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A DISCUSSION WITH REPRESENTATIVE MAC THORNBERRY ON MILITARY REDINESS, MODERNIZATION AND INNOVATION

Washington, D.C.

Monday, May 22, 2017

PARTICIPANTS:

Featured Speaker:

THE HONORABLE MAC THORNBERRY (R-TX)
U.S. House of Representatives

Moderator:

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P R O C E E D I N G S

MR. O'HANLON: Good morning, everyone, and welcome to Brookings. I'm Mike O'Hanlon in the Foreign Policy program, and as you know, I have the privilege and honor today of welcoming back to Brookings Chairman Mac Thornberry, a Republican congressman from the 13th District of Texas, to discuss matters of defense policy, budget, and many other subjects under the sun. As you know, he is the chairman of the House Armed Services Committee, the first Texas every to have that role in fact. And a Texan whose family goes back to ranching in the 13th District as far back as 1881 -- probably wondered what he was doing in a rainy Washington up here dealing with the federal budget when he could have been back home in the Texas springtime. But we're grateful, Chairman, for your service. And I know we're both grateful to all of you for being here today.

It's a momentous time in American foreign policy and defense policy. We're going to get quickly to matters of the defense budget, defense spending, and where the entire debate may go with tomorrow's release of the president's budget and congress really gearing up in its normal hearing season on these subjects.

But I thought, just to get us energized on a good Monday morning, if you could please join me in welcoming the Chairman to Brookings. (Applause)

And, Chairman Thornberry, before we get to the budget I thought maybe I could ask you to summarize a little bit your acquisition reform bill of last week. Any couple-three headlines that you wanted to make off that. And one additional aspect to my question might be that I remember last year when you were here and elsewhere talking about your efforts with Senator McCain and others on last year's acquisition reform, a lot of what you emphasized is listen, if it saves money that's nice but the most important thing is to get technology to the war fighter quickly and efficiently. And I know that remains your driving concern, but I was also struck in this bill that you're also trying to help the taxpayer with reforms in efficiencies that may save money. Looking hard at contractors, looking hard at various kinds of requirements, logistics matters in how we purchase regular supplies. So I wondered if you could explain the latest reform proposal in the context of how you think about acquisition reform.

MR. THORNBERRY: Sure. And maybe I'll start broad with a bit of context as you alluded. I think as far as Congress' responsibilities when it comes to national defense these days we

essentially have two. One is to help rebuild the military and the second is reform to help the military be more agile and innovative. And so the budget largely deals with the rebuild, what you spend money on, et cetera. On the agility side we face a world with the widest array of complex challenges we have ever faced and world where technology moves and adversaries can direct investments and capabilities at a much faster pace than they ever have before. All of that requires us to be more agile and that's the reason I think acquisition reform is so important. As you point out it is about getting the best our country can provide into the hands of the war fighter in a timely way. We owe them that.

A lot of what we've done in the past two years has focused on the big acquisition programs, planes and carriers and all of that. This year's bill focuses, as you mentioned, more on the day to day sorts of things. So probably the thing that will resonate the easiest with folks is one of the reforms we propose is to allow DOD to buy things commercially on line, like on Amazon business to business. And there are several other competitors like that.

So now you've got two choices. You can go off the GSA schedule, which costs more and which many companies have decided they're not going to participate in because of the requirements. You can go through that contracting process, which takes forever, and you've got to do the bids and all of that sort of stuff, none of which is the definition of agility. So one of the things is to allow DOD folks to go buy commercially off the shelf items on line on these on line portals. We also try to update the audit, the way that companies are audited on the costs they incur. There are lots of different sorts of audits at DOD, but this one basically starts bringing in private sector audit companies to do some of this job. It's happening in other agencies, it ought to be able to happen in DOD.

And just two more right quick. Seventy percent of the life cycle costs of programs are on sustainment, not on buying it at the beginning, it's on everything it takes to keep it operating over its lifetime. Yet we don't really pay attention to that, we just buy the cheapest thing that we think will get the job done at the beginning. One of the changes is to require you conserve sustainment costs from the get go. And then the other one, as you mentioned, service contracts of all the things that DOD contracts for; 53 percent of it is services, not weapons and equipment. And yet if you ask DOD what are you spending this money on, and lots of other logical questions, they cannot answer it.

So this year's bill we try to get our arms around the service contracting that DOD does

with an eye towards making it, yes, more efficient but also more agile in the future. And there are other things, but those are some.

MR. O'HANLON: Excellent. Well, I know others in the room may want to come back to this topic a little bit later on and, as you know, we're going to have a conversation up here for a bit longer and then go to you.

But now let me move on, if I could, to the defense budget. And I think we've got slides up that are showing some of what you've presented and proposed. But even if they don't come up for whatever reason (laughter) let me quickly summarize what I understand to be the state of play with your proposal.

