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HOW MIGHT U.S. DEFENSE POLICY CHANGE IN THE YEARS AHEAD?

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Featured Speaker:

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Vice Chairman, Armed Services Committee, U.S. House of Representatives

THE HONORABLE RICK LARSEN (D-WASH.)
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P R O C E E D I N G S

MR. O'HANLON: Good afternoon, everyone. Welcome to Brookings. I'm Mike O'Hanlon from the Foreign Policy Program in the Center on 21st Century Security Intelligence. I'd like to welcome you to this conversation.

We're privileged today to have Congressmen Mac Thornberry and Rick Larsen with us. Mackenzie Eaglen is joining me. We're going to ask some questions of the Congressmen and try to elicit a bit of a conversation on strategic and other various defense issues and then turn to you for questions until about 1:30.

As I think you all know, Mackenzie Eaglen is at the American Enterprise Institute. In 2010, she was on an independent panel assessing the Quadrennial Defense Review. She's worked on the Hill as well. She's worked in the Pentagon. A very distinguished young scholar, also now very experienced.

And that's a good way to describe the two gentlemen to my right, who have that wonderful place, in at least my mind, of being both young and experienced simultaneously. They both have been in Congress for a number of years. Congressman Thornberry was elected in 1994, Congressman Larsen in 2000. They are among the more senior members of the Armed Services Committee, where Congressman Thornberry is the vice chairman. They both have important work on intelligence matters and on Asia-Pacific matters, as well as many other interests in Congress.

We know and want to express a word of appreciate to both of them, but let me begin with Congressman Larsen who has been right next door to the district in Washington State that suffered through the tragic mudslides this year. We know he's been spending a lot of time on that. We want to send our best wishes to the people of Washington State and also to the people of the good state of Texas who, together with the folks in Washington who've sent us these two wonderful congressmen.

And so what I'd like to do is begin with some questions, and then I'll pass the baton to Mackenzie, who will do the same. And I'm going to begin with China and the broader issue of the Asia-Pacific region, and what I'd like to do is first ask Congressman Thornberry, who's just back from China, for his impressions of just how things have been. And then I'm going to ask Congressman Larsen, who runs an important working group on China in the U.S. Congress and who of course has great interest being from Washington State in that important country, for his take. And then we'll go from there to a couple of other subjects and topics.

So, if I could, welcome back and welcome to both of you, and we look forward to your impressions.

CONGRESSMAN THORNBERRY: Well, I just came back from 10 days with Majority Leader Eric Cantor and others. We visited Japan, Korea, and China. I would say among my impressions from this visit are, number 1, the nationalism that exists in all three countries, partly for domestic political reasons, but yet it creates some conflict or some tension between Japan-Korea and Japan-China obviously.

Secondly, we were able to meet with some of the top leaders in China, and my impression is they see China as a rising power; they see the United States as a declining power. And they have some historical grievances, and maybe that was the thing that concerned me the most, because I kept thinking back to the history books and what things were like in Germany before World War I, the sense of Germany being a rising power but with historical grievances that they would soon be in a position to correct in some way. Now, that doesn't mean conflict is inevitable, but you just -- the tensions over the various maritime disputes and the other issues that are there, you know, you really felt the potential for increasing amounts of conflict.

MR. O'HANLON: You've been following this for a long time. Your

thoughts on where things stand.

CONGRESSMAN LARSEN: Yes. The trip I took in March was my ninth trip to China between the U.S.-China Working Group work and Kodels, and there is a great quote I'd like to point out from a debate that took place between two people of letters and are well known here in the D.C. area. I won't bother going into their names. They're arguing about China, and one had been living there for a couple of years and returned, and the other had not, and so the guy who had not said that the guy who'd been there was a little too close to China and really couldn't be objective about his views. And the guy responded by saying, well, surely there's a happy medium between having lived in China and having never been there at all. (Laughter) And of course this just put the guy in his place, because he'd never been there at all. So, I don't know if nine times is enough or not, but I can tell you that what I learned from going there every time is how much I don't know, how much things are changing in China.

And I think that the question that you posed was originally posed perhaps (inaudible) there was any concern about China's rise. I would be concerned about China's economic rise if it doesn't happen, and that's because the imperative, I think, from the Communist Party is that if they don't grow fast enough they won't be supplying employment opportunities to the people of China. That undermines the credibility of the Party. They don't deal with their environmental concerns where a report came out last week that said 60 percent of China's ground water is polluted. That ought to be a cause of concern for the Chinese leadership.

And then the vast corruption that exists from the top on down is a huge credibility problem, and the problem with all of this is that there's no JV -- no junior varsity in the Chinese government. It's the Communist Party or not, and there's no civil society coming to replace it. So, they have to get it right, and part of getting it right is ensuring

that their economy continues to grow.

The other side of that is what Mac was discussing about sort of the military side and the military rise. I think there are some rational reasons why China is investing in its military. The challenge it faces is that it does a poor job of explaining it, in my view, to everybody else; and, second, when they do explain to everybody else, it really just sets up a region for further disputes and possible conflict. It's nothing that I think China wants but -- and certainly nothing that the United States wants or these other countries want, but there are legitimate claims that many of these countries that are friends and allies have in the area, and I think that at some point some rewrite of history that goes on on the Chinese side about historical claims. I'm not here to solve them today, but I think the U.S. has a direct interest because of our friends and allies and presence in the region to be part of solutions.

MR. O'HANLON: Thank you.

