

TRANSCRIPT

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Principal Deputy Under Secretary of Defense/Policy
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Q: I wanted to open up today with questions about the the force-sizing construct, but you corrected me and said, "It's the force planning construct. And I observed that this is the first QDR that I've seen in the four, if you count the Bottom-Up Review as a QDR, that has a force-sizing construct/force-planning construct, but no force structure included.

I understand the part about two wars now being two "conventional campaigns" and one of those campaigns could be a long, irregular campaign. But still we're at that two-war requirement.

With no force structure list, it's hard to judge the sufficiency of the program to meet that standard. So why is there no force structure included in the QDR? That's my first question. The second question is, what is this business about relying more on allies to provide forces that would make you sufficient to do the two conventional campaigns?

A: Let me take them one at a time.

The first one had to do with how we do our planning. You would like to see what we refer to as an order of battle and then be able to say is that sufficient for what we're going to do in the future.

Q: Right. In the prior ones that was part of the QDR.

A: We would like to think that we're a learning organization and we've learned from the fallacy of prior attempts at doing this.

First of all, we make a big emphasis about unpredictability and uncertainty in the future world. It's been said a number of times, but it's really true. With much more certainty than

we could have on September 10, 2001 when the last QDR was at the printers, we could say that within the next decade U.S. forces will be engaged somewhere in the world where they're not engaged today. We're clueless on where that's going to be, when that's going to be, or in what manner they're going to be engaged.

So to be able to sit down and say I can give you a set of numbers that's going to tell you that I'm sufficient for future military activities I'm going to be engaged in, we just think is a fallacy.

Some of the things that we had for this QDR that we didn't have previously is something called the Operation Availability Study which is a four year effort done by the numbers and analytical people down in the Joint Staff, to build something they call the analytical engine. It is a very robust analytical tool that we've iterated improvements on it each year to be able to look at sufficiency of the force. I'm not the expert on it. You need to get the guys from J8 up to talk to you, but it takes 3200 different specific skill sets and looks at the activities you can be involved in, what numbers you're going to use, what the rotational bases are. We run that through. We looked at lots and lots of different scenarios, and we did three years of work looking at the different war plans coming up and saying how are we situated based on these specific war plans we had.

During the year of the QDR we applied that to these different force planning constructs that we had. We started looking at the old one which was known as the 1-4-2-1. I can go into it if people need the specifics. We looked at that and said gee, how does that apply? We knew there were a lot of weak spots in that approach in a post-9/11 world, so we wanted to see how it worked.

A couple of big lessons came out of that. One is sufficiency, which somewhat takes the stress on the force, is not driven by the high intensity conventional campaign where you're going to need your order of battle. It's driven by the prolonged irregular campaign because you need a rotational base to support that. That's what puts the biggest demand on the force.

The other thing that came through as a blinding flash of the obvious after you saw it, was that what you're going to need is dependent upon the policy choices you make going into that fight. We're going to have mobilization. That's going to make a big difference. What am I going to use as that rotational base? What am I going to have for my operational thresholds as far as timelines to be able to achieve it? Am I going to continue to be engaged in numerous different places in the world? Am I going to be doing any shifting of that as I go in to do this fight?

Obviously the old ones, what's the duration, what's the concurrency, what's the intensity -- those variables still remain in there. The other one, contribution of allies is going to make a difference. Am I still going to support 20 percent of my force going to school and moving between stations, or am I going to make choices internally to be able to put more of them in the fight?

So there are a lot of different variables that go into whether you're going to be able to meet what you postulated that might be out there in the future.

So what we did in the force planning construct is to say what are the activities that we are going to be signing up for and saying we can do? That's what we laid out there. We said gee, you might have to respond to something of a domestic event on the magnitude of a Katrina -- 70,000 folks there within one week. You might need to be engaged in a high intensity conventional. It could be a second major combat operation or it could be one of these prolonged irregular. And you're also, even if you're involved in two of those, you're going to have to have an enhanced selected deterrence against other different hot spots in the world. So at the surge end, because we differentiate between steady state and surge, something people hadn't looked at before. At the surge end we put that, gee, that's the high water mark. We can do that if you mobilize the force, change your rotational base and make some other policy choices along the way. So we feel comfortable that we have sufficiency.

Now to get the force sizing and specifically what you're going to need, that's what we're going to be spending the next couple of years on. Because it took us four years from the 1-4-2-1 in QDR '01 to understand and get the analytical capability to understand exactly what did that mean, specific boots on the ground, units for the problem set that we were facing. One of the big things that came out was, and there was an assumption we had going in that the force size was about right but the mix of the capabilities in the force was probably disproportionately skewed to the conventional end. And after all that analysis we came back and said we have to make a lot of different changes in capabilities.

So now we will go in and understand over the next year, year and a half, specifically what is the size, do we need to make any adjustments? But again, it looks like we will be able to do it with the current force structure, or the current end strength that we're projected to have.

Q: You think within a year, year and a half, you will have determined what you think is the optimum force structure. Is that what I just heard you say?

A: Yeah, we will determine what we think we need to have for the force planning that we're doing. I'm not sure I'd put the adjective of optimum on it. It depends on what the variables are that you derive your optimum from. One is there's going to be cost, the other one is there's going to be timing, what the overhead is, there's a lot of different implicit ones.

Q: Understood, but the Pentagon has to have some sense of what it has out there and whether that's the right stuff out there or not. I'm just trying to get to when you think you will know that. A year, year and a half?