As we all know, President Trump has proposed a "$54 billion increase in the defense budget for 2018," but that's measured against the sequestration level. So against let's say President Obama's level, which may be a more reasonable benchmark, as your slide shows it's only about a $20 billion increase, which is real money, but only, you know, a few percent of the defense budget overall. And what you are now suggesting is that President Trump's proposal is not enough and you want to add roughly another $37 billion to what he's suggested. And I wondered if you could -- partly because I think our technology is failing here -- but lay out a little bit of what the major components of that additional $37 billion would be and then we can maybe talk a little bit about each of them, if that okay.

MR. THORNBERRY: Sure. Well, again, just a little bit of context. Last year as House Republicans were putting together an agenda to run on the speaker asked our committee to look at what we think needs to be spent on defense. What would it take to repair the damage that has been done from eight years of CRs, five years of the Budget Control Act, a high operational tempo? All of these things have accumulated. So his charge to us was, okay, let's figure out what it would take. President Trump is elected, he starts talking about a specific size Navy, et cetera. So what we did was to say how much money would accomplish the goals that President Trump has set forward, but could be responsibly spent we believe in fiscal year 2018. And that's where we end up at $640 billion. I think that the budget that the administration will propose is roughly three percent more than what President Obama had suggested for this year. It's roughly a five percent increase over current year funding. So I think it is fair to say it's basically the Obama approach with a little bit more, but not much.

What's the difference? We tried to lay that out, and I think this shows some broad categories. Air dominance, for example, is about $10 billion above what President Obama had suggested. Now these are kind of broad labels. That's not just more airplanes, that includes the maintenance and the operations, the training that's required for us to go against high end adversaries like Russia, China, which we have not done so much of in recent years.

So that's the reason you see these categories there. Some of it are bringing our ground forces up to date, some of it is ballistic missile defense. And if I were to look at this today looking at what's happened with North Korea, I'm not sure we put enough into missile defense, both increasing the number of interceptors in current systems, which are woefully short, and research into other kinds of systems that hopefully will be more effective and cost effective.

I'm not sure we put enough into munitions, by the way. There was a little bit in munitions in the appropriation bill that just passed. We put some here, but we have some significant munitions shortages in various items if you look at it.

But that's the reason that there are these categories. I'm afraid when we talk about budgets we get into these numbers games and say, oh, this number, that number, throw them around. What we lose sight of is what those numbers mean and which capabilities are we willing to forego with a different level of budget. I think we have to be concrete about that because the men and women out on the front lines will have their life affected by what we're not fixing, by the new capability we're not getting, or whatever choices we make. And we need to make it more concrete rather than a, okay, $640-$620, we'll split the difference, you know, that sort of thing which is usually this debate devolves.

MR. O'HANLON: And just to underscore -- and thank you for putting the slide up -- so this is the base budget? This does not include war costs, right? So we're talking about the base budget for the Department of Defense and then nuclear weapons activities in the Department of Energy. But the $640 billion that you would recommend would then have an additional $60 billion, roughly, in overseas contingency operation cost? Is that, just for ball park --

MR. THORNBERRY: Yes, I think all of the estimates have roughly $65 billion in operating for the OCO account and we can get into more discussion about that. But you're absolutely correct, this is under budget categories the O5O account, which includes the NNSA and the Department

of Energy and some other things, it's not all strictly Pentagon.

MR. O'HANLON: And this is not trying to change the long standing practice of putting some base costs in the OCO account. In other words, there are some people who have been saying what we should try to do is to take all those "war costs" in the Overseas Contingency Operations budget, many of which are now base budget related, and try to do proper budgeting and put them back in the base. You don't have enough money here to do that, right? This is not accomplishing that goal?

MR. THORNBERRY: It does not accomplish that goal. I think that is a worthwhile conversation to have. What concerns me is that if there's just transfers from OCO into the base budget and people call it a defense increase it will not be accurate, it will not tell you the facts, which is you really haven't increased anything at all, you've just changed the label on the money. I still think it's a worthwhile conversation to have, mainly because putting base requirements into OCO makes it very difficult to plan and means the money is not spent as efficiently as it could be. And yet we have become very dependent upon that over the years to get around the Budget Control Act.

MR. O'HANLON: So the 2018 proposal that you're offering, as you said, is designed to fund things we know we can actually do reasonably well in reasonably short order. Is it also fair to say that this is consistent with the candidate Trump vision of roughly a 350 ship Navy, now General Goldfein's proposal to increase the size of the Air Force, which candidate Trump had also proposed, getting the Army back to 540,000 or so active duty soldiers? Are those sort of the fore-structure goals behind this?

MR. THORNBERRY: Yes. I just want to be clear, though, you cannot accomplish those goals in a budget or two, it takes time. General Goldfein has told us, for example, it takes 10 years and $10 million to grow a fighter pilot. So the Air Force today is roughly 1500 pilots short. You cannot snap your fingers and open the training pipeline up big enough to fix all of those problems. This takes time.

