually those bills are going to come due. So I hope we can build towards a better strategy that will realistically look at at least the next five if not the next ten years and say here's the money we're going to have, here's the threats we're going to have, here's what we're building to realistically meet those threats.

Qq: Can you elaborate on why the Senate Appropriations funding scheme is the one you would favor? How do you think that might play out in conference? And also, how do election year politics kind of play a role with Democrats potentially being in a tight spot with a funding scheme that they don't like?

Aa: What I see that the Senate did, there is this sort of widespread agreement that we have a lot of aging systems, and we would like to build some new planes, and a lot of the money that we had from the \$18 billion, \$18, \$17, I forget how much money it is that we took out of OCO, some of that is for readiness; some of that is to build new systems, new helicopters, more F-18s, more missiles, and some of that is we've got really old aging equipment. So if you buy new stuff it's more maintainable. Now of course there's a problem that the Republicans have also cut a lot of the civilian workforce within the military that was in charge of maintaining those things, but that's why they wanted to add that.

The problem is you add that and you shortchange the OCO and only get six months, and then six months from now you're going to have to come up with a supplemental for \$18 billion.

Now I know if Mac Thornberry were sitting next to me, he would tsk tsk me and say well that's exactly what we did back in 2008 when we were coming into the Obama

administration. But as I always point out, we did not have a Budget Control Act in 2008. And that basically makes the 2008 analogy as irrelevant as going back to a 1917 analogy. It's just completely irrelevant. The Budget Control Act is a fact of life that the majority has shown on willingness to get rid of, and as long as it's there, thinking that we're going to be able to do a supplemental automatically, and also you have the added factor that the Tea Party or Freedom Caucus or whatever they call themselves, the group of those folks. They won't vote for anything in terms of spending more money. So there's no guarantee whatsoever that we'll get the supplemental funds. So why I praise the Senate is because they add that and they take it out of base. They don't start us in a car towards the edge of a cliff.

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