THE BROOKINGS INSTITUTION

THE ARMY OF THE FUTURE

Washington, D.C.

Friday, February 15, 2013

PARTICIPANTS:

Introduction and Moderator:

MICHAEL O'HANLON
Senior Fellow and Director of Research, Foreign Policy
The Brookings Institution

Featured Speaker:

GENERAL RAYMOND T. ODIERNO
Chief of Staff
United States Army

* * * * *

P R O C E E D I N G S

MR. O'HANLON: Good morning, everyone. I'm Mike O'Hanlon, and on behalf of Peter Singer and myself and everyone here at Brookings and our Center for 21st Century Security and Intelligence, welcome. We're honored today to have the Chief of Staff of the U.S. Army, General Raymond Odierno, to speak in what could not be a more important week for American defense-policy making. You're aware of the challenges of the federal budget process and how these can affect our men and women in uniform and our future military planning, as well as current operations.

No one could be more a distinguished and more thoughtful person to discuss these matters than General Odierno who I've had the great honor to know for about a dozen years now. He's been a friend of Brookings and a friend of the broader defense community for a very long time, and of course he's been a distinguished servant in our nation's military and in our nation's defense throughout that period.

He took the 4th Infantry Division to Iraq and presided over its operations, directed its operations in the first year of the Iraq war. Then, as we all know, he returned as the Multi-National Force Corp Commander and was, along with David Petraeus and Ryan Crocker, one of the key three American architects of the surge. So, from December 2006, just

before the surge began, through the early period of 2008, he was the person making the decisions on where the forces should go, how they should base themselves, how they should operate within the population, how they should interact with Iraqi forces, all the real detail behind the surge that if you speak to General Petraeus, General McChrystal, other people, will say that is the crucial part of what made this whole thing work, not just the increase in numbers but the changed way they operated. General Odierno was the primary architect of all of that.

He then got a few months off and went back to Iraq to replace David Petraeus, commanding the entire operation, where he did that job for 2 full years and hardly got any reprieve because now, after spending a year at Joint Forces Command, commanding there, he's been the Chief of Staff of the U.S. Army since September of 2011, and as we have noted, is engaged in this very intensive budget process right now.

So, I know we all look forward very much to hearing what he's going to say. He's going to speak for a few minutes. I'll ask him a few questions up here and then we'll go to you. Without further ado, please join me in welcoming General Odierno. [Applause]

GENERAL ODIERNO: Well, thank you. Thank you very much. Michael, you're right. It's been a pretty exciting week, but there's many more exciting weeks ahead of us I believe, and I look forward to those.

I appreciate everyone coming out today. I look forward to the discussion. Many thanks to Michael O'Hanlon and all, everyone here at Brookings. It's always a real pleasure to come here, and really allows me the opportunity to really think through many of the very difficult issues we have and get a chance to listen and hear other people's opinions. I look forward today, specifically, to answering your questions. I want to leave a lot of time for questions so I can discuss the issues that you think are important and that you want to hear about, but there are a few things I want to say first, so I'll take about 10 minutes here to talk about that.

As I said, I think your invitation to speak here today is a timely one, as we testified twice this week. We had the State of the Union Address, as well, this week. As well as for me, the presentation of the Medal of Honor for Staff Sergeant Clinton Romesha, and I think all of those things kind of come together when you think about the President talking about how he sees the future. We have us talking about the future of our budgets and what it means to our defense. And then we have the opportunity to see a great American hero, a young soldier who does what we ask them to do every day, and so it's really been a very emotional and important week for me personally.

As evidenced by the Congressional testimonies this week, our nation's leaders continue to grapple with decisions that will shape the

trajectory of our national security for the years ahead. The near-term budget decisions ahead of us today will deeply affect the direction which we are trying to take the Joint Force, but in my case, the Army, as we complete combat operations in Afghanistan - then re-set our equipment, re-orient our force, and be prepared to deal with a broader way of challenges that are defined in the defense strategy that we rolled out last year when we put a lot of thought and process into thinking about where we want to go as a Defense Department in the future.

We need to approach these problems, as tough as they are, with an understanding of the fundamental role the Army plays in providing our nation's security. This morning I'd like to describe the strategic and fiscal challenges that the Army faces, the Joint Force faces, and really the impact it will have on the future to include its readiness, size, and other things as we move forward.

But before I do, I would like to just take a moment to reflect on the basic building block of every army and that's the American soldier. On Monday, Staff Sergeant Romesha of the 4th Brigade, 4th Infantry Division was presented the Medal of Honor by President Obama. His heroism exemplifies the caliber of the men and women serving in our Army today. It exemplifies the gravity of the task we ask them to perform on our behalf. It is sometimes hard to describe to the American people

just how talented and dedicated these young men and women are. They possess a humility and selflessness that we all respect. They embrace esprit de corps and routinely demonstrate a dedication to their profession with moral and physical courage that epitomizes the ethos of the American soldier.

Since 9-11 we've grown a generation of experienced, combat-tested leaders and soldiers from the young men and women who have volunteered to serve our country. One point five million soldiers have deployed during the past 12 years. More than a half of a million have deployed two, three, four, or five times. More than 4,700 have made the ultimate sacrifice to defend this great nation. Our soldiers today operate in a most uncertain, unpredictable, and dynamic security environment, and it's really the most dynamic and unpredictable I've seen in my over 36 years of service. Unlike post-conflict drawdowns of the past, in this drawdown we don't have a termination of conflict due to an armistice, a peace treaty, or a political decline of super power. Instead today, we still have 81,000 soldiers deployed, including 58,000 fighting in Afghanistan, and thousands of others in Kuwait, Cutter, the Horn of Africa, Kosovo, the Sinai, Korea. Over 91,000 soldiers are forward stationed in nearly 160 countries.