If I could follow up on this, and I've got a question for both of you. I'd like to ask about what you think the important next steps are for the United States and for American policy, maybe building on the President's trip that he's now finishing, where I'm sure you've each probably got certain things about the trip that you've been happy with, other things you might suggest. And of course I'm not trying to begin a partisan dispute. The Armed Services Committee -- and you two in particular -- is known for very thoughtful and constructive cooperation. So, I'm really just trying to think about where we go forward. This is obviously a work in progress for the United States as we deal with a rising China. So, what does the United States have to do next to build on whatever this recent trip by the President has accomplished and deal with these crises and other concerns as they're developing?

Congressman.

CONGRESSMAN THORNBERRY: Well, I would say for our trip, we were just ahead of the President by a day or so in Japan, just ahead of the President a day or so in Korea, and our focus was to -- well, it was a bipartisan trip -- our focus was to really emphasize that Republicans in Congress agree with the President that we are going to stand by our treaty commitments and there should be no dispute about that. And so I think -- that's kind of step one: reassuring our friends and finding new friends.

So, for example, the agreement for bases in the Philippines and the other things, I think, are very positive steps also encouraging our allies not to let differences between them divide us. So, that was a lot of what we discussed with Japan and Korea. So, I think number one is, again, reassure our friends and build new friends.

Number two, we've got to spend more money on defense. Whether you're talking about China, Russia, or a host of other countries, what they respect is strength. And so strength includes numbers of ships and a variety of other things, so we've got to be strong. I just don't -- there's not another way to put it.

MR. O'HANLON: If I could just follow up before we go to Congressman Larsen on that issue of clarifying where you think we should be on the defense budget. I know Mackenzie is probably going to come back to this general subject as well.

But of course there are a number of different baselines from where one could measure that we need to be stronger. There is the possibility of sequestration that I'm guessing none of us like that would return in 2016. There's the President's current budget, which is a bit above sequestration but less than he had previously advocated. There's Congressman's Ryan's plan, which may be slightly different from the President's current plan, but maybe you could say a word more about that. Then there's also the plan that Governor Romney and Congressman Ryan ran on a year and a half ago, which was substantially more ambitious, in budget terms, than I think where Congressman

Ryan has decided to be now.

Do you have a specific proposal that you would advocate or do you just feel that sequestration needs to be avoided? And then we can debate from there.

CONGRESSMAN THORBERRY: Yes, well, I voted for the House budget that passed a week or two ago. Obviously, we have the number for this year that we are all moving toward. But then it increases somewhat defense spending beyond that. So, I don't know that there is a magic number -- 2 percent increase, 3 percent increase, 5 percent increase.

What I do know, though, is the world is watching what we do, and if China or Putin -- whoever you want to say -- thinks that we are not capable of increasing defense, of being strong, of having the capabilities we need to deter them, then they will be more aggressive. So, I don't -- you know, when you get into specific programs and so forth, you do have to talk dollars and sense, I acknowledge. But what I'm focused on here is what is the world seeing now of us? And I worry about that somewhat. So, increasing -- showing we are serious about putting our money where our mouth is in defense I think is a strategic imperative regardless of a specific number.

MR. O'HANLON: Congressman.

CONGRESSMAN LARSEN: Which question do you want me to answer?

MR. O'HANLON: Well, more generally where we should go on Asia policy. But then if you want to talk about the budget within that, of course, we'd be welcoming your thoughts on that, too.

CONGRESSMAN LARSEN: Sure. Sure. Well, first, on Asia policy, I think that the President's trip was largely successful in terms of assuring our friends and allies in the region that the United States is going to be a Pacific country; that the

rebalance is real; and that the President is putting some reality to that.

But it goes beyond -- in the defense community, just like anything else -- in any other community it's all about us, right? Defense folks think about defense; healthcare folks think about healthcare -- and if it's not about that, then it's not about anything.

The fact is rebalance isn't about defense; it's about defense and trade and diplomacy, economic security. It's about all those things. So, the effort to pass the Trans-Pacific partnership is part of that effort to show continued commitment to the region.

The outreach we've done with ASEAN countries, having an ambassador there, opening up -- from our perspective, the opening up of Burma is a very important aspect of that, as well as continuing to reassure friends and allies. That's what the rebalance is. It's not about one part of what the U.S. government does. It's about many parts of it. So, I think if you look at it in that context, rebalance is a work in progress, but it is work and it progresses.

With regard to the broader budget question, I have, today as we sit here, very little hope that Congress will readjust the sequester when it returns. And that's today as we sit here. I expect to be, at some point, sitting in my office at midnight sometime during the end of some year in the future possibly voting on a change to that.

The point is that, you know, nothing focuses the mind like a man hanging, as Samuel Johnson said or at least as I paraphrased what Samuel Johnson said, and we'll be approaching that point at some point in the future. But right now, neither party (inaudible) the concessions in a negotiation to lift the sequester or to get rid of it altogether. And I would note -- and our ranking member, Adam Smith, has said this very clearly -- and I think I was asked to do this not because I'm a good friend of

Michael's and we go to church together -- but I look as close to Adam Smith, like Adam Smith, as anybody else in congress. (Laughter) But, so you're -- I'm trying to trick you into thinking I am. I'm funnier. (Laughter)

As Adam would say, if you're going to deal with the sequester, you have to deal with a hundred percent of the budget, not a part of the budget. No one gets carve-outs for any reason. Dealing with the sequester is about dealing with discretionary and mandatory spending, not just discretionary budget or not just defense or not just non-defense spending. That's the challenge that we face in order to do it right. Those are tougher choices but I think ones we have to make for the healthier long-term prospect of the federal budget as a whole.

MR. O'HANLON: I've got one more question on this part of the world, and then pretty soon I'll wrap up and hand off to Mackenzie.