And if I can make one other point on that, earlier this year we had the vice chiefs who testified about the state of our military. One of the points that General Wilson, vice chief of the Air Force, made is that Air Force pilots today are receiving fewer training hours in the cockpit than they did during the hollow military of the 1970s. So that was my reaction. So I went back then and looked, okay, we all know about the hollow military of the '70s, nobody would suggest that we have equivalent problems with people and so forth, but there are a remarkable number of parallels between the damage done today and

the damage that was done then. What did it take to get out of that? Well, the last year of Jimmy Carter's administration was a 15 percent increase in defense spending. President Reagan comes in and has a 17 percent, and the next year an 18 percent, and the next year a 13 percent, and then 3 more years of 10 percent. That's what it took to overcome the neglect and damage done in the 1970s to our military. And I think that sort of context kind of helps us with the size and the duration of what sort of repair work is needed for the problems that we have created.

MR. O'HANLON: By the way, I have noticed that in recent weeks, for example, in an Aviation Week and Space Technology article last week there was more data about which aircraft have which mission capable rates. Do you think we need to get more of that data into the public? Because I know there's attention, obviously, between classification concerns, not wanting to tip off adversaries, but also trying to be specific about the defense needs. How do you think we should handle that?

MR. THORNBERRY: Well, I've been pushing for more openness and frankly I have had some debates with the leadership in the Pentagon about this because they are concerned about telling our adversaries too much about what our problems are. My focus, being more political admittedly than theirs is, is to get the political support we need to have the sort of rebuilding, like they did in the '80s, we're going to have to be more explicit about that.

Now, I will say when you have things like happened last month, you had a fair number of pilots go on strike because they believe the aircraft they were being asked to fly were not safe. It does help wake people up a little bit. I think -- but we've had a number of classified briefings with my Committee and I think the more people know about the facts the more urgent fixing this problem becomes.

MR. O'HANLON: So let me bore in on one more example about readiness problems, which is Army brigade combat teams. And for the last two or three budgets the Army has been saying that it wants to send roughly a third of its brigade combat teams per year to the National Training Center to do the full unit, you know, three week long exercises and training that are sort of the culmination. And one would think that if we've been trying to fund that for two or three years and we're doing one-third of the brigades per year, we'd be starting to catch up, and yet apparently we're not. And apparently the Army is still talking today in the same kind of dire tones that it was two or three years ago, at least to my

ear, about the state of readiness, the lack of proper full unit training and exercising.

So, what's going on? Is it because of all these continuing resolutions and other problems that impede the Army from carrying out its plans, even if it winds up getting close to the amount of money requested? Because we have spending $600 billion a year on the military, that's not chump change. So why hasn't the Army, for example, be able to start to catch up?

MR. THORNBERRY: Well, I think you're right for part of it. We have not been spending money efficiently and certainly for units to rotate through the National Training Center you've got to plan for that. So we haven't been doing that well. But I'll tell you, again, part of the reason I believe the readiness problems are deeper than most of us have realized is just like we are cannibalizing parts off of planes to keep other planes flying, cannibalizing parts off ships to keep other ships, we are cannibalizing Army units in order to make those that we are sending on deployments full. And so you talk to the commanders about this and part of their challenge is they never have their full units. You have these people coming and going all the time, and so if they have a chance to go to the National Training Center they come back and a bunch of their people are taken away and plugged into other units. And so they've lost a lot of that benefit. General Milley says the key -- what he's looking for to increase the number of people in the Army is not to increase fore-structure, it's to plug the holes so that you can keep units together, and units training together is what's required to go against these more sophisticated adversaries.

And there's a number of other examples where our people are so good when you send them off on a mission they will accomplish that mission. But if you look at the cost, the damage that is done to accomplish that mission, whether it's mechanics working virtually around the clock or the cannibalization, et cetera, that's part of the reason I'm convinced that the damage is deeper than we understand.

MR. O'HANLON: Should one more part of the readiness debate therefore maybe thinking about how we do forward deployments and presence differently in some cases? Not that it's going to solve anything by itself without more money, but, you know, we're going to Poland now, we're going -- we still have that brigade in Korea and it's generally unaccompanied and it's rotated, so it's a strain on the Army. Could we start considering some of these deployments to be permanent presence,

deploy with families, you know, allow one unit to do one unit's job instead of the three to one requirement? Things like that.

MR. THORNBERRY: Yes, I think so. We have asked for a study just on cost at least of permanent presence in Eastern Europe versus the rotation. And that's just dollars. What we're talking about is the human toll on families and elsewhere. And I do think we ought to look at those options. Part of the reason we ought to look at them is to show our commitment to allies in various parts of the world, but part of it is strain on the force. And then we need to evaluate. I don't know what the cost data will show. I'm not convinced that it is tremendously cheaper to rotate a bunch of units through rather than have that permanent presence.