The Army has been in a state of continuous war for nearly

12 years - the longest in our nation's history, but today, in my opinion, the greatest threat to our national security is the fiscal uncertainty resulting from the lack of predictability in the budget cycle. A series of continuing resolutions, a threat of sequestration hanging over our heads, and our country's inability to put its fiscal house in order compromise the future readiness of the Joint Force, the Army, and ultimately will impact our ability to provide our security to our nation.

We have two specific problems as I stand here today. We have an immediate problem in Fiscal Year '13, which has about 8 months left, and we have a longer-term problem due to potential full sequestration. In Fiscal Year '13 the combination of a continuing resolution, a shortfall in overseas contingency operation funds for Afghanistan, and the sequester has resulted in a $17 to $18 billion shortfall to the Army's operation and maintenance accounts, as well as an additional $6 billion cut to all other programs. And all these cuts will have to be taken over the last 7 months of this year.

So, what does that mean? Well, that means we're going to have to take some immediate actions. As we prioritize, we will always ensure that our soldiers in Afghanistan are next to deploy, that our forces in Korea are properly equipped and trained. Then we will see if we can continue to ensure the readiness of the Global Response Force at Fort

Bragg. But we will have to take some immediate steps to reduce expenditures and plan for budgetary shortfalls. We will curtail training for 80 percent of all of our ground force. We have cancelled all but one of our brigade-level training center rotations for non-deploying forces. Training cancellations will impact our unit's basic war-fighting skills. It will induce shortfalls across other critical specialties, including aviation, intelligence, engineering, and our ability to recruit new soldiers into the Army. We will reduce work at our depots which will delay the reset of our equipment coming out of Iraq and Afghanistan. We will furlough up to 251,000 of our hard-working civilians for up to 22 days, terminate nearly 31 temporary and term employees, and 5,000 workers at our depots. And the list goes on and on. I'm just touching on just few of the impacts that will cause us to make some of these difficult decisions over the next 7 months because of this Bermuda Triangle of uncertainty that we've had in the budget, specifically in Fiscal Year '13.

But in the longer term we have bigger issue. I want to first remind everybody that sequestration is not the first set of cuts that we have taken in the military. In 2010 we took about $300 billion in cuts under Secretary Gates' initiatives. That was followed up now by the Budget Control Act which directed another $487 billion worth of cuts in our defense spending. And we are now just beginning to implement that

almost $800 billion worth of cuts now, so we haven't quite seen those yet. We've just begun to see the impacts.

Now, on top of that, with sequestration we'll take an additional $500 billion worth of cuts in the Department of Defense, so we're now up to $1.2 trillion worth of cuts since 2010. And this doesn't include the reduction in our spending of overseas contingency accounts, which also now some of it will have to be woven into our base budget such as IED detection equipment, some of our EW detection equipment, which will cause another $100 billion of shortfall in the Department of Defense as we migrate these programs which we know we need for the future. So, we're now up to $1.3 trillion worth of cuts which we will have to find in the Department of Defense or have already started to find. This is significant.

People often say, "Well, after war we have a reduction that's normal in the Army." Since 2008, if we implement the 2014 budget without sequestration, it will be a 45 percent reduction in the Army budget. If we implement sequestration, it will be over 50 percent. That is a significant cut. These are not insignificant numbers that we're talking about, and it will have an impact on our capabilities as we move forward. So, for Fiscal Year '14 and beyond, sequestration results in a loss of a minimum of an additional 100,000 soldiers in our active, National Guard, and U.S. Army Reserve. This is already on top of an 88,000 cut we're

taking right now. My guess is so that totals about 190,000. My guess, in the end, it will be over 200,000 soldiers that we will have to take out of the active component, the U.S. National Guard, and the U.S. Army Reserve. We'll take almost a 40 percent reduction in our Brigade combat teams once we're finished.

Sequestration will result in delays to every one of our ten major modernization programs, stretching them out longer and longer and longer. It will have an inability to reset our equipment in a timely fashion if we're asked to deploy, and it will impact our ability to train individually (inaudible) units. These reductions will impact every Army base and installation across the entire country. Such a rapid decline in our ability to train and maintain the force will result in extremely low levels of readiness inside the next 6 months, which will cascade into Fiscal Year '14 and '15.

Now, no matter how this all turns out, which is still somewhat of an unknown, fiscal constraints are here to stay. We understand that. We have to play a role because the status of our economy and our fiscal capacity is a key piece of the strength of our nation. We understand that, but our domestic fiscal constraints do not diminish budding threats overseas. Many of the challenges we face are in the headlines every day - whether it be the aggressiveness of North Korea and Iran, the proliferation of weapons of mass destruction, continued turmoil across the

Middle East and North Africa, or the growing threat of cyber-attacks. As a Joint Force and an Army, we must make decisions based on the context of the security environment and their historical experience, not false assumptions about the future.

Last year the Department of Defense developed a collaborative process to publish the 2012 Defense Strategy. The strategy calls on the department to invest in the capabilities critical to future success, resist the temptation to sacrifice readiness in order to retain force structure, and rebuild readiness scenarios that by necessity would be de-emphasized over the past decade. With a fundamental role in ten of the eleven identified missions in the new Defense Strategy, the Army designated its force structure and capability requirements in support of this guidance.

My priorities for building the Army of the future have not changed because they have been developed consistent with our new Defense Strategy and how we see the future. Of course, if sequestration occurs, we will probably have to do a complete review of our Defense Strategy and develop a new strategy based on the fiscal realities.

As we move forward and posture our Army for the future, we still must have the foundational capabilities to win our nation's wars. But, more importantly, we must provide capabilities to our geographic

combatant commanders that assist in their efforts to shape their environment through joint interagency and multinational activities, what we call Phase 0 operations.

We will have to harness the unique strengths and capabilities of the Army, both active and reserve, across a variety of capabilities to ensure that the combatant commanders get what they need to shape their environment.

We will deliver scalable, tailorable packages for a variety of missions, such as building partner capacity, humanitarian disaster relief, multilateral exercises, and rotational forces for operational contingency missions. We will execute this by implementing a process of what we call regionally lined forces. We will realign the Army with each combat commander to meet their needs.