Congressman Thornberry, you mentioned treaty obligations and how the President's been very clear. I know this is a delicate subject to talk about, especially for members of the U.S. government even if you're in the congressional side of things, because explaining just how we would do that in advance has its potential downsides. But I still would like to ask if there's anything you can say about -- admittedly, a hypothetical, and usually members of government don't want to talk too much about hypotheticals -- but if China wakes up, we wake up tomorrow and China's taken one of the unoccupied, uninhabited Senkaku Islands, what do we do? And to maybe make the question hopefully a little more fair to you as a sitting member of Congress -- and it's coming to you, too, so be ready -- do we have to have a military response that's symmetric? In other words, there was a Marine general recently who said, well, if China does that, we've got to kick them off. And I'm just wondering, is that the automatic required answer, or is there a range of possible answers, some of which could be

quarantine, some of which could be sanctions, some of which could be other non-direct but still very firm and resolute responses? Do you have a strongly felt view on that?

CONGRESSMAN THORNBERRY: Well, my strongly held view is that we need to be clear that we will stand by our allies according to the treaties that we have with them. Whether we're talking Japan or South Korea, whoever, countries around the world need to know that the United States is a reliable friend. Now, you know, a newspaper article this morning talked about the military and PACOM preparing a range of military options for a range of possibilities, and that's what we expect a military to do, to do the kind of planning to give policymakers those options. So, until we know the situation and so forth, I don't think we can say what option is the appropriate one for that situation.

I mean, I do worry a little -- and I don't mean to shift subjects -- but the slowly ratcheting up sanctions, as we are doing in Ukraine, doesn't seem to me to be particularly effective. And so it is important for the President and all of us, on a bipartisan basis I think, to make clear that we have the full range of options should a country decide to take some aggressive action.

Can I just add one other thing? I think Rick is exactly right about the multiple dimensions of our relationships in Asia, and the Trans-Pacific partnership, for example, is very important for us to move ahead with, because it's not just military; it is economic in a variety of things. And so, again, on a bipartisan basis I think it's important for the countries in that region to understand that there is support for that in Congress.

CONGRESSMAN LARSEN: On the general question, I'd have to agree with Mac on how to approach that. It would be -- it's really premature to say that we should do one thing if another thing happens, because there might be a whole slew of options to choose from if something happens, and it wouldn't all be military, as well, in

that region. I think reassuring our allies that the treaties mean something is important. Our treaty allies would probably define exactly what they believe we ought to do as a result of any action, but we may have very different ideas about what is the most appropriate thing to do, and that's negotiation that takes place between the United States and our treaty allies.

But we have done several things in Europe, as a for instance, to reassure our friends there with the announced deployment to Poland, additional deployments to the Baltic States, and of course the new sanctions announced today to go along with other sanctions, and I think sanctions targeted at the right folks. There aren't many folks who run Russia. They're all friends of the leader there, of President Putin. And going after those folks is a great start. And it may not end there, but it is a great start to let the Russian leadership know that there is a penalty to them.

Also I think the -- it seems that the experience of taking over the Crimea so far might be a great nationalistic thing for Russia to do, but so far it's been a disaster for Crimeans, and Crimean Russians as well, where things are hardly run down there now as a result. So, there may be a self-limiting factor on how the leadership in Russia sees the rest of Eastern Ukraine based on the Crimean experience.

MR. O'HANLON: Thank you.

I'll hand over now to Mackenzie Eaglen from the American Enterprise Institute.

MS. EAGLEN: Thank you, Michael, for having me and for hosting this great event and this really nice opportunity to talk to both of you for an hour. So, thanks for your time of coming, just getting off an airplane, and hobbling all over town.

So, there's a lot to worry about. I think that's a theme here of what you're saying, and polls show that Americans are increasingly concerned about U.S.

foreign, about what they perceive as growing numbers of challenges and threats, not necessarily in what they perceive; it's also what's coming out of Washington. Everyone from the DNI to the Chairman of the Joint Chiefs are out there saying we have a lot of challenges confronting us -- cyber espionage to the rise of China, North Korean provocations, Ukraine, et cetera. It's a very long list -- Egypt, Turkey, Iran, et cetera.

Are these concerns justified? I assume you share them, but I'm not sure. Do you think that the American people are getting the same sense that you possibly have? And is the politics of this changing where, if they are justified, it may be time to rebuild U.S. military strength? That's something you raised, Congressman Thornberry. It's not a fait accompli; it's not a God-given birthright that we will always remain strong. As you know, it takes some investment, according to the size of the Navy as one example that you mentioned. Is the timing becoming such that Congress can support this beyond members who think about defense every day like you?

CONGRESSMAN LARSEN: Shall I start --

MS. EAGLEN: Sure, thanks.

CONGRESSMAN THORNBERRY: I think that I might have a different view on this, and it has to do with the fact that when we are making investments in our military so that we aren't or to characterize it that we are isn't the case. What we also are doing is making investments in things that are military that we no longer use or are no longer effective. And at some point, in order to make the investments that we need for the future, it might make sense for us to not make the investments in the things that we had in the past. It's very difficult to do that honestly for a lot of reasons. One of them is Congress; one of them is the Services and the bureaucracies within the Services that want to hold onto things.

One of the things I want to point out at the beginning -- I just want to be

sure that people knew about the three most important things about the defense budget. It was looking forward, right? How big should it be? Second, will it be enough just to maintain and operate? And, third, how is it going to impact my district?