MR. O'HANLON: By the way, it strikes me this $640 billion plus the war cost, it's a lot of money in one sense, but it's still only about 3.5 percent of GDP. Have you guys done the math? Is that about right?

MR. THORNBERRY: I think that's in the ballpark. It's way below four percent still. And I think one of the most revealing charts one can see is percentage of GDP over time that we have spent on defense. And what you see is the Reagan bump, but then it's just been plummeting.

MR. O'HANLON: So my last question, and then we'll open things up -- I know there are a lot of people who want to get into this conversation -- of course this is the inevitable question because everything sounds so reasonable when we're talking about it in defense only terms, but then there's the question of how do we pay for it. And we're seeing increasing discussion about President Trump wants to cut the State Department, he wants to cut foreign assistance accounts, leave aside the domestic issues that are going to be controversial. And a lot of people are saying that the President's budget is DOA on Capitol Hill even among republicans because of some of these cuts. I'm not suggesting that you want to get into this in every nitty gritty detail today, but I do wonder if there are certain principles that you would at least counsel us to bear in mind as we think about how to pay for these needed defense budget increases.

MR. THORNBERRY: Well, I'd say principle number on is the first job of the government is to defend the country. And so the first dollar we receive from tax payers ought to go to that purpose and then everything else is secondary. So I guess that's the principle, where I start.

Focusing more on the budget, we've got to just keep in context two-thirds of the federal budget are entitlement or mandatory spending programs. Now for defense we are at 14.7 percent of the federal budget. Needless to say we are not going to fix our budget problems by cutting or even curtailing the 14 percent while ignoring the 66+ percent that is mandatory.

I think we have an opportunity and I realize this will sound Pollyannaish, but there are some big entitlements that people are talking about reform, not only to save money but to help people receive better benefits from it. For example, more state flexibility on Medicaid. If you're coming from Texas, a lot different from New Hampshire. So there is some opportunity there. Tax reform is in play. So the big moving pieces are being discussed and that gives us an opportunity to put a little bit of common sense into this discussion. Will it happen? I don't know. Will politics trump everything else? I don't know. (Laughter) But we have an opportunity, if we can get people of good will on both sides to sit down and look at these big moving pieces, we can put defense and everything else on a better track.

MR. O'HANLON: Excellent. I've got one question for later, which is going to be about thinking more about longer-term innovation. You've touched on that already, but as you pointed out, some of the current debate is emphasizing more of the near-term readiness and fore-structure challenges. But I'll save that and we'll get some others in now.

So we'll start here in the third row if we could. And please wait for a microphone and please identify yourself before you pose your question to the Chairman.

MS. BAKSH: Hi, I'm Mariam Baksh from Morning Consult. Thanks for doing the event. My question is about whether you can talk a little bit about how important these reforms are for cyber security when you're talking about opening up the bidding process, for example, to sort of new innovative companies, not having it be so rigid. Can you talk about how that would appeal to other companies who might want to be involved? Maybe reaching out to Silicon Valley, for example. How are you thinking about that?

MR. THORNBERRY: I think she's jumping ahead to your question a little bit. Just to clarify one thing, on the being able to go on line to buy commercial items, we allow the Pentagon to decide which commercial items can be bought. So, for example, if you are buying laptops or software that's going to be plugged into sensitive systems, then there has to be some checks there. So the

Pentagon will be able to decide which commercial off the shelf items are appropriate to be bought commercially in that way. But the broader point is we absolutely have to help the Pentagon be more user friendly for companies to do business with. One of my concerns -- and that's part of the reason we have a lot of the reforms that are in there -- is that more and more commercial companies are saying it's just not worth doing business with the Pentagon anymore, too much of a hassle for a variety of reasons, and I'm not going to do it.

Once upon a time a lot of innovation in this country happened in government labs, and there is still innovation that occurs there, but more and more innovation occurs in the private sector. So in order to defend this country we have to make it possible, desirable, more attractive for all of that innovation that goes on in the private sector to be brought into the defense world. And so that is exactly what I hope one of the effects of the acquisition reform that we've been working on the last couple of years will do.

MR. O'HANLON: Here in the fifth row, and then we'll work our way up and then back.

MS. MILHISER: Hi. Ellen Milhiser, Cynopsis Newsletter. I see that you identify $1.1 billion in unfunded medical requirements. Can you give any details on that?

MR. THORNBERRY: Well, one of the key things our troops have come to expect, and I think we expect it for them, is to be within an hour of receiving medical care if they are injured on the battlefield. It's called the golden hour. You start looking at a variety of operations around the world, what it takes to maintain that golden hour, and it requires some more investment. So that is one of those things that I think we absolutely have to maintain and it does require some more money. So that's part of it.

MR. O'HANLON: Syndey, here in the front row. And we'll work our way back.