Some additional actions we are taking to reshape the force include making modifications to our brigade combat team structure to incorporate the lessons learned over the nearly 12 years of war. We must revitalize our professional military education system to ensure we are growing leaders with a broad understanding of historical experiences but, more importantly, to prepare them for the future, to prepare them for what we expect to see as we move forward. It is more important than ever that we seek a balance of capabilities and readiness across the total Army.

We need the capabilities of the active Army. We need the capabilities of the Army National Guard and the U.S. Army Reserve. We must balance our force structure to reflect the different readiness levels of each of our components and make sure they fit into the strategy that we will execute into the future.

We must make affordable and cost-effective decisions to provide the most versatile and tailored capabilities to our joint commanders, and we must capitalize on our current strengths: a combat-seasoned, disciplined, well-led force.

Our modernization efforts must remain centered on the soldier and the squad as the building block of our Army. The extent to which we provide our soldiers with the right equipment, vehicles, and networks to succeed on future battlefields will be determined by our physical decisions today.

We must learn from our 12 years of combat to build and sustain the resiliency and readiness of our soldiers, civilians, and families. We will launch a ready and resilient campaign to develop the comprehensive fitness and strength of our force. We will place a high priority on programs that help our veterans and families transition back to civilian life. Caring for our wounded warriors and keeping faith with our veterans and families is essential to honoring their service and preserving

America's confidence in our military institutions.

We are at a strategic point in the future of the U.S. Army and the U.S. military. There is no doubt in my mind that we need a globally engaged regional responsive Army with enough capacity and capability to deter and prevent conflict. We also need an Army that takes advantage of unique capabilities and the unique structure that the Army has today in order to shape the environment and prevent conflict in all of our geographic combatant commands.

This is about our nation's security. It's about developing the right balance of capabilities within the joint force. Our history tells us that if we get out of balance our enemies will seek to take advantage and at least a miscalculation in conflict.

The one thing history is clear about. We will be asked to deploy soldiers again. It is my responsibility that when they're asked they have the capacity and readiness to be decisiveness and accomplish the mission.

I look forward to the continued debate and feedback on the joint force and the Army's plans to posture for the future. I'm interested in your views on the second and third-order effects of budgetary cuts and sequestration and its impacts on Army and joint force readiness and our national security.

I want to thank again everyone for coming here this morning. I'm very proud to continue to wear this uniform because of the great young men and women who serve in it every day. Thank you very much.

MR. O'HANLON: General Odierno, thank you for your moving remarks and the obviously big issues you're wrestling with. I wanted to come back on a couple of the specific points and give you a chance to maybe elaborate a little bit.

First begin with this $18 billion number that you mentioned, which is a pretty scary number. I know some people in this audience follow the nitty-gritty of defense more than others, so we can just maybe talk about that number for a second to explain what it really means. The 18 billion, as I understand it, is in your operations and maintenance account, which is essentially paying for everything from the civilian workforce to health care to, obviously, training and maintaining equipment, getting ready for war. You said that you were going to protect the funds within that account for those who are already deployed in harm's way or about to go, which means the rest of the force has an even larger cut. Can you explain this in a little more context in terms of what percentage cut this might be or a couple more of the kinds of things that these forces normally would be doing in the spring and summer they won't be able to do this year?

GENERAL ODIERNO: So, what it means is -- there are a couple of factors that have happened here, so the Army is responsible for funding the operations in Afghanistan. We've been given the executive agency to fund operations. So, one thing we won't do is we won't allow our mission in Afghanistan, our troops forward, and all the things we have to in Afghanistan to go unfunded.

The problem is right now we see about a $5-6 million shortfall, and actually we think it might grow to a size 8 million. So, that's a problem. When they signed the continuing resolution, when that went into effect, there was a mismatch of funds. There aren't enough funds in the operation and maintenance accounts, so we have about a $6 million shortfall there, and then sequestration adds about another 5.4 billion.

So, what does that mean? So, we're funding totally Afghanistan. We're going to fund totally Korea to sustain a radius level in Korea. So, what that means is the rest of the forces that are now back in the United States will not be able to train. They will be able to do very small-level, squad-level training. They will not be able to do platoon-level, company-level, battalion-level training back at their installations. They will not be able to go out to our combat training centers, which is what provides them the final readiness certification at the battalion and brigade level. So, what that means in the future is we're funding the forces in

Afghanistan and the next one to go in, and they all go in this summer/fall.

What my concern is, is the ones who come after them, they will now be behind, and I'll have to then extend, when '14 starts, how long it takes me to get them ready. So, I made the comment to the Congress the other day so that I have two choices. If I can't make that up quickly, I either have to send in forces that aren't ready or I have to extend those that are already there. And that will be a decision that I have to make as we get closer, and we'll continue to try to divert money so we do not have to extend people in Afghanistan, and clearly that's a very big concern of mine.

But it also impacts many other things. This runs our installations. So, we're going to have to cut 70 percent of the money we have available to run our installations. So, we're going to be able to pay for water, heat -- and that's about it -- and air conditioning, depending on where you are.

We're going to have to -- we won't be able to do maintenance on our facilities. So, unfortunately what this means is when we get money, it will cost us more, because we will have delayed the maintenance of our buildings, of our training systems, of all the other things that are run on our installations. We've tried to protect our critical family programs that are needed, counseling, and other things for our

families and soldiers who need that. But that also will be impacted somewhat. It won't be completely protected. So, this has a dramatic effect on our ability to train and provide forces in the future. It has a dramatic effect on sustaining our installations. It has a dramatic effect on our families. So, it goes across the entire Army. And as part of this, we'll lose part of our civilian workforce; our depots will be smaller. So, the backlog of our equipment coming back will still -- we're still resetting our equipment that came out of Iraq at the end of last year in '11, and that will take another while. So that will delay that. It will delay the equipment coming out of Afghanistan. So, that delays now and decreases your readiness levels, and that will continue to build on itself. So, instead of being ready by '14, now it might be '16, '17 because of these delays.