A: No. If there was a static world, yes, we'd know it in less than a year. It's not a static world. It's a dynamic world. The circumstances are different. You always have to be adjusting. We know the type of things we need to adjust to right now. You saw some of those in the budget, the movement of Special Operations Forces, civil affairs, [inaudible] indigenous

population using some of the PsyOp type of capabilities, movement toward unmanned systems, starting to make investment in long-range strike. So we know the type of things we need to do but the world will continue to evolve and some of those specific numbers will shift.

One big thing we try to make is, people feel comfortable using numbers. It's a way to do the bean counting and to differentiate. It's a shorthand to be able to tell people what the changes are. But in reality, it's about capabilities and capabilities are a little more fuzzy. It's the ability to generate this operational effect in the battlespace. That's really what we need to have. And capabilities and what you can do with a certain number of forces change over time and we're trying to understand that.

Q: You have certain numbers in the QDR. For instance I think the Air Force will have 86 wings, but you didn't differentiate and say that's fighter attack, that's special operations, that's ISR, that's battlefield airmen, yada, yada. Why can't you separate that out and say 20 tactical fighter and attack wings, three ISR wings? If you did it in the aggregate why can't you separate that out?

A: The Air Force can. They have a plan that they're coming forth with. Because we thought that that missed the point on what was important on the QDR. The QDR is about strategic shifts and then making sure that we've got basically a resourcing plan in place. We will hone that resourcing plan here as we're doing in the next ten months, putting together the Future Year Defense Plan.

Q: Let me follow up on that first question I asked about the contribution of allies. Why that plays in. Why you feel comfortable assuming that.

A: Again, an awful lot of the report is how do we build partnership capability. That partnership capability is not just allies, it's within the U.S. government we need to develop some capabilities. One can clearly see Iraq/Afghanistan strategic history is not a military but it is basically, can you make the societal change? Key among them is the political process. But it's also essential services, it's the economic system, it's somewhat rebuilding civil society, things that the Defense Department doesn't do and we rely on our partners in government or our allied partners to make a difference.

There is a kinetic contribution that you would like your allies and coalition partners to be able to make, and then there are some non-kinetic ones too. Each country, depending upon circumstances and just their inherent abilities, are going to be able to make contributions that, they're not all going to be exactly the same. Some are going to be able to help with constabulary forces, others are going to be able to help with building the civil society, others are going to be at the high end kinetic.

What we're mainly interested in doing is building capabilities for those in region forces but certainly some globally too, that can help in the stability operations. That's an area where almost every time they're going to be able to do it less expensively than we can, but many

times they're going to be able to do it more effectively. They're going to have local knowledge, they're going to have a higher level of cultural awareness, they're not going to be hampered by the language as much. So there will be a lower threshold for them to be able to make a bond with the local people not only for confidence building but also for purposes of intelligence gathering.

So that's a big investment we're making. The reason is we think we should think about how we can use those allies better, because we're going to be making more on that investment.

The other thing is we realized from the experience of the last four years. One of the strategic advantages the U.S. has is its population base and the diversity of its population base, and a lot of heritage language speakers that exist in the U.S. and first and second generation immigrants from these other regions. In the human capital strategy that's one of the areas is how can we better leverage that.

So the bottom line is that it's not a "go it alone" Defense Department activity, especially in one of these prolonged, irregular conflicts. And that we need to look at partners from a spectrum of sources, one of which is nation states, the other one's within government, the other one is our own population.

Q: Thanks a lot.

Dave, you're next, then Eric.

Q: The QDR emphasis on long-range strike created quite a buzz in the contractor community. I was a little curious about there seemed to be, you talked about the date 2018 and you talked about the date 2025 and different people in explaining QDR talked about very rapid strike capabilities, others talked about rolling X-45 capability into long range strike which is not high speed, but it is persevering.

Could you sort out for me, are we talking about one or two or three programs in there? I know conventional missile might be one. I know they want something eventually to go deep and loiter, but that doesn't seem to fit the 2018 timeframe. What did you guys have in mind when you wrote it?

A: Well what we had in mind was that the need for prompt global strike is a capability the United States needs to have. We also need to have systems, as we say, that can operate in denied areas and have a certain persistence in there and we need to make the investment to be able to do that. And that is the strategic thrust.

One of the things is to move up to 2018 what is going to be the replacement system for the current manned bomber force. So there is an effort to look at that.

There are not, as far as specific one-for-one replacement systems, those details, and I won't even say the programmatic because it doesn't even get to programmatic, but the specific

planning of that is something that's currently going on.

There was also a realization that on the JUCAS, that the way that we had the experiment structured perhaps, we could do better. We had made a lot of progress. We understand unmanned systems have a big potential and that perhaps the goals of the program didn't recognize the far end potential. There's a statement in there that we're trying to build 35 percent or greater of the force, the aviation forces in the unmanned realm.

Q: Forty-five.

A: I could be --

Q: -- long range. Thirty-five was --

A: A higher proportion. And there was some discomfort actually coming up with specific numbers because again we wanted to go with the thrust area.

So the program's been restructured to look at what were the critical things that we need to demonstrate? The fact that you could get one of these on and off an aircraft carrier and you could do refueling and then the rest of that investment has gone into what further things can we do with unmanned systems.

Q: So we're talking about the unmanned bomber replacement by 2018 and then a further, more advanced capability by 2025?