MR. FREEDBERG: Hi, Sydney Freedberg, Breaking Defense. To ask Mike's question, but more rudely, because that's my role, I mean we have --

MR. O'HANLON: Your role or your personality? I'm just kidding. (Laughter)

MR. FREEDBERG: That is a good point. My role is just my pretext.

MR. O'HANLON: It's your role.

MR. FREEDBERG: I mean on the one hand, as you say, you know, the new

administration is allowing people to shake up discussion about entitlements and so forth, which are in the great sort of fixed immovable obstacles to any budget change, including defense budgets. On the other hand, we've got a President who is seeming to shoot himself in the foot on a regular basis. You've got a budget coming out very late, possibly with no FYDP numbers and again a very skinny budget coming out earlier. So it seems like while there might be more room for an upside and great progress there is also a lot more room on the downside, the possibility of both extremes are greater. And just having lived in D.C. for a while my gut is that things will get worse rather than better.

So what's the best scenario you can see, best plausible scenario? What's the worst case of gridlock? And where do you think the odds lie?

MR. THORNBERRY: As President Bush said in a different context, don't be guilty of the soft bigotry of low expectations, which I understand you can point to past failures and say oh, this is never going to happen, they're never going to get their act together. Even some of my colleagues are saying okay, we're in for a year-long CR, we'll never, you know -- if that's our mindset then we will bring it to pass. And I think that's a mistake. I can't tell you what will happen. What I can tell you is that there is widespread agreement, I believe, in both parties that we have cut defense too much. We're roughly 20 percent below what it was in 2010.

Let me just throw a couple of other numbers at you, just to back up for a second. If you look back for what we're spending now versus 2000, before 9/11, our defense budget has gone up about 40 percent. Over that same period the Chinese defense budget has increased four times, the Russians about three times. And just in a bit of context, we spend three times as much on Medicaid today as we did during Bill Clinton's time. So that's where the growth has been, it's been in mandatory spending and it's been with our adversaries. It has not been with our defense budget and we are paying a price for it.

So, back to your point. My job is to describe what I think is necessary to fix the problems and to try to be as effective an advocate as I can be for the men and women who risk their lives on the front lines to keep us safe. And so that's what I'm going to do. I can't tell you how all the Washington games will play out, but I can tell you we have some not just needs, but there is real damage that needs to be repaired and our adversaries are not sitting still.

MR. O'HANLON: To do this do we need -- building on his excellent question -- a repeal

or reformulation of the Budget Control Act?

MR. THORNBERRY: Yes. I mean I -- yeah.

MR. O'HANLON: Is that the only way to do it?

MR. THORNBERRY: No, it's not the only way. You can keep adding OCO to get to whatever number you want to. But it's not a very good way to do. We ought, in my opinion, to say the Budget Control Act was designed to bring mandatory spending under control. It is a complete failure. We ought to repeal it and try something else. As I say, five years of this, 50 percent of the cuts under the Budget Control Act have been inflicted on now 14.7 percent of the budget. It hasn't worked.

MR. O'HANLON: Thank you. Ma'am, here in the fifth row, and then I think there was one over here we'll go to next.

MS. JAFFE: I'm Louisa Jaffe, CEO and president of TAPE, a small government contractor. And thank you very much for coming and talking to us today. My question is about small business. I recently saw an interview with you where you referred to mid tier and mid tier is really a term just that's being thrown around which means that inadvertently the acquisition system currently punishes small businesses for success as soon as the pop out of the small business NAICS codes or the small small business NAICS codes. They're big, but they're not big. So I just -- the small businesses in the mid tier group are some of the most innovative places. Can you just address that subject and what you see for the future of trying to help that situation?

MR. THORNBERRY: Yes. Well, first I completely agree with your premise that much of the innovation that's going on today is with -- I usually say small and midsized companies. Now, I can't define how many employees or revenue that is, but the point is there is a lot of innovation that goes on at the big five, but there is a ton of innovation, especially for future systems, that goes on with smaller companies. And I'm sure the big defense companies will be able to adjust to whatever regulations DOD puts out. They can hire more accountants, they can hire more lawyers, they can adjust. It is really difficult for smaller companies to be able to do that.

And so I've talked to a number of companies, for example, that will put in bids for something, but they don't hear an answer for a couple of years. Now how are they supposed to keep the doors open while they're waiting to get a response to the bids that they put in there? That's part of the

reason I keep focused on this idea of agility. We have got to be faster, faster in making decisions, faster in developing and fielding new capability, and small and midsized companies are going to be crucial for that.

MR. O'HANLON: Was there a hand here? Okay. Yes, the gentleman in the red tie, right here, please.

QUESTIONER: Chick Feldmare, retired Army and independent consultant. What is your view of the president's directive as it affects buy America and slowing the requirements down to second and third tier? And can we expect to see anything in the NDAA for FY '18 along those lines?