And my concern, as I outlined, is because of the uncertainty of the world, we just don't know when we might have to go somewhere. Nobody knows. You know, I've been 36 years in the Army, but I'll take just the last -- since 1989 or '90, we've not predicted very well when we'll use forces. When the Wall came down in Europe, people said this is it, we don't need any more, and there, a year later, we're deploying to the deserts of Kuwait. Then we went to Somalia. Then, you know, somewhere in there we had Panama in Just Cause. So, you just don't know. And it's our responsibility to be prepared, that if the President

decides he needs to use the military we're ready and prepared. And I'm concerned whether we will be able to do that or not as we move to the future over the next couple of years.

MR. O'HANLON: Could I ask you to give a little bit of a picture, mental picture of what happens now with equipment that needs to be repaired? So, helicopters, tanks, other vehicles -- what happens to them over these next few months of sequestration?

GENERAL ODIERNO: So, first off, you have two kinds -- so, we have tanks; we have Bradleys; we have victory fighting vehicles,' we have helicopters in our motor pools. So, because over the next seven months, those not deploying -- we will not be able to sustain them to the level that we normally do. So, we'll have to do some minimal-level maintenance that we can afford in order to at least do something. But it will not sustain them to a level necessary for us if we have to deploy them.

So, what I've tried to describe here is today we're at a fairly high state of readiness. But that goes away. It slowly degrades. And so over the next six or seven months, if you're not taking care of your equipment, if you're not training, you degrade that readiness. And you can't just recover that readiness by money. It takes time. So, you can never gain back that time, and so you start pushing readiness and capability further and further to the right the longer this goes on.

MR. O'HANLON: Some people, I'm sure, and you alluded to this in your speech -- some people will say, well, you know, putting some fiscal pressure on DoD is not such a bad thing overall. You mentioned you've already felt a little bit of pressure even before the specter of sequestration. But is there anything in the current drill that the services are embarked on as you face the reality of the potential sequestration? Any good of it all? Are there any -- and maybe you could quantify what percent of the cuts that you might have to take you think are actually, you know, reasonable to consider. Is there any good of this (inaudible) whatsoever?

GENERAL ODIERNO: There is, there is, there is. So, what happens any time you're in war for a long period of time, you know, 12 years, and it's happened in the past, is because of our attempt to react and make sure that we have everything necessary for our Soldiers, Sailors, and Marines forward, we tend to spend a bit more money on providing that. And it's not as efficient as we'd like it to be. So, there clearly are efficiencies that we can gain.

There are efficiencies we need to gain in training. There are efficiencies that we need to gain in our acquisition systems. There are efficiencies that we need to tighten up on just normal management techniques, and we're doing that. And that was part of the $300 billion

that Secretary Gage tried to start when he started this. So, there's some of the -- we're not saying we can't take any more cuts. What I was trying to lay out to everybody is we agreed to take about $800 billion worth of cuts, approximately 300 when the Secretary presented, the 487 that we agreed to -- and those are based on downsizing a little bit, getting more efficient, providing a force that's more effective. Adding onto that now, it's going to cost some issues, so we understand. But I think people just kind of say, well, it's -- you know, people will quote, well, it's only 10 percent of your budget. Well, again, if you look at the numbers and you look at what it really means, it's not -- it's much more than 10 percent over time, and it's critical to us as we move forward.

For the Army, about 48 percent of our budget is people. So, if you want to reduce costs to the Army, you've got to reduce people. But there are two sides of this. We have to not only -- and so I've got to balance that. The one thing I promised I would never do is have too many people where I can't get them the right -- I can't sustain them at the right readiness levels or give them the best equipment. And I'm not going to walk away from that.

But what you have to be careful of is if you get too small, I believe you lose your ability to deter conflict. And my concern is what you don't -- you know, people miscalculate. In almost every great war we've

been into or great regional conflict is based on a huge miscalculation by somebody. And what I worry about is we will cause people to miscalculate, which will then cause us to have to get involved. And so we want to maintain the right capacity, that people understand we have the ability to respond and we still have the ability to ensure our own security to our nation across the broad spectrum of our joint capabilities.

MR. O'HANLON: Just one more question, and then I'll go to the audience, although I want to come back as we near the 10th anniversary of the beginning of the Iraq war at the very end to see if you have any reflections on that important anniversary.

But before I do that, I wonder if you could explain, build on this last point you made about cutting the Army and what signals it might send. And I guess my question is the Army could get smaller, and you've been very clear, you're making it smaller already. It's already going back sort of close to 1990's levels. In the Cold War period, the active Army was of course 800,000 or more. Now, it's down in the rough vicinity of half a million. As we cut more, as we consider cutting more -- if we had sequestration or the Simpson-Bowles plan, you might have to cut 400,000 active duty soldiers, for example.

Is your major concern that that is just way too small of a force, potentially, or that the pace at which we would get there would send

a message that America is retrenching? In other words, are you worried about the actual number, or just the -- sort of the sum total of all these messages that we're sending?

GENERAL ODIERNO: Well, I'm worried about both. First, we all realize the Army's getting smaller, and so we're going down to 490,000 in the active component. Well, even if sequestration doesn't occur, my guess is, we'll go a little bit smaller, in order for me to balance the readiness and the modernization, as I talked.

So, we're still working that number. If we get sequestration, I got to be careful that we don't go below a certain number -- and it has to do with capacity and capability. We have to work our way through that.

And, you know, in the first round of reductions, we didn't reduce the National Guard or the U.S. Army Reserve. We took some people out, but no fore-structure. They kept all their fore-structure.

With sequestration, I'm going to have in and do a balanced cut between the active and reserve component so we maintain that balance, because the active component brings certain qualities. The qualities are, they are at a high readiness level, they are prepared to deploy more quickly, they have a capacity to do certain things quicker.