A: First of all, I didn't say unmanned or if I did I misspoke on the bomber replacement. Obviously unmanned is an option to go. The force itself will migrate toward a higher percentage of unmanned capability. Whether the replacement for the bomber needs to be manned or unmanned is part of the type of things that we're trying to determine. Whether the replacement for the bomber, and it doesn't necessarily -- There's no specific criteria on what the attributes of that system are other than the fact that it has to have prompt global strike. That doesn't necessarily mean that it is a classic air-breather system. There are a number of different ways to get to that global strike capability and that's what we're going to try to understand is how best to achieve and to be able to service the targets that we're looking at servicing.

So the fact that it's narrowed down to a specific approach would be an incorrect reading of where we're going.

And as you can see, we've achieved some prompt local strike with the movement of the conventional ballistic missiles. You might look at other approaches that would look more like that too.

Q: This is the last time I'll make this example, I promise. Can you differentiate, though, between the 2018 capability and the 2025 capability? You mentioned both in the QDR.

A: There have been historical windows of where we were going to, and the previous construct that we're going on is there was a replacement for the manned bomber and then there was this other strike capability. Whether those two merge together or not, I can't tell you right now. That's what we're -- The QDR said we're going to look at this real serious, we're going to make prompt global strike a higher priority than it's been in the past. That's to me what the QDR does. Now we've got a year or so to go out and do analysis of alternatives and try to understand best on how to approach that. Also to engage industry and say what are the sort of technologies and capabilities you think you can bring to bear on the problem and how will that inform us in our decisionmaking.

Q: Eric, you're next. Then John.

Q: I wanted to ask about one of the priorities you set out in the QDR, developing systems and personnel to locate, track and tag WMD. Can you explain what that, as briefly as you can, as succinctly as you can, what that means. Does that mean going into Russia and asking them for [inaudible] their nukes? Putting GPS on them so you know when something's en-route? What specifically do you mean?

A: We, in the Cooperative Threat Reduction Program and that, some of those capabilities you're speaking of, not specifically the way you formulate them, but we have a working relationship with the Russians to monitor and track what's there and we work with them on our end also.

No. It is, and I don't remember the tagging, tracking, locating specific -- I mean you need to have it for WMD. We also want to start to be able to apply our intelligence, surveillance and resources capability down to where we can do similar things with individuals. But we have built over the last 50 years our ISR systems to be able to handle forces in the field and knowing where mass formations are and what they're doing, and also to be able to give us indication and warning. We need to shift that now to a different problem set.

As you're probably aware in the QDR we talk about these four focus areas where we think we had insufficient options for the President and insufficient capabilities for the combatant commanders to be able to call to bear, to be able to address the problems. That was hastening [demise of] terrorist networks, defending the homeland in depth, and then preventing the acquisition and use of WMD, and then influencing choices of countries at strategic crossroads.

Specifically for the problem set of terrorist networks in the WMD, the tagging, tracking, locating capability, is very important. We need to develop some technologies in there that will allow us to be able to determine where WMD is, specifically where fissile material is located, so that we can start to do that at a distance. And it feeds into the whole targeting chain that we would put in place.

We have some systems in place now. We think that we need to have better systems, that

they don't give us the breadth of capability that we currently need, but that's both for being able to do that when it comes to WMD but also specific terrorists.

Q: Russia, by your definition, is at a strategic crossroads. Russia has thousands of tactical nukes. Is part of this you're going to ask Russia to tag all their nukes so special forces can follow them and inventory them.

A: I assume [inaudible] approach. Basically Russia is a sovereign nation state and we are working with them so that they have accountability just like we have accountability for our nuclear and specifically the fissile material. We think there's a program in place to do that.

The real concern that we have is the nexus between countries that are producing weapons of mass destruction and have a tendency to proliferate; the terrorist networks at the other end, who once they get their hands on this they will use these weapons without hesitation against innocent populations. When we look at September 11th we see that we lost 3,000 principally citizens of the United States, but actually citizens from 80 different countries. If they could have had a weapon that they could have killed three million they would have used it just as readily. That's a big concern.

In between the proliferators and the folks that would use it is the world we have of globalization where the movement of both ideas and materials is significantly facilitated, and bringing those three together is a major concern, and that's principally where the focus is right now, to get better visibility to be able to prevent something like that happening.

Q: I'll try it one more time. Osama bin Laden tried to purchase nuclear weapons from Russia. That is a fact. People [inaudible] or what have you. Russia is the target or the focus of a lot of al-Qaida interests. It would therefore stand to reason that the security of Russian tactical nukes is a primary focus in this.

What I'm asking is, well let me put it a different way. Over time, since 9/11 should Americans feel more comfortable about the security of Russian tactical nuclear weapons and fissile material?

A: We think we've made progress with the Cooperative Threat Reduction Program. The answer is yes, we've made progress on that and it's in better shape than it was prior to 2001.

Now to say that that's the primary focus area of what we're trying to do in the QDR and the capabilities we're trying to build, I think is a misreading. We have something in place and we're making progress there. There are other areas where we haven't traditionally had the capabilities, we haven't made the investments, and we don't have a nation state that we can work with.

One of the thing we talked about on Russia is, we're looking for areas where we can constructively cooperate with them, and Cooperative Threat Reduction is an example of that.

Q: John Tirpak, you're next, then Sandra Irwin.

Q: I want to quickly follow something Dave was asking about. In the aircraft section it talks about increasing the penetrating strike five-fold by 2025. Should we interpret that as through munitions or missiles or are we talking about multiplying the bomber force five times?