MR. THORNBERRY: Well, just back to a detail on my commercial off the shelf buy it on Amazon business to business or similar portals. We leave in place the current requirement, such as the buy America and so forth.

I think that there's obviously several aspects to this issue, one of which is it's harder and harder to figure out what is -- in a global supply chain what is made in the United States and what is not. The other aspect to the issue, of course, is that there can certainly be implants of various kinds in equipment and it is a challenge for us to know that the equipment we are fielding is bug free, for lack of a better expression. And so we're never going to be able to be on either extreme of this. The world is just too complex. So we have to have mitigation strategies. But none of that can slow us down because, again, the worst thing is to lack the sort of agility that we were just talking about I think.

MR. O'HANLON: Ma'am, here in the sixth row.

MS. COPE: Good morning, Margaret Cope, Air Force retired. I'm very familiar with issues of cannibalization and maintainers and the operating temp.

My question has to do with last year the House Armed Services Committee voted to include women in the Selective Service Act. And it passed in the House Committee, however, then it went to the floor and it didn't pass. It passed readily in the Senate to be included in the NDAA. When we're talking about workforce development and we're talking about over 50 percent of the population is women, we are sending a real negative recruiting signal to women that they aren't wanted in the military. And why doesn't the House rectify this? I mean all of the military chiefs have requested that it be done. And anyway, that's one question.

And another one is with the Budget Control Act why don't we just consider an updated Simpson Bowles situation?

MR. THORNBERRY: I disagree with you that that is a message that is being sent to women because of the Selective Service. I think the message is we need to step back and assess whether we need Selective Service or not. And then if we decide we do, to consider who should register. But you shouldn't get to the second and third tier questions before you answer the first question, and the first question is what is the role, if any, of Selective Service in today's world. And so that was really the reason that it came out like it did, rather than jump to a second conclusion. Let's step back. And we have appointed a commission that is supposed to look at all aspects of this, report back, and we'll see what they say. So the draft ended what, '73 or something like that? In many respects, I think the all volunteer Army has been an incredible success. One of the big reasons I say that the problems we face today are in many ways different from what we faced in the '70s is because of the success of the all volunteer force. But it seems to me totally appropriate that however many years later we step back and take a look, okay, is the Selective Service needed -- and just one bit of context -- depending on whose estimates you hear, something like 70 percent of the eligible age group of young people are not fit for military service for a variety of reasons. So all of that social context, as well as military need, needs to be looked at in the broader sense before we get to the other.

Why not another Simpson Bowles or some other name deal? I'm for it. I don't know whether it will happen or not. If that can help us get to a better, more logical budget approach, I'm for any of that because certainly what we've done the last few years has not been working.

MR. O'HANLON: I want to build on this question if I could before we go to the audience again and just ask you about how we think about the state of the military and society today and how many people are willing to consider joining, how we address that question. We sort of go through ebbs and flows in our national debate as to whether enough people are thinking about joining the military. Is it becoming an institution that most people are glad to have but don't want to be part of themselves. You know, certain coastal elites don't tend to provide as high a percentage of people. So we've had these debates for a long time. And I just wondered if you see this issue as a top tier issue at the moment. You mentioned that 70 percent of all the demographic is considered not eligible. Should we try to change that

in some way, maybe you could imagine things like pre boot camp where people sign up and they can then join the military if they complete the phys ed boot camp so to speak. You could imagine letting people go out of the military and come back in more easily, you could imagine a campaign for national service, like Stan McChrystal has proposed, in which we at least try to send a message to those who are eligible that there will be encouragement and appreciation and maybe some benefits if they join either the military or some other kind of service. Do we need a big debate on that right now or is that important but sort of a second tier issue?

MR. THORNBERRY: Well, who was it -- was it "Good to Great" or one of those books that has urgent, important, you know, in different quadrants and so forth. I think it's important, I don't think it's urgent. But I do think we've got to keep our eye on this issue. Personally, I've always been very sympathetic with the idea of national service. Could we do, as some other countries have, a requirement that everybody spend a year or two in some form of national service? We're a long way politically from that. I think it would have a lot of enormous benefit.

At the same time I'm not sure I can foresee us ever going back to the kind of warfare that requires millions of people out on the battlefield. Which gets back into, okay, do we need a draft to draft them off the farms and factories and go through boot camp and send them over the beaches. Is that something that we need to have contingency plans for? I'm not sure. But I do think this civil-military relationship is important. You know, one of the books that Secretary Mattis edited before he became Secretary looked just at that particular point.

Side note, we talk a lot about BRAC and, you know, there's a lot of ways to evaluate it. It is just an interesting thing that is not discussed very much. If you significantly reduce the number of communities that have military bases near them how does that affect the relationship between civil sector and the military, or does it? You know, it may. So I think we need to keep our eye on changes in society and this evolving military with more and more specialists, more and more highly trained folks, you know, higher and higher demands on the people who serve to keep that healthy. And I don't think we can take that for granted.

