

Stenographic Transcript  
Before the

COMMITTEE ON  
ARMED SERVICES

## **UNITED STATES SENATE**

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

Thursday, March 17, 2016

Washington, D.C.

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U.S. Senate

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Committee on Armed Services

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Washington, D.C.

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

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Committee Members Present: Senators McCain

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

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

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

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Hirono, Kaine, King, and Heinrich.

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

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

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

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

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

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

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

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

1 international law and centuries of maritime tradition.

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

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

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

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

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

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

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

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

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

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

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



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

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

17 Senator Reed.

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

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

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

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

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

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

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

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

1 readiness levels is their highest priority.

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

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

1 or extensively delaying the fielding of any platform.

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

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

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

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

5 I look forward to this morning's testimony.

6 Thank you again, Mr. Chairman.

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15 Thank you.

16 [The prepared statement of Secretary Carter follows:]

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1 Chairman McCain: Thank you.

2 General Dunford.

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

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

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

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

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

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

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

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

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

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

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

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

14 [The prepared statement of General Dunford follows:]

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

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

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

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

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

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

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

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

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

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

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

9 Chairman, you want to add anything?

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

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

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

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

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

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

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

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

9 General Dunford: I do, Chairman.

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

13 General Dunford: Chairman, right now --

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

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

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



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

3           Chairman McCain: Does that make sense to you?

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

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

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

20          Chairman McCain: Including the force levels?

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

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

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

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

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

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

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

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

20 Chairman McCain: Senator Reed.

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

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

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

5 General Dunford: Senator, thank you.

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

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

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

11          Senator Reed: Thank you.

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

20          Secretary Carter: We are.

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

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

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

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

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

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

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

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

13 Senator Reed: Thank you, Mr. Chairman.

14 Chairman McCain: Senator Inhofe.

15 Senator Inhofe: Thank you, Mr. Chairman.

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

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

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

21           General Dunford, is he right?

22           General Dunford: Senator, thank you.

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

25           Senator Inhofe: Of reconsidering.



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

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

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

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

19          General Dunford: We have, Senator.

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

22          General Dunford: We have not yet, Senator.

23          Senator Inhofe: All right. Are --

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

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

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

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

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

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

1 developing this budget.

2 Secretary Carter: Will do.

3 Senator Inhofe: Thank you, Mr. Chairman.

4 Chairman McCain: Senator Gillibrand.

5 Senator Gillibrand: Thank you, Mr. Chairman.

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

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

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

4 Secretary Carter: Thank you, Senator.

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

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

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

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

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

15 Secretary Carter: Will do.

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

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

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

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

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

8 Senator Gillibrand: Thank you.

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

12 General Dunford: Thank you, Senator.

13 Senator Gillibrand: Thank you so much.

14 [The information referred to follows:]

15 [COMMITTEE INSERT]

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1 Senator Gillibrand: Thank you, Mr. Chairman.

2 Chairman McCain: Senator Fischer.

3 Senator Fischer: Thank you, Mr. Chairman.

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

16 Secretary Carter: Well, thank you, Senator.

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

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

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

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

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

7 Secretary Carter: It is --

8 Senator Fischer: -- on this, then?

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

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

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

24 Senator Fischer: We're not --

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

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

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

16           Senator Fischer: Thank you, sir.

17           Thank you, Mr. Chairman.

18           Chairman McCain: Senator Kaine.

19           Senator Kaine: Thank you, Mr. Chair.

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

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

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

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

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

16 Senator Kaine: Right.

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

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

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

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

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

18 Senator Kaine: Yeah.

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

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

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

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

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

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

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

25 Thank you very much.



1 Chairman McCain: Senator Wicker.

2 Senator Wicker: Thank you.

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

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

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

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

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

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

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

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

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

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

3 Senator Wicker: Okay.

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

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

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

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

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

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

23 Thank you, all three.

24 Chairman McCain: Senator Blumenthal.

25 Senator Blumenthal: Thanks, Mr. Chairman.

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

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

20           Secretary Carter: Senator, thanks.

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

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

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

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

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

24 Senator Blumenthal: Secretary Carter, thank you.

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

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

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

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

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

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

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

20 Senator Blumenthal: Thank you very much.

21 Thanks, Mr. Chairman.

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

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



1 second. The man who would be Chairman.

2 [Laughter.]

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

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

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

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

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

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

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

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

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

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

14 Secretary Carter: Absolutely.

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

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

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

14 Senator Sessions: Well, thank you.

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

24 Thank you all.

25 Senator Reed: On behalf of Chairman McCain, Senator

1 Donnelly, please.

2 Senator Donnelly: Thank you, Mr. Chairman.

3 Thank the witnesses for being here.

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

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

17 [The information referred to follows:]

18 [COMMITTEE INSERT]

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

5 Senator Donnelly: Right.

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

11 Senator Donnelly: Right.

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

17 Senator Donnelly: Great.

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

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

21 Secretary Carter: That, too.

22 Senator Donnelly: -- trying to get help.

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

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

2 Senator Donnelly: Great.

3 Secretary Carter: -- treatment.

4 Senator Donnelly: Thank you.

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

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

16 Senator Donnelly: Yes.

17 Secretary Carter: Okay.

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

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

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

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

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

18 Senator Donnelly: Right.

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

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



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

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

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

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

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

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

22 Senator Donnelly: And it's --

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

1 Senator Donnelly: And it's --

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

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

4 Secretary Carter: It is time urgent.

5 Senator Donnelly: Okay. Thank you.

6 Thank you, Mr. Chairman.

7 Chairman McCain [presiding]: Senator Ayotte.

8 Senator Ayotte: Thank you, Chairman.

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

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

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

1 country, including used by terrorist networks?