A: The thing is, let me try this again. A strategic document with a capability we need to have. We need to be able to service more targets with a certain degree of deep penetration, being able to do things in denied areas. We used the number five just to give that, we think it's important about that order of magnitude to be able to develop a more robust capability. Specifically how one's going to do it, we don't have the answers right now. We are making an enterprise-wise decision to go out and get those answers and figure out how do we start to put them into systems and programs. But there are not specific systems and programs yet that we have the answers for. We aren't picking on things off the shelf.

The process we went through in the QDR, and it's a fairly elaborate thing, was first of all define what the areas of concern were and I gave you these four problem sets. Then to understand, and we brought in the combatant commanders, we brought in our allies, we brought in different parts of the U.S. government to try to understand what were the capabilities we needed to be able to solve each of these four sets of problems. Actually I believe in the handouts there is some discussion of that and specifically addressed in the QDR, too. What were the capabilities we needed to address those problems, and that's what we've identified. And where we didn't have something we thought going viably in that area and didn't have programs on the shelf that met those needed or provided those capabilities, then we gave some strategic direction to go out and be able to get those. So that's what you're seeing on prompt long range strike. We have a set that we designed and put on the drawing boards during the Cold War. We think we live in a different world today. We talked about within the force planning construct in the area of deterrence, we want to move from a concept of massive retaliation to one that's tailored in nature, one that will handle a near peer competitor which imposing cost on a society works. But then also one that works on rogue powers where you have to get into the specific decision calculation of that unique rogue power. And then also one which gets down to taking capabilities down to the individuals to be able to deter terrorists and their networks.

Q: John, is that your --

Q: I actually wanted to ask a specific program question.

A little over a year ago the F-22 program was cut from 381 to 180 roughly airplanes. At the time everyone acknowledged yeah, this is budgetary, but we'll work it out in the QDR. All your justifications here are for something that's persistent and penetrates deeply and all that kind of stuff, and you also mentioned the forward sustainment and rotation base. The 381 figure the Air Force said has been long validated and DoD reviewed. That's what they need to maintain their rotation base.

So how do we justify 183 now after 381? Why didn't this get worked out in the QDR?

A: It did get worked out in the QDR.

Q: Okay.

A: We went back and we looked at, within -- One of the things coming out is something called PBDB-753 which was a \$10 billion a year cut to the defense program that we got in December of '04 and we had two weeks basically to work that out. Fortunately we had done a lot of work in developing the strategy for the QDR which we got done ahead of time. So we had a guide to take the decisions that we wanted to make, but still it was an extremely rough cut. In there the decision was made to terminate production in '08 on the F-22 which was going to put them nominally at 180 which worked its way down to 179 on the F-22. And we were going to go back and look in the QDR at something we called joint air dominance and how do we achieve that. We have JSF coming on line. We have F-22. We are purchasing some F-18s. Then at the classified level we have war plans and different op plans and that that we have on the books and we know what sort of capability we need to be able to meet that.

We did all that in the QDR. We looked at those things against specific war plans and scenarios. We used this operation availability study to be able to understand sufficiency of the force. There are a couple of specific areas where tactical aviation can make a difference, and having a fifth generation, very low observable tactical air platform can make a difference.

As we went through that, so we validated the need to have fifth generation attack air, and then we looked at the numbers and what the mix was. It was important, a land-based capability was important but also a sea-based capability was important.

So we went back and said we do need to have the F-22. The numbers we were looking at were roughly sufficient. But we did need to have the JSF capability, specifically the carrier-based aspects of that. We looked at what could be done within the FYDP and that it did not make sense to make cuts in the JSF variants inside the Future Year Defense Budget, and it didn't make sense to do anything significantly different to the F-22.

What we did have, though, when we looked at that was a two-year production hiatus on fifth generation fighters, and the F-22 goes away before we bring up the JSF. There was a technical list involved there on shutting down one production line before you brought up another one.

So the Air Force was able to come forward and saying by going to multi-year procurement I can get another two years out of that production line. I will need to add, to keep it level and I believe it's at 20, but I could be wrong on that number, to keep it level, the production, I'll go up to 183. I will add some money, but adding that money, it is to look at what the risk is

of having your fifth generation production capability go cold and if you have a problem bringing the JSF up then you wouldn't have anywhere to go.

Q: Real quickly then, what changed? The 381 figure had been validated for a long time, then suddenly it went to 183 as a budget cutting decision, and magically it happened to be the right number?

A: First, I was not involved in --

Q: I understand.

A: -- the previous number, so I can't tell you what went into that, how that was looked at. All I can speak to is what I saw occur in the QDR. I haven't heard anybody in the Air Force say the 183 number is wrong, we need something different. I think they think they have a different understanding. I think some other things that have happened -- a couple of things in the QDR, and we tried to emphasize this and I don't think it's accepted perhaps at face value. But there was a lot of group learning that went into the QDR and it went on at the four star level. Other than people, and perhaps a little bit of change in mindset, too.

Rather than being protectors of their community or advocates for their specific community's contribution, they started to understand after hundreds and hundreds of hours at the Vice Chief and the Service Chief level along with the Service Secretaries and the Under Secretaries, they started to see things from an enterprise perspective and understanding what joint interdependence really means. For a culture pre-dating World War II, there's been service rivalries, there's been the zero sum game approach, and through the experience of Afghanistan and Iraq the concept of joint interdependency, the fact that I can put a sister service on my critical path to success allowing me, instead of having to buy everything, to focus on what my core capabilities are, is something that everyone got.