But the National Guard Reserve provides, also, a huge quality that we need: they provide a diverse level of experience in certain

areas that we can't live without. They provide us a depth that allows us to conduct operations if we have to do extended operations that are key. And they also provide a key role in homeland defense and homeland security.

And so I've got to balance, to make sure we keep that right balance. So, it's not one or the other; it's about the right balance between the two, and that's what we're working through. That's why I hear some arguments sometimes -- well, you know, this one's cheaper, and then this one's -- that -- I don't listen to that discussion, because it's about the right balance of capabilities to meet what we expect our national security needs.

And there's a reason why we have a National Guard U.S. Army Reserve. Yes, there's a reason why it's more inexpensive. It's a reason why they're citizen-soldiers, and we need that. There's also a reason why we need active component, and I got to make sure that we balance that.

I worry about the size, as well. I mean, I think there's a certain level of capability that I need to have, that I would propose to the Joint -- to the President, and to the Chairman, and others -- that we have to have in order to sustain our capabilities to respond globally. And I just think you have to be careful.

Is it 490? No, I already told you we might have to go a little bit lower than that. But some of the numbers I hear are too small, and I do worry that the capability will be much less than we need.

The other thing I look at very carefully is, what are our partners doing? And, frankly, as I look at all our partners -- except right now for France -- but if you look at all our NATO allies, they're all significantly reducing their ground forces.

So, I mean, so part of our -- you know, so you can't say a part of our plan is, our allies will do this. Well, if their capacity is reducing, we have to be prepared to make sure we can unilaterally do what we need to do to protect ourselves.

So, we have to view that, as well, as we go forward.

MR. O'HANLON: I guess I do have one last quick followup, and then I will, I promise, go to you.

When you think about the numbers getting too small -- the Army getting too small -- and, again, this is probably going to be a question where you say all of the above, but I'm curious how you would emphasize -- do you think primarily about certain scenarios?

We had a North Korean nuclear test this week. Even though no one expects or hopes for war on the Korean peninsula, we can't rule it out.

There are obviously concerns that, even though the President is not inclined towards major intervention in Syria right now, who knows where that conflict is going?

There's the potential for a crisis with Iran, that could begin with airstrikes against its nuclear facilities, but the enemy gets a say in where the thing ends.

There's a lot of other scenarios that one could put on the table, too -- none of which are individually likely, but all of which are hard to rule out definitively.

Is that the way you come up with a number of what would be too small, or is more the -- sort of the pace at which we get to wherever we're going from where we've been?

GENERAL ODIERNO: Well, for me, it's about -- you have to have a certain capacity and certain capability. And you can size it against a certain threat, but it's, how does it react to -- what is the kind of capability you want to react, no matter what happens?

And it's a certain size that you need -- and it's a certain size within your active component you need, and then a certain size you need in your National Guard, if it goes to an extended -- so you have to look at that.

In terms of how fast we come down, that's important about

sustaining the incredible quality that we have today in our Army. This is the highest quality Army we have ever had, in terms of people and leaders.

And so if we try to come down too fast, we have learned -- when we've done this in the past -- we have not -- we have lost our best leaders and best soldiers.

So, part of this is coming down in such a way where we're able to sustain our best leaders, our best soldiers, and readiness.

See, the problem I have is, not only do I have to come down, but, because of the uncertainty of the world, I have to stay in readiness as I come down. And if you do it too quickly, you're going to lose readiness.

And that's the problem we're in right now -- is we're trying to do this so fast with some of these force cuts -- is that if something happens, it's causing us -- myself concern, because I'm going to have trouble sustaining a readiness if we have to respond.

And so it's a combination of those two.

MR. O'HANLON: Thank you. Okay. Please wait for a microphone when I call on you, and then identify yourself before posing a question. We'll begin in the back, with the gentleman in the blue shirt, please.

MR. WOLFSON: Good morning, General. My name is

Tom Wolfson. I'm a retired Foreign Service Officer.

And I don't want to divert you from this important strategic level or from your message, but I'd like to take the opportunity of your being here to ask you about veterans.

Several years ago, I spent a little while living and working on a small U.S. base in Kunar Province in Northeast Afghanistan. Nothing bad happened to me. I came home with no mental trauma or physical injuries to work through.

But I, nevertheless, had a tiny taste of the disorientation that veterans feel. In fact, for a couple of days, I felt like walking up to people as I went about my errands, and shaking them and saying, "Do you have any idea of what your countrymen are going through for you on the other side of the world?"

And so -- and as this idea of, "Thank you for your service," has permeated through the population and American popular culture, there's something superficial about it, if you will pardon me for saying so -- even faddish.

So, in your view of how veterans have been received and cared for here -- and what the -- people taking care of what they need -- what, in your opinion, has worked well, and what's not working well?

GENERAL ODIERNO: There's two things that we have to

really -- first of all, thank you; it's a great question. Thank you for asking it.

There's two things that I think are the most important things that we have to be able to do.

That is, first, provide long-term care and access to care for our veterans who have injuries -- whether they be visible or nonvisible injuries. And they have to be confident, and their families have to be confident that that care will be there, and will always be there.

The second piece, in my mind, is the program we've implemented -- Soldier for Life Program. And what this means is, I believe it's part of our responsibility to help soldiers transition. And, you know, we transition 200,000 soldiers every year out of the active Guard and Reserve, out of the Army. And that'll go up if we have to start -- you know, as we decrease the size of the Army.

So, it's about us helping them to transition into society, transition into a job that is worthy of their expertise. And we've had a lot of companies step forward, and want to help us with this, and I'm really encouraged by a lot of the work on it, but there's still much more to do, to make sure that -- if you want to thank a veteran, you thank them by giving them the opportunity of employment, and give him the opportunity to continue to provide for his family.

And to me, those are the most two important things.

So, what are some of the things we've had some issues with?