Those are the three things that every member of Congress asks, and there's a good side to that, because sometimes members of Congress, one, know their district better than the Defense Department, and they have a better feel for the capabilities and the commitment that takes place on the ground from folks. But, by the same token, we tend to get wrapped up into our districts and try to preserve things that maybe are not to be preserved. No specific example today, but it does happen. I've been, you know, 14 years and that's one of the lessons that I've found from this.

But I just don't think it's correct to assume we're not making investments, and I don't think it's correct to assume -- and it's where Mac and I would differ -- that a bigger budget is a better budget. There's been a lot of waste, fraud, and abuse in the Defense Department during the 2000s when it seemed there wasn't a limit on what the Defense Department got. I'd certainly like to see them do a better job of knowing what money they have, how they're using it by completing, you know, this clean audit we've been begging for for several years so that we have a better idea of where that money's going, how it's being spent, and whether it can be invested elsewhere within the defense budget. So, there are a lot of things I think we can do before we respond to calls for a bigger budget.

Finally, let me say this as a for-instance. I don't think Vladimir Putin has a concern about what our defense budget is going to look like two or three or four years from now. I think he's more concerned about how we're going to use it today.

MS. EAGLEN: Okay.

CONGRESSMAN THORNBERRY: I'm persuaded that it's certainly true

that we have a greater number of complex threats, challenges facing us now than perhaps ever before, and you listed a lot of them -- lots of things around the world, as well as new domains of warfare. You didn't mention space, for example, and of course Al-Qaida has not gone away. So, as the DNI and others have testified, we have a tremendous number of threats, and at the same time under any scenario we have limited resources to deal with those threats. And so that's a huge part of our challenge.

I don't know that I disagree with what Rick said. Part of what Congress needs to do to work with the Pentagon is to get more defense out of the money we spend. And there is a bipartisan effort with Senator Levinson, Senator Inhofe, and Adam and the chairman on the House side to try to do that through acquisition reform, through the cutting the overhead, NDOD, especially the Office of the Secretary of Defense.

So we absolutely need to do that, I think, on a bipartisan basis, working with the Pentagon as we go through a lot of the regulations with Frank Kendal and his shop that govern acquisition. So, there's a lot of work there that needs to be done, and I fully agree, it does need to be done. But that's not going to do enough to solve all of those issues, because you've got to do a lot of acquisition reform to get another carrier or even to refuel the one that's half through its life span that was a topic that has come up a lot in our recent trip.

So, I do think we need to do both. We need to increase spending on defense and work to get more defense out of the money we spend, because there is a value in and of itself to numbers of ships and airplanes and ammunition for them -- there are some shortages there, by the way -- and a whole host of things.

And, again, my point is not that there is a magic number and if we meet it we're safe. My point is the world is watching. The world has some doubts about us through a series of events, including our own budget mess, and things that have

happened around the world. And it sends a clearer message to Mr. Putin and the Chinese and the North Koreans and the Iranians -- and just go down the list -- when we make clear on a bipartisan basis we're going to do whatever it takes to defend ourselves, our interests, and our allies. And I think that message is really important right now when we have so many things going on.

CONGRESSMAN LARSEN: I just want to note, Mac isn't giving himself enough credit on the acquisition reform effort. He's leading that, really, and it will be thankless, not from members of the Committee, obviously, but it will be a tough job. He's a great guy to lead it.

MS. EAGLEN: Yes. You worked hard on this issue, I know, and you're going to continue to do that, and I second the gratitude.

One quick question before we open it up and to sort of wrap this up. The President, himself, thinks we need to spend more on defense. His budget comes in with basically two budgets -- actually, there are three the way I look at it, but let's just put this aside. You know, he's admitting that defense is underfunded because there are \$115 billion extra dollars over the 5-year spending plan. Some of that, of course, is in the next fiscal year. So, I think that's a pretty strong statement that we could all agree on that it may not be a lot more but we know more is probably required. I would think that -- I don't know, perhaps that's not true.

But the politics of growing a defense budget, however, have changed. The President, in recent years, and Congress has been going on in some cases and not in others, but it has become a deal where a dollar for increase in defense, if you agree, has to grow. The conditions are now that it has to be a dollar for non-defense discretionary spending. This is an artificial firewall basically, and it complicates -- one, it puts all federal priorities on the same level. Of course, I personally don't interpret the

Constitution that way. I don't think HUD is as important the mission of the Defense Department and protection of the nation's citizens and our way of life. But that's what that kind of a deal implies if not does. So, what is the state -- if the President is right and the defense budget needs to grow beyond the levels in the BBA -- the Balanced Budget Act, the Ryan and Murray deal -- and we're just looking at 2015. How do you get there, or does it have to be linked to a discussion about non-defense discretionary, and is that appropriate?

CONGRESSMAN THORNBERRY: Well, as I say, I think for fiscal year 2015 the number is set in the Ryan and Murray budget deal, so we're talking about beyond that. I could probably give you a more informed answer if I knew how the November elections were going to come out, because if they're right and there's a decent chance that the Senate switches hands, then that could change the dynamics somewhat. But I think -- like you I think, I believe the first job of the federal government is to defend the country. We do that first, and everything else is after that.

I do think you can make a pretty good case, whether you're talking about medical research or a variety of things, that in the domestic discretionary area there are areas that could use well additional funding.

So, bottom line is two-thirds of our budget is entitlements. Until we deal with that, we will now be dealing with our budget issues, and that's true regardless of how this election comes out or the next election or the next election. We have to begin to reform entitlements.

The only thing I would add is just we also have to keep in mind what other folks are doing, and I think I just saw a number that -- maybe you all did an estimate that Russian defense spending has increased roughly 80 percent over the last 10 years, something like that -- 79 percent. China's defense budget is growing 7, 8, 10+ percent a

year. So, it's not just like this is all about us. We have to see what's happening in the world, too, and out in the world other defense budgets are growing and other threats are growing.