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

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

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

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

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

22 Senator Ayotte: Right.

23 General Dunford: -- currently available --

24 Senator Ayotte: Right.

25 General Dunford: -- through the Joint Interagency Task

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

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

20 Senator Ayotte: Right.

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

25 Senator Ayotte: Or less.

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

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

11          Senator Ayotte:  Right.

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

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

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

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

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

13 Senator Ayotte: Great. Thank you.

14 Chairman McCain: Senator King.

15 Senator King: Thank you, Mr. Chairman.

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

13 Senator King: Right. It just --

14 Secretary Carter: -- funds --

15 Senator King: It just doesn't --

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

18 Senator King: Right.

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

23 Senator King: Good.

24 Thank you, Mr. Chairman.

25 Chairman McCain: Senator Cotton.

1 Senator Cotton: Thank you.

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

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

9 Can you tell us why that is?

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

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

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

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

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

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

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

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

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

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

25 Secretary Carter: I think that may make sense,

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

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

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

12         Senator Cotton: Okay.

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

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

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

1 you referring to?

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

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

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



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

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

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

12 Secretary Carter: Same to you.

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

17 Chairman McCain: Senator Manchin.

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

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

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

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

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

15 Senator Manchin: Correct.

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

18 Senator Manchin: Correct.

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

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

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

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

13 Secretary Carter: That is correct.

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

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

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

1 of their role in the region overall.

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

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

11 Senator Manchin: Right.

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

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

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

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

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

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

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

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

22 Senator Manchin: Secretary Carter.

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

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

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

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

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

13 Senator Ernst: Thank you, Senator Reed.

14 Thank you, gentlemen, for being here today.

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

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

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

12 [The information referred to follows:]

13 [COMMITTEE INSERT]

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

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

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



1 Secretary Carter: Thank you, Senator.

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

4 Senator Ernst: Thank you. I appreciate it.

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

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

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

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

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

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

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

24 Senator Ernst: Military to military.

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

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

6 Senator Ernst: Exactly.

7 Thank you, gentlemen, very much.

8 Thank you, Mr. Chair.

9 Senator Reed: Thank you.

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

12 Senator Shaheen: Thank you, Mr. Chairman.

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

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

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

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

22 Senator Shaheen: And let me --

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

24 Senator Shaheen: Yes.

25 Secretary Carter: -- the reassurance is important.

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

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

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

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

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

1 some of these new technologies?

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

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

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

3 Senator Shaheen: Sure.

4 Thank you all.

5 Thank you, Mr. Chairman.

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

8 Senator Graham: Thank you.

9 Thank you all very much.

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

11 Do you want to go?

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

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

25 Senator Graham: What effect would that have on our



1 national security?

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

5 Senator Graham: Would you say significant risk?

6 General Dunford: I would say significant risk.

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

9 General Dunford: It would absolutely affect it.

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

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

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

5 Senator Graham: Yeah.

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

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

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

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

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

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

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

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

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

7           General Dunford:  If the --

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

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

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

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

22          Senator Graham:  Are they --

23          General Dunford:  -- and 2005.

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

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

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

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

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

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

15 Senator Graham: Okay.

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

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

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

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

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

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

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

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

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

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

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

1 sure.

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

3 Secretary Carter: I do.

4 Senator Graham: Thank you.

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

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

15 Secretary Carter: I --

16 Senator Nelson: Until we develop the new one.

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

6 Senator Sullivan: Thank you, Mr. Chairman.

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

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

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

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

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

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

19         Senator Sullivan: Yes, sir.

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

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

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

4 Senator Sullivan: Thank you.

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

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

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

19 Secretary Carter: Thank you.

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

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

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

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

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

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

14 Senator Sullivan: Yeah

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

16 Let me turn it over to the Chairman.

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

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

11         Because --

12           Senator Sullivan: Right.

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



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

5           Senator Sullivan: Great. Thank you.

6           Thank you, Mr. Chairman.

7           Senator Reed: Thank you very much.

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

9           Senator Lee: Thank you, Mr. Chairman.

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

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

1 deal with the difficult legal ramifications.

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

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

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

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

17 Secretary Carter: -- for force effectiveness --

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

20 Secretary Carter: Understand.

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

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

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

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

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

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

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

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

15       Secretary Carter: It's set in law.

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

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

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

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

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

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

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

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

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

1 you, Secretary Carter.

2 Senator Reed: Thank you.

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

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

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

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