Some is, it's taking us too long to get our wounded veterans through our processes, in order to determine what -- to determine the level of injury that they've had and the right compensation. It's taken us too long to do that. We're getting better, but it's taking us too long.

We're learning a lot about, in today's society, what are the issues of PTSD and its relationship to suicides? I believe suicide is a societal issue that's growing, but we have a huge problem in the military. And we have to continue to figure out how we get after this.

And that's why I mentioned, in the end of my talk today, our ready resilient campaign. We have learned that there's several things that we have to do.

And we have to start from the beginning when you first come in -- is build -- everyone comes from different backgrounds, with different capabilities, and we have to build resilience in our soldiers. And we do that through physical resilience, mental resilience.

And you build mental resilience through confidence, coping -- developing coping mechanisms that allow them to deal with the very complex and difficult situations we put them in, as well as their families.

And we have to be able to do that -- because I've seen --

and you've probably seen -- you have an incident -- the same thing happened to two people, and they react two very different ways. We got to bring that closer together, in my mind.

MR. O'HANLON: Stay in the back, and then work our way up. So, I guess, two over from where we just were.

MR. BREACH: Sir, my name's Clint Breach. I'm from the Defense Threat Reduction Agency.

You mentioned briefly Syria, and I was wondering what -- and the possibility of whether an intervention's going to happen. Maybe it's unlike -- maybe it's likely; maybe it's not.

But I think it's important for people to understand what that intervention might entail, and your thoughts about that. Is it going to involve ground troops? What should we be thinking about in terms of Syria, and what's at stake?

GENERAL ODIERNO: Well, there's a few things. So, thanks for the question. There's a few things we have to be concerned about.

One is, you know, how, politically, does Syria turn out? I mean, I think if you talk to most experts, they'll tell you it's not a matter of if or when; it's about when a new regime takes over in Syria. So, what does that regime look like? You know, what can we do, politically and other

ways, to support that regime, and make sure it becomes a productive member of the regional security architecture in the Middle East?

The second issue is, obviously, the WMD -- the fact that we know there's WMD in Syria, and what happens to that WMD. So, clearly, there's concern on everyone's part that that stays secured; it does not fall into the wrong hands -- especially those of terrorist organizations who might try to use it in a variety of ways.

So, you know, as we move forward, we will -- we plan -- we put plans together, and make sure we're prepared, if asked, to deal with -- if an intervention is required. I think, you know, if you ask the President -- I don't want to speak for the President, but he believes he can deal with most of this diplomatically, working with our partners.

But we -- and that's -- you know, so we just have to be prepared if necessary. So, we'll continue to plan, continue to look at how, potentially, we might have to be used, and we're doing that on a very significant basis every day.

MR. O'HANLON: Go right here to John in the second row, please.

MR. ANGEVINE: Thank you, sir. I'm John Angevine. Transition --

MR. O'HANLON: Microphone coming.

MR. ANGEVINE: I'm John Angevine. I'm a transitioning military officer after 30 years -- great time, too.

The question for you, sir -- oh, and I'm on the market, too, by the way -- just saying. In light of the reset, and the reorientation, and, of course, sequestration, what do you think -- what do you need, what do you want from businesses, and from the think tanks, universities, to help you prepare the Joint Force and the Army -- I'm going to say in the Asia Pacific region, since that's kind of where we're looking at at the moment.

GENERAL ODIERNO: Well, you know, what's -- so, first off, what we need is constant thought about what we think the future of warfare is, and how do we think it impacts -- whether it be in the Asia Pacific region, whether it be in the Middle East -- wherever we might go. And so it's important to constantly have that thought and discussion.

You know, I've been a little, frankly, disappointed in that -- well, you know, the ground war's over in Afghanistan, and a lot of -- I'm not saying everybody, but a lot say, "Okay, we don't need an Army anymore." I mean, I think that's a very shortsighted -- a very, very -- in my opinion -- immature view. It's not because I'm in the Army.

It's because I think it's about having a balance. The balance might change. I'm not -- but it's about having a force that enables us to sustain our security. And there's nothing in the history that should -- tells

us that we should be -- we'll never use an Army again, or never have to -- there's nothing that tells us that. There's no historical part of time that says that's going to be the case in the future.

And so this kind of discussion bothers me, frankly. So, I would like to see some, really, thought, into what is the type of force that we need, and how do we use it, and have a good, solid discussion about it. That helps us think through the problem.

You know, in terms of technology -- you know, technology's still really important. You know, for the Army, the biggest challenge we have from a technology perspective is this tradeoff between mobility, survivability, and lethality. And what we've found in Afghanistan and Iraq -- because of low-tech weapons, we lost our survivability -- excuse me; we lost our mobility, because we had to focus on survivability.

And so our ability to be mobile was taken away from us, because we had to put so much stuff on our existing vehicles that made it so heavy they're no longer maneuverable; we have to stay on roads. We can't -- that's not what we need in the future.

So, from a technological standpoint, we need people to start thinking about this. We need development in materials. We need to develop new ideas in how we can conduct operations and lethal operations -- be more mobile and survivable.

And the last thing is -- that we talk about is -- this is why focus on leadership. In my mind, leadership is the key going forward. And it's because I believe that in the future, it's about the Joint Interagency, Intergovernmental, Multinational environment -- we call it JIIM. You know, we have to have an acronym for everything -- JIIM.

And it's our -- ability of our leaders to operate in this environment, and be able to move your way through this, because, you know, what I've learned over the last 10 years with my experience is, it's not about what happened; it's why it happened. And once you figure out why it happened, you could then come up with the right combination of solutions to fix that problem. We need to think about that. You know, we need to think about that.

So, those are the kind of things.

MR. O'HANLON: Yes, sir -- here in the fourth row, middle of column.

MR. WURTMAN: General, thank you for your service. I'm John Wurtman with the Association of American Geographers. I run a campaign on the importance of K-12 geography education because of growth and GIS and GPS technologies. The campaign's been endorsed by two former Defense secretaries, 12 retired 4-stars, including two former Joint Chiefs chairmen.