CONGRESSMAN LARSEN: Not to be too pointed about it, but I guess I would challenge anyone to go ask a veteran in my district who's homeless and who's using the HUD-VASH program -- which is a combination of using HUD vouchers to get housing along with support of housing services, helping deal with the problem, the core reasons for their homelessness -- if he or she thought that HUD funding was important, as well as VA funding is important.

So, the issue of whether it's \$1 for \$1 or 1 for 2 or 2 for 1 or -- the point is, there are important things that we try to do in the budget that have a direct impact on people we represent, not just as members of Congress in individual districts but as a country as a whole, and if we're going to look at numbers about what other countries are doing, we should be looking, as well, at what their transportation investment is, what their medical research or basic research in their universities is.

I think that what we've tried to do historically, and especially after World War II from a federal government perspective, is we've dug the hole and poured the foundation really well. We do that job really well. And then the market takes it from there; builds the rest of the house. So, those foundational things like investment in our transportation, basic research, and medical research act as a higher education in defense.

We've generally done really well. I just believe we've gotten away from that in both parties for a variety of reasons. There's another book Mike wants to write about to explain that sometime in the future. But we've gotten away from that while other countries haven't and continue to do those foundational things that set themselves up for

better economic growth than the United States is going to be able to have.

And unfortunately, Russia's not one of those countries. Their economy is stagnating and not doing very well. China's economy is growing at 7.4 percent year to year, but it's actually on the downward slide and estimates will be still higher than the United States. But 5 to 6 percent growth by 2020 in China isn't really all the great for China. So, if we stick to our basics, our fundamentals, I think we'll do all right, but we aren't.

MS. EAGLEN: Thank you.

MR. O'HANLON: I think we'll now go to you, and what we'll do is ask that you wait for a microphone, identify yourself, and if you could ask just one question please, and we'll take two at a time just in the interest of time. We'll start over here with Ian and then George.

MR. WALLACE: Thank you. I'm Ian Wallace. I'm a Visiting Fellow here at Brookings doing a project with Mike and others on the implications, advances, and commercial IT for DoD acquisition, and I wonder if Congressman Thornberry could tell us a little bit more detail about plans for DoD acquisition reform, thinking about legislation on the Hill, and how that might play out over the next few years.

MR. O'HANLON: Excellent. If you'll just pass the microphone next door, please.

MR. NICHOLSON: Sir, Congressman Thornberry, first I'd like to thank you -- oh, George Nicholson, a consultant with the U.S. Operations Grant -- thank you for everything you've done, that Congressman Smith did, that Saxton did, the total bipartisan support for the USO, where we are to date.

One of the questions I've got is priorities, and Mackenzie probably remembers. I think it was about a year ago when Congressman Smith was over at AEI

and made the point. He said "as much as a supporter I am of the Department of Defense, I go back to my district and my constituents. What they want to hear about are problems with Social Security, Medicare, my retirement accounts infrastructure; and basically what's happening in the Department of Defense is at the bottom of their priorities list.

Your comments on that.

CONGRESSMAN THORNBERRY: Well, briefly on acquisition reform -- I won't spend too much time in going through -- as I say, this has been a number of times before. The question I most often get is: What makes you think this is going to be any different? And I guess a couple of answers to that are, number one, it is completely bipartisan, bicameral, and whatever bi- is with the Pentagon and Congress.

So, we have reached a point where I think everybody agrees that the system not only costs more money than it should, but is too slow. We got information that China can knock out a ship every 36 months. We're not in the ballpark of that.

So, I think there is an imperative, given the budget issues we've been talking about and given the state of play to do better. IT is a terrific example if you think about how quickly technology changes and how slowly the federal government buys things. It is absolutely inevitable that by the time the federal government actually procures something, it is out of date. So, part of our challenge is listening to ideas about what we can do. Maybe we need a special sort of acquisition authority for IT or maybe we need poly programs.

So, there are a number of ideas that are coming in. That's the stage that we're in at this point. If we can identify things that everybody agrees on this year, we'll do it. Most probably of what we're talking about would be next year, but I want to emphasize that we're not just talking about a 2000-page bill to solve acquisition. A lot of this is not

necessarily legislation. It is about the kind of oversight we do of programs. It's about working with the Pentagon through the regulations, which is going on, and so there are a number of aspects to this to try to get at a deeper level. Again, we don't need another oversight office or another law to solve our acquisition problems. We've got to look deeper at the incentives in the system and understand those.

MR. O'HANLON: Positions --

CONGRESSMAN THORNBERRY: Go ahead and do the answer to both

MR. O'HANLON: Sure.

CONGRESSMAN THORNBERRY: I didn't get to that as part of Mackenzie's question.

It is true that when people in our country feel relatively safe, you know, you worry more about the things that affect your life in the jobs, in the economy, in the healthcare, and all of that. I do think part of our job as leaders, however, is to remind people about the fundamentals of what it takes to keep the greatest, strongest, freest country in the history of the world so we can all worry about our kids' education and the other things that occupy daily life, and security is just a fundamental aspect of that.

I don't remember who said this, but they were talking about counterinsurgency I think, and they said it may be true that security is only 10 percent of the solution. But if you don't have that 10 percent, then the rest of what you're trying to do is going to be worth -- I think that's true for us, too. So, part of our job as leaders is to help remind people and educate people about the multitude of threats that we face. And it's challenging, because what the media naturally does is focus on one intensively, and it will focus on another and forget about the first one, and then it will go to a third and forget about one and two. So, keeping, again, with so many things at play, keeping that broad range of challenges before us I think is a big part of the challenge that Rick and I and

others face.