We had a number of meetings where we had the top 24 leaders inside the Pentagon and then brought in the nine combatant commanders, and we refer to those as strategic planning councils. We had a specific one on 21 November, another one on 11 January, and two and a half days of meetings with those senior leaders involved, specifically focusing on where we stand made a big difference in how people perceived what their contribution was. I think that the Air Force leadership thinks that the program they will have will meet the needs of the combatant commanders.

War plans change --

Q: You don't think?

A: I do think. War plans change over time, so therefore the needs to be able to support those war plans change. I just can't speak for where the earlier numbers came from or how they got validated.

Q: I give up.

Q: Okay. General Keys does not agree with 183. He said the other day that his number is still 381, so I don't know if you count him as part of the Air Force --

A: I haven't seen him say that and I don't know if he's told his Service Chief that, but I haven't heard his Service Chief say that.

Q: The Service Chiefs, Vice and the Secretary, they kind of purse their lips and say 183 is the program of record.

A: In the meetings I sit in where they're in it along with the Vice Chief, they say this will give them the force that they need to do the job.

Q: Sandra, you're next and then down here.

Q: I have a question on force sizing. You said earlier that you would be spending the next couple of years studying the force sizing. However, this week we heard from the services specific plans to cut back on Sailors, Airmen and Soldiers. So it seems to me that they're going in a specific direction, downward direction, with people in the services but you're still studying the force sizing.

So are we to conclude from that that the trend is going to be downward just based on what the budget is telling us today? And what studies, what would you do that would potentially change that?

A: I am not aware of any plans to decrease the number of the land components, either Marines or the Army.

Q: The Army's going up and then down.

A: I think the Army's staying steady at their end strength. We have an emergency presidential call-up authority while engaged in Iraq and Afghanistan. They will use that extra capacity to not only do the operational tasks but also to give them some maneuvering room as they modulate the force. The Army, as General Schoomaker said on the Hill yesterday, he's doing a lot of things at once, but this modulation of the force and the resetting of the force along with the operations they're engaged in is significant so they're going to use that extra 30,000. The same with the Marines.

But the plans are for them to stay at their authorized end strength once we get through the major current operations that we are engaged in.

The Navy for a number of years has been going through a process, looking at their manning and seeing where they can substitute technology for just straight manpower and to reduce

the manning on ships. That's been an ongoing program and they are just on a continuum to be able to do that.

The Air Force has observed the progress the Navy's made. They think they're a highly technical force. They look at the capabilities that specific platforms give them today. The thing is again, I just want to emphasize, we think it's about what is the capability I deliver to the joint warfighter. The Air Force looks at the capability of the platforms that they've had historically versus the ones that they're building today and how to use them better and they say we are going to have the capability we need to get out there. We don't necessarily need to have the manpower, and there are some smart things we can do on looking at if we wanted to bring it down, to be able to have the force sized right for the capabilities, there are some smart things we could do.

The Air Force is, they do talk about over the period of the Future Year Defense Budget, coming down approximately 40,000, but that's because they think they can do things smarter.

Q: So in the studies that you're doing, what other considerations are being made and what potentially could change if anything in the force sizing studies that you said you'll be doing in the next two years?

A: What we're doing is looking specifically at what the mix is that you need to be able to meet the problem set. Then once you've got that mix right, then to be able to apply it to a spectrum of problems which is based upon the force planning construct, and then to see if you need to make any adjustment in numbers. But again, the analysis that we did during the Quadrennial Defense Review says if you get the mix right you're not going to have to increase numbers.

Q: In terms --

Q: Go ahead, then Michael Bruno, you're next.

Q: In terms of the budget, how have you looked at the future spending requirements in terms of the 2008 budget and all the way through 2012, 2013? Do you foresee the need for increased spending? Or do you foresee how you can live within your means? And how are you planning to shift funds around? Which programs might you shift funds out of and which might you shift funds into?

A: We have a process where we look at future programs -- To us, the word budget has to do with the current year year end, but basically what your spending's going to be. And we look at what we can predict with any degree of confidence and that is within the program.

There are operational contingencies that come up that we can't predict, so those are handled by supplementals.

We do not do long-term programming for supplementals because those are just --

Q: I'm not asking that.

A: Okay. So within the program, though, we build the program. We're doing that on a two year basis right now. We are going to live within the program that we have submitted. The plan is to live within the program we've submitted and that Congress is aware of and that we've worked with the Office of Management and Budget. That's the whole reason for doing this, is to be able to bring some stability. There's nothing that's gone on in the QDR that would change that.

There are some shifts in capability. There's a shift to develop some irregular capability. There's a shift to again have the prompt global strike. That's what the QDR was all about, is to see how we had to change that.

The force planning construct talks about being able to do more of these irregular operations, so the general purpose forces are going to have to develop some of those skill sets. We want to increase in special operations capability, not only their direct action capability but also areas in civil affairs.

Q: Is this going to require more spending over the course of the years?

A: We believe it requires the spending in the programs, the Future Year Defense Program that we have done.

Now over the next ten months we're going through an effort of building that Future Year Defense Program to do the fine-tuning, to make the adjustments and to make those shifts. That process is just commencing as we speak. We're having a meeting this afternoon where we start to address the big picture and how we're going to do that.

Q: Michael Bruno, and then Rebecca.