I wanted to ask you, you don't hear often a senior military leader speak about the K-12 or higher ed system here in the United States. Do you think, in thinking of the army of the future, that the leadership of the education system here in the U.S. is doing enough to prepare students?

GENERAL ODIERNO: Well, one of the big problems we have right now is about out of the population, only 19 to 23 percent of the population is qualified to come into the Army of our young population. That's terrible, and that's about the development of our youth; that's development across a broad spectrum; that's development education wise, those who get a high school education; also it's about physical fitness and weight. We have a huge problem with obesity, a huge problem with physical fitness, a huge problem with people graduated from high school. So the eligible population is getting smaller and smaller and smaller. The Army's fine today because there's not as much competition, but as the economy grows, there's going to be more and more competition for the 19 to 23 percentile. So in my mind it's important.

Now, let me talk specifically about geography since you brought that up. As we look, the complexity of the world and the fact that you can -- the ability to instantaneously communicate and pass information has changed the world, and it has changed how we have to

react to the world. So it's absolutely necessary for us in the United States to know just more than the 50 states, which my guess is most people have trouble picking out. But I would tell you that as you get around the world, you have to understand the world and its geography. Now I will tell you, I'm pretty good, but I still struggle with Africa because the names keep changing. I can't keep up with them. But we've got to understand that, not only the geography but then the cultural aspects, religious aspects, economic aspects, social aspects, because that all contributes to how you figure out what the right response is when you have a problem in a certain area.

MR. O'HANLON: By the way, I just have to mention that, of course, we hope General Rodriguez will soon be running Africom. This is another great member of the class of '76. I should have done a shout-out for the West Point Class of '76 of which the Big O is a member. Stanley McChrystal, Dave Barno, Dave Rodriguez, a lot of other amazing Americans. So I think that is worthy of a brief note.

Let's go right here on the outside. Yes, please.

SPEAKER: Good morning, sir. You spoke earlier about the immediate impacts and in particular fiscal year '13 with sequestration and the continued resolution and all that. And you also spoke to the numbers of personnel that potentially would encompass a reduction in the size of

the force. I'm curious to know how the reduction, if it were to come to that, would occur. Would it be a classic reduction in force with large numbers of folks -- you mentioned I think upwards of 200,000 people -- would there be a day when 40,000 people are let go? Do we keep the pipe full of folks and work through attrition and bring folks in? Can you talk to that?

GENERAL ODIERNO: So, with the first set of cuts, we've done it over a five-year period. We've been able to do it mostly by attrition. There'll have to be some other methods, but we'll be able to do about 75 to 80 percent of it by attrition.

Where we get additional cuts, we would have -- if we have to take additional cuts, we'll probably have to increase the amount we're putting out each year. But I would still like to leave it at a level where I can control it because if we control it, we keep the people we want to keep, we're able to help the people transitioning to better transition, and it enables us to keep the level of readiness that I think we need to be able to respond. So I will say the cut is over a ten-year period, but for us the dilemma is when most of your money is in people. If you wait to take the money, then it causes you problems in other areas. So I've got to balance it coming down at the right level, but also coming down in such a way I can reinvest it back into readiness and modernization that I have to sustain.

So that's the challenge of it, but my goal is to do it in such a way where the large majority of it will be done by attrition. There'll have to be some boards that we conduct that would maybe ask people to retire earlier than they might want. There might be some boards that tell us we might need some officers and some senior and noncommissioned officers to leave, but we'll try to minimize that as much as we can.

MR. O'HANLON: Time for a couple more questions. Here, we'll go to the second row.

MR. JUNGWIRTH: Thank you, General. I'm Matej Jungwirth. I'm a student from the Czech Republic. In your speech you mentioned briefly the fact that NATO members and NATO allies of the United States are reducing their military capabilities. And my question is if there is any sort of diplomatic pressure on the part of U.S. military to force NATO allies and members to either keep their levels of spending and not to reduce them further because it seems to me that that could take at least some weight off U.S. military.

GENERAL ODIERNO: I think first off, we realize that size of military is a sovereignty issue, so you get to choose how much you want to spend on your military. However, I think our Secretary, both Secretary Gates and Secretary Panetta, have been clear on this issue about a certain percentage of GDP that we would like our NATO allies and

partners to spend on their defense. And I think that's how we constantly have this discussion.

Also, the other thing we can do, though, is we've got to have complementary capabilities. And so what we want to build is complementary capabilities throughout with our NATO allies, with our other partners, with our Asia partners. So if we have complementary capabilities, that enables us to respond in a really good way. And so I think that's why we're really trying to focus in those areas; that's why it's important to understand where everybody's investing and where we have gaps. The more we identify those gaps, we then need to discuss and determine how we are going to fill those gaps as we go forward.

MR. O'HANLON: Now let's do a last question. Over here to Peter, please, and then I'll ask you on Iraq if that's okay.

MR. SCHOETTLE: Thank you. Peter Schoettle, retired from Brookings. You mentioned in your opening remarks that more than a million U.S. servicemen have served in Iraq and Afghanistan, and that's a very small percentage of the total American population. And so a very small percentage of you and your colleagues have borne this cost, the battle. My question is what about national service? Is that a potential solution to addressing some of your personnel cuts and having the wider country share the national burdens?