CONGRESSMAN LARSEN: I'll make one note on commercial IT and acquisition. One area that I know is going to be discussed as we come up to this markup is the idea of the cloud and use of cloud computing and information storage and the conflict that exists between the DoD controlling that versus actually going out in the commercial world and using cloud services in the commercial world much less expensively. The conflict exists, because DoD would argue that they need to have the highest security possible for that information and, as a result, that sets up hurdles and barriers to moving forward on using commercial IT in the cloud sphere. That same principle tends to apply in commercial IT and other parts of the Services as well. Somehow we've got to find a way over that, through that, under it -- you know, pick your preposition. We've got to get around it.

Finally, a quick story about a trip to China several years back. It was in the middle of some currency manipulation debate, and the topic was "American Chamber of Commerce in Beijing" and the question came up: Why is it that when leaders like you come to China and then -- you know, you leave D.C. beating on currency manipulation, you come to China, you talk to Chinese, and everything's okay; and then you go back to D.C. and get religion all over again? And I said the only person that gets religion when we go to D.C. is Eleanor Holmes Norton, because she represents it. So, what you need to understand about members of Congress is they go home to their districts. That's when they get their religion. So, if we're hearing it at home or if we're not hearing certain things, that's what gets our interest first and foremost -- what folks are saying at home. And if we're not hearing that national security's a big deal but we're hearing other things are, that tends to have an impact.

Mac's right. On the flip of that is that we have to sift through a lot of this

knowing that some of this stuff we can generate at home is the same stuff that's generated in our offices, because all the emails are the same. We have to sift through that and say: How deep is this? How real is it? Where does it fit in the prior U.S.?

I'll say, as well, something's going wrong -- and it's not with Congress -- when the major security issue here at home is a concern that folks have about the NSA as opposed to anything else. And that's not their fault, I would argue. I would say that's the NSA's fault, I would argue.

So, then I'm saying that those are some of the kinds of things you say when you're home.

MR. O'HANLON: Okay, let's go right here, the gentleman in the third row, and then the woman in the far back just to set that one up for --

MR. KELL: Byron Kell in Cavanaugh Partners.

I wonder if you could be a bit more granular on how you think the change in tension towards Russia could impact what we spend in defense. Do we need more money for intelligence, missile defense? Or will there be any change at all?

MR. O'HANLON: And then in the back, please.

MS. VARGAS: Hello. Thank you very much for being here. My name is Christine Vargas. I'm from Avocent, and my question has to do with DoD auditing. How do we empower those in the Department of Defense responsible for this Herculean task that's supposed to be on track by 2017? How do we both empower and support them over these next years to ensure that they have kind of the goodwill they need to get this job done?

MR. O'HANLON: Let's start.

CONGRESSMAN LARSEN: On Russia, I don't know that I have any more to say about it. I think that the NATO deployments are an important signal to our

new allies, and I would assume to Russia, and that the NATO alliance is important to us and it's important to NATO partners and that they do need to consider that. I think that the non-lethal aid and financial support given to the Ukraine is important, and I think the EU needs to, if they can, move faster on the association agreement, because I think right now there's only one way that Ukraine as a government is headed, and that's west; it's not towards Russia.

As well, I think that -- and they're not asking for my advice, and I wouldn't give it to them, but any time the pro-Russians have (inaudible) Ukraine can take OSEE monitors hostages, that only helps the United States in the West. It shows us how uncoordinated, how amateurish, and how reactionary those folks are; and I can't imagine that Russia sees that as positive either. You know, we need to leverage that from the court of public opinion, frankly, in my view, in order to move and change the facts on the ground.

CONGRESSMAN THORNBERRY: On Russia, I think it's a big deal. I think it's a major change. Most of us -- and I would not exempt myself -- had basically, in our minds, thought that the Cold War was order, that we don't have to worry about that anymore, and the brazenness of this aggression, similar to tactics we have seen in history, I think is somewhat startling. So, one conclusion one could draw is that it expands the range of military options for which we have to be prepared. And maybe we thought certain kinds of conflict were in the past and we didn't really need that stuff anymore. But maybe that's not true. And then tight budgets -- as we prepare for everything from relatively low-level ground commit to cyber and space and all these things in between, I think it just adds to the complexity, the number of national security challenges we face. So, I think it's a pretty big deal, and I don't think things will go back to the way they were anytime soon.

On auditing, I think all of us in Congress -- House, Senate, Republican, Democrat -- think this is very important, and whatever we can do to help and encourage or to push and shove, we need to do. And, you know, the stories today about ammunition being wasted because we can't keep track of what we have or when we got it is just another example of that. So, it's -- I don't know, I get pretty frustrated.

We had -- side note -- we had a hearing a couple of weeks ago, again, on trying to get the DOD medical records to talk to the VA medical records, and the country has got to have electronic medical records that are compatible, that are portable, and yet billions of dollars, years and years, are required to get one department of the government to talk to another department of the government. It is just unbelievable. And so the frustration you -- when you talk to members about auditing and about other changes, I know they're hard, but still we've got to figure out a way to cut through the stuff even if means get outside of government to find those answers.

MR. O'HANLON: If I could just follow up on this line of reasoning on Russia before we go to another round from the audience. You both talked about some of the broader U.S. responses, the sanctions issue, the deployment issue. At what point is there a case for rethinking U.S. force posture -- permanent force posture in Europe? At what point do we think about either adding a brigade or two back to Germany or putting some battalions in the Baltic states or something else, or is that not even an option that you feel we need to start thinking through at this stage?