Q: The Navy has a couple of shipbuilding projections that a lot of folks in Washington already think are dubious, long term stability and plans. Cutting submarines down to \$2 billion apiece. Yesterday the CNO said that he's going to start looking at the aviation portfolio to see where he can balance those costs.

It sounds like there's an inherent gamble that the Navy's going to get a lot of money sometime in the future, four or five years from now. How does the QDR hedge against perhaps the Navy not being able to fulfill all of those projections?

A: The CNO has a shipbuilding program that you spoke to. One of them involves an increase, an acceleration of the littoral combat ship. One of the nice things about the littoral combat ship is it increases the number of yards by six where we can build these platforms.

We have a vertically constrained and industrial base constrained problem in building ships right now that has a tendency to drive up the cost. The CNO has looked at it and has found that one of the principal cost drivers in the shipbuilding account is instability in the program, and that adds a significant cost to each platform we build, so he's laid out this long term program that is being based on being able to have stability. He's looking forward to working with Congress to make sure he has that. That will be one thing that will enable, or to be able to dampen the cost growth.

Some of the other things had to do with the production runs that you make. We also talked about going to two submarines a year, and the people that are expert on it, which I don't happen to be one, say that if you can start to stabilize it at two per year then you can move the cost down to \$2 billion a copy. Admiral G, who's spent a lot of time in that area, is a strong proponent of that.

So your question is, the QDR looks and says what are the capabilities we need to develop, works with the services on coming up with a plan. The Navy has done that. The principle it's based upon of stability is one that we believe and the CNO believes is one that will be workable.

You asked me do we plan for failure of our plans. You always think about different ways to do things but you don't build a plan and immediately start to say it's not going to work, now what do I do?

Q: Rebecca, then Bradley, then Otto.

Q: I have a procedural question and a policy question. We've been hearing about the QDR, particularly when you ask a specific either program or policy type decision, whoever gives you the answer will say well, in the QDR we found XYZ. Then when you go look at the QDR, now that we can actually look at the final report and lots of things that are circulated, it often doesn't say that, or it says something that could include that but it could also go a lot of different ways.

Is there a longer version of the QDR out there? Is there any kind of supporting documentation so that when people say the QDR found this we can actually see how the QDR got to that and not just take their word for it because? Is there a way to understand how that decision was reached?

A: I'd probably be interested in finding out what some of the specifics are you're talking about.

But this is the QDR report and to you what is in there, that's what you think the QDR is. To us who have -- A unique thing happened in this QDR. When we started out this QDR we looked at all the past ones and the Bottom Up Review and said are there some lessons learned there, are there ways we can do things better? And there were two things that we looked at. One is guidance and vectoring of the QDR is a smart thing to do. So for about

four months prior to the QDR the Secretary worked with the Senior Level Review Group which are the heads of the different components in the department, and we crafted a terms of reference. Basically a guidance to how you do the QDR. It's classified, but it ended up being 41 pages. We said these are the type of things we want to accomplish.

The other thing we did, we tried to design it such that rather than a bottom up staff process which tends to be based upon consensus at the lower levels and starts to get a lot of tribal churn down there as they try to work that out, is that what we would try to do is a lot of investment had been put into building a management team that was comfortable with each other and could work at the enterprise level. There are a number of issues that over the past four years had come up that had used that.

So we tried to have it more driven from the leaders and those people had insight to understand what the entire department was doing and what it was about, so we engineered it and the structures we put in place drove it that way.

Those two things coupled with strong leadership -- We never had problems getting strong leadership, that's wrongly characterized. The Secretary is very good at getting strong leadership, but we also had a process where the Deputy Secretary, initiated by Paul Wolfowitz and carried on very robustly by Gordon England, invested a tremendous amount of their time, I'm saying approaching 25 percent of their time into just working this and bringing in the five Under Secretaries and the four Service Vice Chiefs plus the Deputy Commander of Special Operations Command, and managing, and then authoring the QDR.

So when we say QDR, to me I think of that year-plus of my life and their life that an awful lot of your cognant time was spent on going through that.

Q: I guess my question is, is there documentation that shows what decisions were reached as opposed to you'll just have to take our word for it. It all happened in classified meetings and we don't have anything to show you.

A: You have to tell me what it is --

Q: My policy question follows on that, it just comes up in so many different areas I'm curious if there is a classified document that shows how these decisions were reached, that show --

A: You're talking to me about something I'm not able to focus on. I think the QDR and the report captures at a top level of which we can communicate with the American people with on where the department -- What we understand our strategic context is, how we have to operationalize our strategy, and the choices that we have to make within the building. So I -

Q: Go to your specific question. Maybe --

Q: My specific question has to do with ISR assets and space assets. I've had different people imply that the QDR either sets the stage for space program [inaudible] to return to the Air Force, or sets the stage for not just space programs but also some of the other unmanned persistent surveillance assets to all be managed at the DoD level, through the Under Secretary for Intelligence, across the services, which would seem to take away management responsibilities for things from the Air Force. So which is it?

A: What it is is that the QDR talks about moving from a service-centric, systems based acquisition system to one that's more joint capability portfolios and focuses on that. That's the strategic direction the QDR sets.

On separate decision memorandum, the Deputy Secretary has initiated a process to start to prototype what those capabilities might be.