MR. O'HANLON: Great. Thank you. So we'll go here in the seventh row and then we'll keep working back. The woman in the black suit.

MS. CARTIER: Thank you. Veronica Cartier, think tank group for nuclear policy. My question is in security and prevention. Is there any budged place for early warning modernization for readiness to any mode of war, air, land, and maritime. And would you speak about how current are we on the system?

Thank you.

MR. THORNBERRY: I'm not sure I understood the question.

MR. O'HANLON: Early warning on nuclear matters primarily?

MS. CARTIER: (Inaudible).

MR. O'HANLON: Early warning for nuclear attack?

MS. CARTIER: Yes. Yes. In case we have a conventional strike, how current are we on the early warning system here at home?

MR. THORNBERRY: Well, you have obviously the intelligence community and you have a number of systems in the military that are designed to help provide early warning, especially for missile launch, or for other kinds of indicators that we may need to keep on top of. I think the whole nuclear enterprise, from early warning to actually delivering strike, has been neglected for 30+ years, and is the foundation upon -- having a credible nuclear deterrent is the foundation upon which the rest of our defense efforts rest. And so part of what you see and what we need to do in the future, is to modernize every aspect from the warning systems, to nuclear command and control, to the delivery systems, to the warheads themselves. But I'll just say in addition to that we have to have -- let me back up. The intelligence community has suffered just as the rest of the Department of Defense has suffered over eight years of CRs, five years of Budget Control Act, et cetera. So it's not just missiles flying through the air that we have to worry about, it's submarines, it's all sorts of threats. And having a robust intelligence community is essential to warn against all sorts of threats. It may be nuclear, it may be biological, it may be chemical, or some other sort.

MR. O'HANLON: All the way back. Right there, please. And then we'll go to the gentleman across for the next question.

MS. GREENWOOD: thank you so much. Scotty Greenwood, Canadian American Business Council. Mr. Chairman, I' be interested in your thoughts. Later this week the U.N. is having

some meetings with defense ministers and then there will be NATO defense ministerials as well. I'd be interested in your thoughts on multilateralism, engagement of the U.S. in various multilateral institutions and in particular around NATO. The president called it obsolete. Not sure if he still thinks that, but what's your view on NATO, the role of our NATO allies, and also U.N. peacekeeping?

Thanks.

MR. THORNBERRY: Well, I think NATO has been the most successful alliance in history. I think that the more recent comments the president and certainly folks in his administration have made reaffirm the importance of NATO. I think the president has had a positive effect on encouraging NATO allies to increase their contribution to NATO's defense efforts. And I read in the press that there will be an announcement related to that in the next few days as the president is in Europe. So all of that is good. I again come at this I think pretty simply. We can't do everything that needs to be done in the world. We have to have friend and allies. And part of the concerns I have heard the most in recent years is that it's really hard to be your friend. And as I have a variety of defense ministers and foreign ministers and ambassadors as I try to travel a bit. So I think we have to be a better friend. And certainly that's true in NATO, it's true in Asia, it's true all around the world.

And just one small example, we've got friends who want to come buy weapons and equipment from us, willing to pay cash, and we make it excruciatingly difficult for them. So improving our ability to sell much less to provide weapons and equipment to friends who can, as they become more capable, take some of the responsibility off us, is one of the things that we are looking at as far as the DOD portion of it, as just one example.

Obviously, I think there's a place for U.N. peacekeeping. There are limits to what the UN will or can do, but there is a place for it in the world.

MR. O'HANLON: Yes, please.

MR. BERTUCA: Hello, Chairman. Tony Bertuca, Inside Defense. You are going to be challenged to get above the $603 billion top line. The president has requested that much, Kay Granger, fellow tax senator from the House Appropriations Committee, said she can defend the 640 number, but she said just not unless something falls from heaven will it happen. Will your bill mark to 603 or will you mark to 640, or somewhere in the middle?

Thank you.

MR. THORNBERRY: I don't know.

MR. BERTUCA: Is it on the table? Is it something -- can I report Chairman says?

MR. THORNBERRY: We haven't decided what number we will mark to. But this goes back to what we were talking about a while ago, this soft bigotry of low expectations. I know people are somewhat cynical and there's a lot of reason to be. But I think, first, it's the job of the military to help propose what they think is needed for them to execute the missions they are ordered. And then it falls to us to make those decisions. And we ought to bear the responsibility of those decisions. I've been concerned, through the Obama years especially about the military, but has not been willing to stand up and say this is what it needs. They hedge their bets because of either pressure they feel or think, you know, from the leadership. And so I worry that we start hedging our bets at the beginning, then where you end up is way down here somewhere, whereas the real need we lose sight of.