If you could begin, Congressman Larsen.

CONGRESSMAN LARSEN: Yes. First, let me clarify, I'm not encouraging more OSC monitors to be taken into custody on that one. I understand it happens to play in the favor of the West. Let me clarify that for those taking notes.

But I don't know if it's too early to talk about that. It's a good discussion

to have, but it probably wouldn't -- if we're going to use the model of the past, it wouldn't be in Germany as much as they would be, you know, in the Baltics, in Poland. It would be in the states that are next to the -- as close to Russia as possible.

I think the actions and decisions that the leadership in Russia are making are doing -- they're only doing one thing in Congress, and that is (inaudible) this conversation -- you know, a conversation that I know Russia doesn't want us to have. But we're going to have it.

CONGRESSMAN THORNBERRY: I'm ready to talk about it. You know, I think we have to, and going back to the previous question about what are the implications of what's happened in Ukraine, I think part of it is: Is NATO worth anything or not? What's it going to amount to? So, what is the purpose and the value of that alliance at this point when it meets this situation, which is what it was created for?

And so, I think a lot of soul searching needs to take place on the part of our European allies and others about how we stick together and meet this kind of brazen aggression.

MR. O'HANLON: Thank you.

Start here on the front row and then the gentleman on the front row.

SPEAKER: Thank you. Thank you both, Congressmen. I thank you for your bipartisanship. It's very much needed, and you have emphasized that after your recent trip to China they're still thinking that the U.S. is in the (inaudible) and they are rising and they are -- that's why it's rising more attention and does affect our security, affects our jobs at home, matters at home and affect our people at home all around. So, I'm asking both of you is you would bipartisanly help from the House to give our stronger message so that the U.S. can stay, reemphasize our leadership globally -- globally -- on the rules of law, especially in the case of the South China Sea and everything involved,

because you talk about our responsibility to treat the allies, but as the leaders -- as the global leaders -- we also should be accountable for international law, the rules of law. That means that for people -- for countries that are not our allies, we still need to hold other powers accountable to observe international law. That's the case of Russia in Crimea, and I hope that would apply to China if China is causing, using some other form, invading small countries like Vietnam or Laos or Cambodia. So, I hope that you would make it clear that any countries, not just allies -- it's very important. Especially ASEAN is looking up to the U.S. leadership so they can solidify and they can form a good partnership with the U.S. So, would you somehow from House up to the Senate from Congress make it a clear statement, maybe a statement, to clarify the leadership, the global leadership, of the U.S. in the rule of law and expect all rising powers to observe that?

MR. O'HANLON: Thank you. Thanks.

Let's go over here. One more, and then we'll --

DR. SHADREED: Yes, I am Dr. Desai Shadreed with the (inaudible), a very educative discussion for me. I learned a lot from it.

My question is relatively different, but it is also directly or indirectly affected, and it would have an impact on China, on the region, as well as on Russia.

USA forces and NATO forces are already given a date or a month and year to draw down from Afghanistan, and if the abatement does not work, if it collapses because the (inaudible) very high, very high at this time. Does USA have contingency planning for how to deal with the implications of a (inaudible), and then a lot of the good (inaudible) -- there are many countries where candidate which U.S. is giving (inaudible) Afghanistan.

What do you think you are going to --

CONGRESSMAN LARSEN: Use the microphone, please

MR. O'HANLON: We can't quite hear you, but could I ask you to wrap up, because I want to get, hopefully, to one more round after this. Is that good? Okay.

DR. SHADREED: Thank you.

MR. O'HANLON: Thank you.

CONGRESSMAN THORNBERRY: I'll just say Majority Leader Cantor and others made it very clear in all our meetings that we expect any territorial disputes to be resolved peacefully and in accordance with an international rules-based system. It was very explicit. It was in every meeting. So, that message that you talked about applying to all countries was made very clear.

You know, on Afghanistan, obviously now we're having the runoff for the presidential election. I very much hope and trust that the United States will continue to have a presence after December of this year. I think it is very important for us to be there to continue to provide support of various kinds for the security situation where the Afghans themselves are taking the lead. But I think it would be a terrible mistake for the situation to get to the point where we have a complete withdrawal. I think it would increase the dangers to us. It would increase the dangers to Pakistan. It would increase the problems that many countries face. So, I hope we're going to have a continuing presence, and I think we should.

CONGRESSMAN LARSEN: As regards Afghanistan, I understand that to, in the runoff, support signing the bilateral security agreement, and I think it would be a terrible mistake if they didn't. There is no long-term heart left in the American public for a long-term presence in Afghanistan, and if Congress is going to be more comfortable about supporting that, we need the new leadership to say yes to the bilateral security agreement providing protections for U.S. troops while they're serving there. It's a very

important tenet. It makes it easier for me to go home and say -- whether it's 10,000 or 5,000 -- whatever number that is going to be -- it's easier to go back home and say there's an agreement. It protects us. We get to do our job. But we also need to continue, as Mac noted, investment in Afghanistan national security forces taking control on behalf of their civilian government, of their own security, because we can't and won't be Afghan's long-term surrogate army. We just won't. But I'm hopeful that both folks who are in the runoff maintain that commitment that they made to sign it.

And I'll just -- on your point, I'll make two points. One, I fully agree with Mac and we're saying it's not just friends and allies. It's (inaudible) region. We want things sold diplomatically and so on.

I will make one correction to what you said. The House never sends things up to the Senate. (Laughter) We send them over to the Senate.

