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THE REPORT OF THE QUADRENNIAL DEFENSE REVIEW INDEPENDENT PANEL

HEARING

BEFORE THE

COMMITTEE ON ARMED SERVICES
UNITED STATES SENATE

ONE HUNDRED ELEVENTH CONGRESS

SECOND SESSION

AUGUST 3, 2010

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THE REPORT OF THE QUADRENNIAL DEFENSE REVIEW INDEPENDENT PANEL

TUESDAY, AUGUST 3, 2010

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The committee met, pursuant to notice, at 9:34 a.m. in room SD–G50, Dirksen Senate Office Building, Senator Carl Levin (chairman) presiding.

Committee members present: Senators Levin, Lieberman, Reed, Bill Nelson, E. Benjamin Nelson, Webb, McCaskill, Udall, Hagan, Begich, Burris, Bingaman, Kaufman, McCain, Chambliss, Thune, LeMieux, Brown, Burr, and Collins.

Committee staff members present: Richard D. DeBobes, staff director; and Leah C. Brewer, nominations and hearings clerk.

Majority staff members present: Jonathan D. Clark, counsel; Creighton Greene, professional staff member; Jessica L. Kingston, research assistant; Gerald J. Leeling, counsel; Peter K. Levine, general counsel; Roy F. Phillips, professional staff member; and William K. Sutey, professional staff member.

Minority staff members present: Joseph W. Bowab, Republican staff director; Adam J. Barker, professional staff member; Christian D. Brose, professional staff member; Pablo E. Carillo, minority investigative counsel; John W. Heath, Jr., minority investigative counsel; Michael V. Kostiw, professional staff member; David M. Morriss, minority counsel; and Dana W. White, professional staff member.

Staff assistants present: Paul J. Hubbard, Brian F. Sebold, and Breon N. Wells.

Committee members' assistants present: Christopher Griffin, assistant to Senator Lieberman; Carolyn Chuhta, assistant to Senator Reed; Nick Ikeda, assistant to Senator Akaka; Ann Premer, assistant to Senator Ben Nelson; Patrick Hayes, assistant to Senator Bayh; Gordon Peterson, assistant to Senator Webb; Tressa Guenov, assistant to Senator McCaskill; Jennifer Barrett, assistant to Senator Udall; Roger Pena, assistant to Senator Hagan; Jonathan Epstein, assistant to Senator Bingaman; Lenwood Landrum and Sandra Luff, assistants to Senator Sessions; Matthew Rimkunas, assistant to Senator Graham; Jason Van Beek, assistant to Senator Thune; Scott Schrage, assistant to Senator Brown; and Ryan Kaldahl, assistant to Senator Collins.

OPENING STATEMENT OF SENATOR CARL LEVIN, CHAIRMAN

Chairman LEVIN. Good morning, everybody.

The committee meets this morning to receive testimony on the report of the Quadrennial Defense Review (QDR) Independent Panel.

Our witnesses, the co-chairs of the independent panel, are well-known leaders with long careers in and out of government, and we are grateful for the willingness of former Secretary of Defense William J. Perry and former National Security Adviser Stephen J. Hadley to serve as co-chairs of this panel.

We are also thankful for the efforts of your 16 other panel members. All of you have brought a breadth and depth of expertise that is evident throughout the report that is comprehensive, insightful, and even provocative in its many findings and recommendations.

The QDR is a congressionally mandated, comprehensive examination of our national defense strategy, force structure, modernization, budget plans, and other defense plans and programs intended to shape defense priorities, operational planning, and budgets projected as far as 20 years into the future.

In 2007, Congress required that the Secretary of Defense create an independent panel of experts to conduct a review of the Department's QDR, an independent review that had not been done since the very first QDR back in 1997. This new independent panel is tasked with providing Congress its assessment of the QDR's stated and implied assumptions, findings, recommendations, vulnerabilities of the underlying strategy and force structure, and providing alternative force structures, including a review of their resource requirements.

Last February, the Department of Defense (DOD) delivered its QDR report. This is another explicitly wartime QDR, as was the last report in 2006, that emphasizes the need to succeed in the conflicts in Iraq, Afghanistan, and against al Qaeda, and ensuring that our strategy and resource priorities support that objective.