The first capability we're looking at is intelligence, surveillance, reconnaissance. The oversight of the management of that capability is given to the Under Secretary for Intelligence. Specific individual program management goes on at the program level, the PEO level, the service level. But how that harmonizes across the portfolio and it's effectively balanced, which is something we haven't been able to do in the past, the Under Secretary for Intelligence will be specifically, the specifics of how that's going to be implemented is currently a work in progress.

The QDR also then, we will look forward to other areas where we can experiment in doing that. And candidates to look at in those areas, because we don't want to come in and say we're going to this, we're doing it across the board. It gets too complex, we really don't understand how to do it so we're doing the crawl, walk, run approach to this. So the other areas to perhaps look at would be in the area of joint logistics and in the area of joint command and control, how one does that. So those are candidate systems that over the next several months we'll look at and just see if it's feasible to put them in a joint capability portfolio.

Simultaneous with that, the Under Secretary for Acquisition, Technology and Logistics is looking at different ways within the acquisition system to marry up a capabilities approach. That was something that was started under Mike Wynne, and Ken Krieg is continuing working on.

So the decision made in the QDR was, we need to move toward these joint capability portfolios. The specific implementation of that, though, is -- The discussions go on. We could do it here, we could do it there. The specific implementation though usually comes out in other vehicles. There's a follow on to this known as a strategic planning guidance which gives the direction for the building of the program review. Depending upon how you count the specific actions in here, you can go somewhere in the neighborhood of 150 different specific actions. The Deputy Secretary of Defense, along with the Vice Chairman, are going to manage something that has the bumper sticker name of the Group of 12, but it's the two of them, five Under Secretaries, four Vice Chiefs, and the Deputy at SOCOM,

and they are going to oversee the implementation of each of those steps. Build a matrix, do a follow up, the assignment to different people.

So again, the implementation comes after we've set the strategic direction. As you're probably aware, there were eight different areas as we went through the QDR that we felt that we needed to continue to put a focus on them. They were items that could not fit within any one institution to manage the cross-cut across the department, so we've included those and we put the name on them of execution road map. But it's basically a continuation of the QDR.

When we started the QDR there was a third thing we talked about and some people put the label on of the rolling QDR. But it wasn't something that you do and then you stop doing. It is generally a process, a horizontal integration of management within the department we use to manage, and so the QDR is actually continuing on. It's the feeling of those that were involved in it that this is something that, we looked at this long war we're engaged on, and we think of it relative to the Cold War. We're kind of still in the Truman Administration where an agreement was made across the nation that this was in the nation's long term security interest. It wasn't a partisan issue, and we had to make commitments, make investments and develop capabilities to be able to fight that long cold war.

We think that we're at a similar juncture now. We think the QDR is just a snapshot in time across a continuum of transformation that we started in 2001, but that it also should be a document of debate among our allies, with the Congress, and among the American people. Is this the direction we want to go, and is this something that we can look at in a bipartisan fashion? What we want to do in the department, though, is do everything we can to bring to fruition, the direction this was taking, to start to build the capabilities before this Administration ends so that we can give more options to future Administrations.

Q: Okay, we've got quite a few more questions, so let's go. Bradley, then Otto, then Sebastian.

Q: What's one single issue or area that was most debated or proved most difficult to resolve?

A: What was the hardest thing in the QDR? I think it had to do, the QDR went on from March '05 is when we pulled out the strategy and we basically started the process then until we delivered the report.

I wouldn't say the most difficult, I'm having trouble coming up with that. I'll tell you what the biggest surprise was. The biggest surprise was that spending these hundreds of hours together, how people with disparate views of things started to come together. I know it happened to me. I had a certain approach, I thought certain things should be done, and I really started to understand the problem set from the other guy's point of view.

Q: Can you give me an example?

A: I'd rather not do that on the record because I don't think that's the important thing. The important thing to take away is that people who had different views that appeared to be incompatible at the beginning of the process on the way the department needed to go forward and the type of things and decisions that needed to be -- By understanding the problem from an enterprise perspective, at the end came up with a very coherent view of this is what needed to be done. The big thing that was amazing is we kind of get to that point when we bring in the combatant commanders who actually have to get out there and accomplish the thing, and infuse it with their perspectives, and it really solidified the view of the type of things that need to be done.

So one of the things you're seeing in the QDR is we're saying we can do more than we've said we could do in the past. This force planning construct brings a greater breadth of activity and I think depth of activities when you talk about what we're talking about in tailored deterrence than the last one did. And yet everyone thinks that we can do it, we can do it with the force we have, but we've got to change the capabilities and the capabilities mix of that force.

I was expecting some really, really hard things and some points where we would hit a big crisis, and the surprise is that under the effective leadership, and this is the truth, of the Secretary and the Deputy and their hands-on involvement, and also, I guess a big thing is too, if you look at the common operational experiences we've had, that made a huge difference. There wasn't one of theoretical debate. There were actually lessons learned out there you can go to to say this is the way we need to do things. And an awful lot of the force had experienced that themselves, too. The military folks.

Q: Otto, then Sebastian.

Q: One quick one then another. The quick one, I thought jointness, why does it make sense to split JUCAS back to the services again?

And then the real question is, [inaudible] building partnerships inside the US government. What's the follow-on process to beat these little agencies into becoming expeditionary and so we can build this interagency partnership?

A: Obviously I wouldn't ascribe myself to the idea of beating them into it. But there are a couple of recommendations in there that are first steps. One is the concept of a national security planning guidance. Something similar to what we do. We think that's helpful for talking about the capabilities that we need to build and that would be where you'd have a discussion on that.