MR. O'HANLON: Well said. (Laughter)

One last round of questions as we wrap up. Thank you for that.

Okay, we'll go to these two gentlemen here in rows 4 and 5, I guess, one right in front of the other, and then conclude.

MR. SERAJ: Good afternoon. My name is Ali Seraj. I am from Afghanistan and also from the United States of America. I'm the president of the National Coalition for Dialogue with the Tribes of Afghanistan. I have been involved in Afghanistan's affairs for over 30 years, and the last 11 years of my life I've been spending in Afghanistan working with the tribes.

I'm quite happy to hear that the United States again will take a position of strength in the world to show the world that they are the leader. I know it's a very difficult job for you, and I know that you do not have to share the burden, the whole responsibility. You have friends around the world who will support you, but those friends around the

world have to know that you are there to stand by them.

The problem in Afghanistan, gentlemen --

MR. O'HANLON: Sir, this has to be a question, because we've got two minutes left.

MR. SERAJ: Yes.

We have established a national army for Afghanistan. NATO and the United States are leaving Afghanistan within this year. The Afghan national army is being left penniless, and there are being left armless. The only material, the arm that they have are the (inaudible) machine guns.

MR. O'HANLON: Question.

MR. SERAJ: We would like to know what type of equipment are you going to leave the Afghan military so they can defend themselves against the invaders or aggressors that are coming from (inaudible) Afghanistan to defend a mountainous region like Afghanistan? We don't have tanks. We don't have helicopters. We don't have the right equipment.

MR. O'HANLON: If you could pass the microphone to the gentleman behind you, please, and we'll wrap up.

PETER: Hi, I'm Peter, a student. I came all the way from (inaudible) to be here, so.

MR. O'HANLON: Do they know that? (Laughter)

PETER: I'll tell them when I come back.

I'd like to know -- I have a very long-term question about education. A lot of Americans don't know a lot about history. They don't know a lot about international history -- things like empires declining or isolationism or expansionism or other things like this. And so isn't there a problem with the formation with American public opinion? A lot

of Americans don't that what happens overseas is very important. A lot of Americans don't have the sense that they're in an empire that could either way, maybe, to this kind of stuff. Isn't it dangerous for Americans not to know enough about history, because then they're not going to be able to tell their congressman, their senator -- not going to be able to make informed decisions about things like national security or budget, not going to be able to make the right sacrifices, not going to be prepared to think about foreign policy in the right sort of way. Isn't this a pretty serious problem? I mean, I talked to a guy --

MR. O'HANLON: Let me stop you there. Your question is very clear, and I just want to keep things moving here as we finish up.

Congressman Larsen, over to you, please.

CONGRESSMAN LARSEN: Yes and no. The 675,000 people I represent are pretty busy in their lives right now, getting up in the morning, making sure their kids get to school and get a lunch made for them if they're going to school or paying for their college or going to work, and to add this to their list choice, not my choice to add to their list. And so I can't expect everybody that I have an honor to represent to know everything that I think they ought to know. In fact, that's like a recipe for not being able to represent them anymore. If I tell them their job, their job is to tell me my job. My job, in part, is to sort of filter that a little bit and get some other context to it.

Most folks will respect a member of Congress who thought through issues that they haven't been able to think through so long as a member gets back to them and tries to explain why they did X, Y, or Z and why we have to X, Y, or Z. So, we have our responsibility towards our folks first, and before they had the responsibility to come up with an idea that is as well thought out as you might find in an academic paper, because you're not going to find that. You're not going to find that. Folks are busy living their lives, and we have to be responsive to that first, in my view, and next we can help

explain why we are doing the things we do or might be the things that we want to do and get their feedback as well.

MR. O'HANLON: Let's get the Afghanistan question in --

CONGRESSMAN LARSEN: On the Afghan question, I agree that it is important for us to ensure that the Afghan security forces have the weaponry and the equipment that is appropriate for their circumstances, and I think we're doing some of that. We're buying some Russian aircraft, for example, for them. We will leave some of - - and that's controversial, by the way -- and we will leave them some of the equipment we have. It may not be everything that they want, but those are part of the discussions going. I think the bottom line is we must be -- and I think we are -- absolutely committed to doing whatever we can to support the Afghan security forces being able to take care of the security needs of Afghanistan. And whether that's training, equipment, or whatever, we need to be there to assist them. That's in our national interest.

I completely agree on history, and we are not as good as we should be in educating folks about what has happened in the past. The only thing I'd add is I am continually struck by how globally interconnected this world is. And so part of this is generational. Again, just coming back from China and going through all of the economic interconnections between us and China, which we really haven't talked as much about today -- we've been focused on security, and we mentioned trade -- that there's a whole other dimension to that relationship that also plays in it, and I think that is not exclusive to China; it is true around the world. So, while I agree with you on history, I think that the interconnectedness of the world today is truly astounding when you start to go through step by step. And, you know, some of that may be a slightly double-edged sword. But it is reality, and it's only going to grow more so.

CONGRESSMAN LARSEN: One final point on that is just to give you a

flavor of maybe how public opinion is shaved or public opinion changes in China. Three weeks ago when I was there, we met with the number 3 -- Chairman Jiang with the National People's Congress. Afterwards, his staff came up to us, as members of Congress, number one question on their mind: So, is a house of cards really reflective of Congress in the American political system? (Laughter)

So, our culture is (inaudible) China, so now they care less what we're really like and more like how we are on TV. So, we may be undercutting their view of history as well.

MR. O'HANLON: Glad you can see what they're really like. It's pretty good.

We're very grateful to have them today, so please join me in thanking the Congressmen.

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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.

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