So my focus is okay, what's the need. And then we'll have a discussion in the House about where we are with the budget process, where our mark ought to be, and kind of take it step by step. But I think it's important to say, okay, if you want to do these things, this is what it takes. And if you're not going to do that at that level you've got to be really clear and bear the responsibility for the things you are not doing, for the capabilities you will leave off, for the repairs you will not carry through.

MR. O'HANLON: Here in the eighth or ninth row I guess.

MS. NESHER: Hi. Amanda Nesher with MAZON, A Jewish Response to Hunger. Last year a GAO report found significant food insecurity among currently serving military families and called for further cooperation between DOD and USDA to work together to quantify the extent of the problem. In addition, grantee partner vows have stated that there is at least one food pantry on every Naval and Marine base in the U.S. We talked about entitlement programs and needing more flexibility, SNAP, food stamps, is an entitlement program. How do you propose to address the issue that so many of our military are going hungry and how does that fit in with the need for readiness and an effective defense force?

MR. THORNBERRY: Well, people are our most important of any country's -- certainly our national defense -- and we have to have pay and benefits that are appropriate for the most important part of your national defense. We have asked for additional information on these issues. As we've

looked at, I remember in past year, it turns out obviously your eligibility for SNAP is dependent upon the number of people in your household, so you get some military families that are relatively low rank with a bunch of kids and they absolutely can be eligible for food stamps. I think what we have to focus on is making sure that anybody who serves in the military has the pay and benefits that are appropriate for someone who is willing to in turn risk their lives for all of us. And there shouldn't be anyone who falls into that category. But it's more the focus of treating our people right.

So, one of the big things we've had for years, as you will remember, is according to the formula the military pay raise should be a certain amount. President Obama every year had it lower. Last year we required it to be at the level the formula said, which I think was 2.1 percent -- we're not talking gigantic money. But that is finally what was enacted. But it was the exception. Every year before it has been whittled away at least half a percent, and so forth. So I hope that we're on a better track, not only in how much people get paid, but ensuring that the benefits meet their needs. And so we've had commissary reform last year, we had TriCare reform on the healthcare side last year, we have instituted a new retirement system which changes the 20 year o nothing approach that the military has had for so long. Trying to update all of these benefits to be more appropriate for the times we live in has been something that we've just persisted in.

MR. O'HANLON: So I'm going to take the last question, take the prerogative here to now come back to this question of short-term versus long-term. And I know you've been an advocate of thinking about all of our national needs across different domains of warfare, but also different timeframes, and certainly pushed a lot of acquisition reform with a mind towards promoting innovation and modernization. So my question is less about your priorities than about the nation's and whether we are capable of addressing near-term crises, but also keeping our eye on the longer-term ball. And I guess as we see a lot of attention to the readiness problem, which is understandable and essential, how do we make sure that we think longer-term about everything from the cyber threats that the defense science port has just said may make some of our military forces vulnerable to serious hacking, space satellites and other capabilities that may be vulnerable to being taken down quickly and not easily replenished, and we've become very dependent upon those, taking advantage of trends in robotics and artificial intelligence? Are you comfortable that we're sort of on a fairly good path with some of these things, or is

there some kind of added impetus we need to give to those kinds of thoughts as well?

MR. THORNBERRY: Oh, if I were comfortable I wouldn't be doing all the reforms that we have because back as we were describing, I visited a number of smaller midsized companies in robotics, among other areas, they described for me how difficult it is to try to do business with the federal -- well, last week we had testimony from the 809 panel and one of the witnesses was an executive for iRobot. He described how he went to meet with Wall Street types and they advised him to get out of the defense business because of all the hassles, it wasn't worth the rate of return, et cetera, and they did. And so now there's a couple of spinoffs up in Boston from people who were part of that company who are doing it. But that's what worries me. There is tremendous innovation and tremendous capability. The challenge we face is bringing it into the Pentagon, in to defense programs.

And so more stable budgets, a little more flexibility in funding, because some of the rigidity of our funding categories also makes that harder, but the difficulty in doing business with the federal government, trying to improve that. All of those are key to help feed those things in, as well as I think the approach we've laid out on acquisition, which is open architectures, modular systems, so you can make improvements as time goes on.

Now, there is also a significant part of the future that are policy decisions. Cyber, what do we expect the military to do to defend the country in cyber space? We've never come to grips with that. How comfortable are we with unmanned systems that have lethal capability, and how do you deal with that? What are the limits to which we're comfortable with artificial intelligence sorts of things? All sorts of issues that are out there that we do need to be talking about, but in order to even have those options we're going to have to have an acquisition system that pushes innovation more and makes it friendly.

Remember, one of the big restructurings we did last year was to break up AT&L, to have new Under Secretary to just focus on innovation. There are some offices that are workarounds, that are doing some good things, but we have to bring the whole system up several levels in order to accomplish what we need to for the country.

MR. O'HANLON: Well, it's a great place to finish. Thank you, Mr. Chairman. Please join me in thanking Chairman Thornberry. (Applause)

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