We think that we'd like to look at taking National Defense University and converting it into a National Security University where people in their developmental process would have a common view of things.

We think that Goldwater/Nichols and the requirement to have joint duty officers was a seminal event in getting us out of our tribal mentality so therefore we recommend something of a, having a joint service officer, I forget exactly what the title was we used, but as one comes up in the civil service that they would have had experience in other parts of the government to be able to move up to the highest ranks. So those are a couple of examples of how one could go forward in that.

On the JUCAS, actually the recognition was just the opposite as far as there were some key things you needed to do. We needed to see if we could get it aboard an aircraft carrier. Technologically we needed to see if we could do refueling. It made sense for the Navy to do that. There were some other areas and some advanced capabilities and things that we wanted to go out and look at. We wanted to look at what was the follow-on to the current manned bomber forced in that. It made more sense for the Air Force to pick that up.

But based on the interface and the communication between the programs and that, no one involved thought we were walking away from jointness. It was actually the point where you could trust one service to go off and do something and still look out after the prerogatives of the other service.

Q: What about the joint operating system, the command and control that was part of that? Regardless of what platform you build, the operating systems for it would be the same.

A: Right. You're getting into a level of detail that I would just be giving you what my impression is. There's a meeting this afternoon that I'll be going to where that will be specifically discussed. So you have to have someone smarter in the specifics than I am.

Q: Let's try to get through all these questions. Keep them to single questions. Sebastian, then Michael Sirac, then Jim Wolf, Gopaul Rodnum and Anne. Go.

Q: I'd like to come back to the proliferation field. You said the department is very committed to the CPR program, yet there are cuts in the budget request of about \$40 million this year. What's the discrepancy there?

A: I'm not a budget person so I can't tell you specifically what that is about. We think there are -- I do know we think there are some areas of the program that are more effective than others, so I would imagine it would be based upon that. But I can't speak to where that \$40 million is so I can't speak to, to answer your question. But in general we think that the CPR program is a constructive program. We support it.

Q: How do you see the proliferation security initiative go forward-- [inaudible] --

Q: That's separate questions, Sebastian, isn't it? We've got to get through these. Michael, go ahead.

A: The proliferation security initiative is dealt with in the QDR. We think it is a harbinger of

future ways to do things and we are very big supporters of it.

Q: On air mobility and inter-theater transport, I'm wondering why you all felt the need not to keep C-17 production going. On the one hand the fighter programs, your fifth gens, you extended the production line in the Raptor to take on risk. With the C-17, you decided not to do that. The Mobility Capability Study shows you have enough intertheater airlift with C-17s and 112 C-5s, but you don't have modernized C-5s, but you don't have those modernized C-5s yet and you won't have them for a while, so why not extend C-17 production?

A: Because, there are a number of reasons. One is the modernization, I think it's called the [RUP] for the C-5A. The modernization is, the decision to, the final decision on terminating the line is time sequenced, that you've gotten through all the risk reduction for the modernization of the C-5As. So before that becomes an irreversible decision. So you time sequence things so you've avoided your risk there.

The other issue on risk is what would it take to keep the production line open? We think keeping the production line open, just from a risk approach, would be a smart thing to do. The problem is, you look at where the next follow-on is going to be with either KCX or the light cargo aircraft, I believe it's called, LCA, that the services are building. The time, the costs would be prohibitive.

Risk is a situation of what you gain versus what you spend and the spending part of the equation is much higher, orders of magnitude higher on keeping the C-17 line open.

So the mobility clearly states that we could do it with a C-5A fleet and the C-17 fleet, and we've got these two other programs that are coming on line. So the folks that are experts on this feel that's the appropriate way to go.

Some of the things we are doing are working with allies and partners to see if they would be interested in purchasing or somehow getting C-17 capability. Other steps that might be able to keep the line open longer, we would support those.

But for our needs that we need to do our war plans and operational requirements, we do not need to keep it open.

Q: I see that apparently we're out of time.

A: I'll take one more.

Q: Okay, go ahead Jim, real quick.

Q: The QDR singles out China as the rising or major power that poses the biggest potential threat to U.S. supremacy. How do you propose to shape its strategic decisions, and what role will the increased naval power in the Pacific play?

A: We didn't characterize it as a threat. We just said that, I don't have the exact words here, but we didn't characterize it as a threat. Whether China is a threat or not is not our decision. That would be the decision the Chinese make. It just says that of the major emerging powers, China has the greatest potential to compete militarily with the United States and field disruptive technologies that could offset our traditional capabilities. So that's something we have to be cognizant of.

Q: And how do you --

A: One of the things we think would help with the Chinese is a degree of transparency. It's difficult to know exactly what they're doing. They continue to increase their budget. They continue to increase their offensive systems. It looks like they are preparing for something other than a political solution to the Taiwan problem and we find that disconcerting.

So what we are looking for is a dialogue and a transparency so that they can understand what we're doing, we can better understand what they're doing.

The Secretary went over there this year and talked about increased military exchanges of a substantive nature rather than just of a matter of form. So we're looking at those as steps we can make progress on.

Q: What about the role of increased naval power in the Pacific?

A: The Pacific is an area that we think is going to continue to need the U.S. presence as a stabilizing force, so we think that as the world situation changes and the great distances that are involved there, then a certain degree of reapportionment of the systems is a smart measure for all concerned.

Q: We really are out of time. Thank you for coming out.

A: Thank you.

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