The QDR also argues for realignment of investments from programs that it sometimes describes as "relics of the Cold War" toward those that support critical joint missions, including countering anti-access strategies, building the capacity of partner states, and ensuring access to cyberspace. The QDR report also proposes measures to reform institutional procedures, including acquisition, security assistance, and export control processes.

The independent panel acknowledges the QDR is a wartime review that is understandably and appropriately focused on responding to the threats that America now faces. However, they are also critical that, like previous QDRs, it fails to provide long-term planning guidance for the threats the Nation could face in the more distant future.

In taking its own longer, fiscally unconstrained view of America's strategic challenges, the independent panel makes findings and recommendations that raise important questions and provide policy and program options that we will explore in the months and the years ahead.

The panel's report begins with the recognition of the many shortfalls in civilian capacity necessary to meet the modern demands of the current and future security and stability environment. The panel reiterates the longstanding call for participation of U.S. and

international civilians—both government and nongovernment—in preventing conflict and managing post conflict stability situations.

In some of the panel's most far-reaching and provocative recommendations, they challenge both the administration and Congress to reform our national security institutions and processes. Among other changes, the panel calls for restructuring the U.S. Code to realign and integrate executive department and agency responsibilities and authorities, expanding the deployable capabilities of civilian agencies, and consolidating the budget processes and appropriations of DOD and the Department of State (DOS) and the Intelligence Community. We will want to learn more from our witnesses about these proposals and which of them, in their view, are the most important to address in the near- and long-terms.

The panel goes on to warn us about what it calls the growing gap between what the military is capable of doing and what they may be called upon to do in the future. To reduce this gap, the panel essentially argues that defense spending should be substantially increased, despite the current economic environment and DOD's plans for modest real growth for the foreseeable future.

With respect to force structure, one of their most significant recommendations would increase the size of the Navy to 346 ships to promote and protect our strategic interests in the Pacific. We would be interested to know from our witnesses in what way the QDR force is inadequate to this challenge and what specific additional capabilities that the panel believes are necessary for that region and what missions are the priorities.

In the area of personnel, the panel commends the QDR's emphasis on the strategic importance of sustaining the All-Volunteer Force that has performed so magnificently over the last 10 years of war. The panel notes, however, that the recent and dramatic cost growth of the All-Volunteer Force is unsustainable for the long term and will likely lead to reductions in force structure and benefits or a compromised volunteer system altogether.

Higher costs per servicemember, as the panel points out, could mean fewer servicemembers, resulting in an increased number of deployments for those in service and greater stress on them and their families. Now that is a vicious budgetary cycle.

Nevertheless, the panel recommends increasing the Navy end strength while maintaining the current strengths of the other Services. We would be interested to hear from our witnesses more about their recommendations in this area, which include some kind of a bifurcated compensation and assignment system for career and non-career military members.

Many of the panel's acquisition-related recommendations echo Congress' longstanding concerns and legislation previously enacted by this committee. For example, the panel's call for the increased use of competition and dual sourcing parallels requirements enacted in last year's Weapon Systems Acquisition Reform Act (WSARA). The same is true of the panel's call for increased emphasis on technologically mature programs that can be delivered in the shortest practical time.

Similarly, the panel's call for shortening the acquisition process for wartime response to urgent needs appears to be consistent with provisions already included in the National Defense Authorization

Act (NDAA), which was reported by our committee earlier this year.

The panel's recommended realignment of acquisition process responsibilities and authorities, however, is less clear. We look forward to learning more from the witnesses regarding the panel's recommendations for adjustments to the lines of authority established two decades ago in response to the recommendations of the Packard Commission and to the increased role that the combatant commanders are already playing in the acquisition process.

Finally, the independent panel followed our statutory guidance and conducted its review of the QDR and strategic assessments from a fiscally unconstrained perspective. When reading their report, however, one cannot escape questioning the affordability of many of their recommendations, particularly given the current state of our economy and the budget deficit.

The panel recommends that in order to meet the greater costs associated with its recommendations for force structure increases, DOD and Congress should restore fiscal responsibility to the budget process that was lost when balanced budget rules were set aside at the beginning of the war. Those rules force decisionmakers to make tradeoffs and identify offsets to cover those increased costs. Does the panel recommend other steps to generate the resources necessary to pay for its many proposals?