GENERAL ODIERNO: Well, I think there's a lot of different views on this issue, and my belief is -- when I first came into the Army, I came into an army that was mostly built on the draft. It had just moved to -- starting to move to an all-volunteer army. I think there's huge advantages to an all-volunteer army. You get people who really want to be there and do this; that helps them to be able to become experts at what they do. They're not there for just one -- it's very difficult to stay at a level of proficiency if you don't have enough people wanting to stay more than two years or three years and it really impacts readiness. So you'd have to have a lot -- in my opinion, if you go to a draft army or not one that's volunteer, you have to expand the army again because in order to get the right quality, it takes more to get there where if you have an all-volunteer army, you need less. The problem with an all-volunteer army is it does cost more per individual because we're providing them the benefits necessary for them volunteering for their service. So there's a tradeoff. And one of the issues we really do have now is the increase in the amount of benefits. It's not the number of benefits, but it's the cost of the benefits. And so the cost of a soldier's doubles is $2,000 and that's part of our problem as well. So what we want to do is not eliminate benefits, but we think what we want to do is -- all we have to do is reduce the rate of increase. And we've tried to work with Congress on this, and we'll

continue to do that. If we do that, we'll be able to save the money necessary for us to continue with the all-volunteer Army.

Now, in terms of national service, I believe we should have a program that requires every young man and woman to serve some way for our nation. And I think the Army can be one of them, the Armed Forces can be part of it. I think other work that we should require people to do it for a year or two as a minimum. I think it's a great way for people to give back to this country. And I think if they did that, they would feel much more a part of what we're doing. And so I would love to see a program where we come up with a program where people are required to serve in some way for some time as the cost of being a citizen of this great country.

And I'll just close because I know this is going to sound a little bit Pollyannish, but as I go around the world, and I've been in so many different countries, people don't know how fortunate we are. I mean we are so fortunate here for everything, for the wealth that we have, for the opportunities, everyone has an opportunity in this country. Now we're not perfect. We're getting better. But everyone has an opportunity, and to me it's incredible. And so I think enough people don't really understand how lucky we are to live where we do and have the freedoms that we

have. And so I think with national service, I think it brings that home a little bit more. So I'm very supportive of that personally.

MR. O'HANLON: I'm going to ask one last question on Iraq as we get towards this 10th -- the anniversary of the beginning of the war. And by the way, after General Odierno answers, please stay here and give him a chance to exit before you leave, and we'll, of course, thank him in the meantime. The question is that as we get to this anniversary, and it's obviously still a very controversial subject in the United States. And I'm not asking you to necessarily give your big picture view on whether the war was worth it or the net effect of the war on our security, but I am curious sort of how you think about maybe some of the lasting pros and cons. You've been through a lot. You sacrificed a lot. Your family has sacrificed a great deal. Your son was wounded in war. You were deployed many years away from your family. You've seen a lot of your soldiers hurt or killed, and yet you've also seen the great success of the surge and some of the progress, at least provisional progress, in the Iraqi political system that you helped nurse along and support. So how do you in your own mind begin to sort out the good and the bad?

GENERAL ODIERNO: Well, I would just say first that I think a lot about this actually. The one thing that I think a lot of us forget, maybe we don't, but I will tell you what I learned as I spent time in Iraq that

it's hard to describe to somebody what an awful dictator Saddam Hussein was unless you were there in Iraq. For a long period of time I got a chance to talk to people, so I think we forget about that sometimes.

And I think we get too focused on the weapons of mass -- I'm not going to get into all of that -- but the people were devastated. What I tell everyone is what I underestimated when I got there was the societal devastation that was occurring in Iraq -- the fact that education really had stopped for about 20 years, the fact that investment had stopped, the fact that people were being brutalized. And frankly, none of us know -- I can't say, nobody can say -- if Saddam Hussein was still in power today, what would that mean? I don't know, but it wouldn't be good. And I don't know what it would mean to security in the Middle East. I don't know what it would mean to terrorism. I don't know, but I know that it would not be good. And I think if nothing else, Iraq is not a destabilizing factor right now in the Middle East. As you look around, they aren't. I mean they're trying to rebuild themselves.

Now, is it going the way I would like it to go right now? No, but I think there's still a lot to be -- you have to wait. I mean we know they're increasing their oil exports, their military is doing okay, the huge political issues are still -- there's long memories and there's still mistrust between political parties in Iraq. And as long as there's huge mistrust

between political parties, it's going to take them longer and longer to settle the issues they have to settle in order to really move forward and be a country that I believe can actually be a huge stabilizing presence in the Middle East.

So I guess that's my hope that that is the way. We're not there yet obviously. There's still issues that have to be worked out over in Iraq. But all I used to talk about when people come see me when I was commander in Iraq, I'd just say here's the map, here's Iraq, here's Iran, here's Turkey, here's Saudi Arabia. They're in the middle. They're in the center of the Middle East. And so they are an important country.

And so I think we have made it more secure and stable by what we did in Iraq. I'll let everybody determine whether it was worth it or not. That's your own opinion. The money spent, the lives, that's a different issue. But I will say the men and women who served there are proud of what they did. It was hard. We made some miscalculations in the beginning. We probably didn't have a good enough understanding of what was going on in Iraq, but our soldiers never, never stopped doing their missions. And they continued to adapt. And we were able to really by the time we left, there were very few incidents, security was moving forward, and the Iraqis were able to sustain a level of security. And that goes to the hard work of the young men and women who took that mission

on. Andy they're proud of what they accomplished, and I'm proud of them for what they've accomplished there.

And I'm proud of what they're doing in Afghanistan as well. I'm going there next week. I'm going to leave on Monday night, Tuesday, to head to Afghanistan. And I'll get -- what doesn't come through here is there is true progress being made in Afghanistan. The Afghans are taking over more and more responsibility. They're doing it quicker than we originally thought. We feel comfortable with where it's going. Yes, are there political issues in Afghanistan? Absolutely. Does that have to be resolved? Yes. But I think that we have made some good progress there. And that's because of the hard work of our soldiers, sailors, airmen, and Marines. And I'm very proud of all of them for everything that they've done there.

MR. O'HANLON: Again, please wait a minute before leaving, but please join me in thanking General Odierno.

* * * * *

CERTIFICATE OF NOTARY PUBLIC

I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

Carleton J. Anderson, III

(Signature and Seal on File)

Notary Public in and for the Commonwealth of Virginia

Commission No. 351998

Expires: November 30, 2016