Again, we thank our witnesses and their panel colleagues for this very significant contribution to our ongoing national security debate. There is much here to discuss as we work together to meet the challenges that confront our Nation today and well into the future.

Senator McCain.

STATEMENT OF SENATOR JOHN MCCAIN

Senator MCCAIN. Thank you, Mr. Chairman.

Let me thank our distinguished witnesses and old friends, former Secretary of Defense William Perry and former National Security Adviser Steve Hadley. Thank you for your many years of service to our Nation and your leadership of this panel.

Again, I am grateful for the many years of service to our country that both of our witnesses have provided and also the distinguished members of your panel, which I think are amongst the finest thinkers that we have in America today on national security issues.

As we know, the panel was mandated in the 2009 NDAA to provide a separate, outside assessment of the questions posed by the QDR. The administration's QDR, which was released in February, is, in their own words, a "wartime QDR." It is focused mainly on winning the wars we are in and meeting the associated needs of the force. This priority is understandable and right.

Our men and women in uniform have for nearly a decade now been serving in a force at war. They are defeating America's enemies in the fight against violent Islamic extremism. They are supporting Iraq's emergence as an increasingly stable democratic state. If given the necessary time and support, they can reverse the momentum of the insurgency in Afghanistan and prevent that country from ever again becoming a safe haven for international terrorists.

As long as America has troops in combat, they and their mission must be our highest priority. Yet prevailing in the wars of today cannot be our only priority. We will also need to ensure that our force is prepared and resourced to meet a wide array of other challenges over the coming decades, especially amid the tectonic shifts now occurring in the global distribution of power.

In particular, our military must be able to ensure secure access to the global commons, including cyberspace, to shape a balance of power in critical regions that favors our interests and values and those of our allies; to build the capacity of weak partners to secure their countries and operate together with us; and, of course, to defend the Homeland.

These are just some of the major challenges that our force will be called on to meet over the next 20 years, which is the period of time for which the QDR is mandated by Congress to propose defense programs. However, as this panel's report correctly observed, the intended long-term focus of the QDR is being lost. Instead, successive administrations have increasingly produced QDR after QDR that are more reflections of present defense activities than, in the words of the panel's report, a "strategic guide to the future that drives the budget process."

The 2010 QDR mostly continues this trend, and now more than ever we need to regain a long-term strategic focus on our defense priorities. In that regard, the report of the QDR Independent Review Panel makes an important contribution.

We are in the midst of a great national debate about the priorities and spending habits of our Government, driven by the mounting debt that threatens our Nation's future. For the first time in a decade, there is a growing call for real cuts in defense spending and a willingness on both sides of the aisle to consider it.

This panel has now offered a strong counterargument. A bipartisan group of respected national security experts who all agree, as Secretary Perry told the House Armed Services Committee (HASC) last week, that identifying savings and efficiencies in the defense budget is necessary but not sufficient to meet our Nation's future national security priorities. Ultimately, the panel finds overall defense spending must rise.

As we debate the future of the defense budget at a time of fiscal scarcity, this report will not be the final word, but it offers formidable proposals that Congress must take very seriously—from recommendations for fixing DOD's dysfunctional procurement system to bold ideas for reforming TRICARE so that rising healthcare costs do not devour the defense budget. The report is also an important reminder that we should not allow arbitrary budget numbers, whether capped top-line figures or percentages of GDP, to drive our defense strategy.

Instead, we must frankly identify the strategic challenges facing our Nation over the next 20 years. We must lay out the commitments and capabilities needed to meet these challenges. We must cut waste, identify efficiencies, and make every possible reform that can save money.

We must terminate expensive or over-budget programs that we can do without. We must put an end to pork barrel earmarking,

which wastes billions of dollars every year on programs that our military doesn't request and doesn't need.

Finally, having done all of this, having identified our real needs and gotten the most of our defense dollars that we can, America should be prepared to pay the resulting bill, whatever it is, or accept the resulting risk to our national security and that of our friends and allies for failing to do so. This will require some very hard choices, but the benefit to be gained by sustaining and strengthening America's global leadership is imminently worth it.

I want to thank the witnesses and their fellow members of the QDR Panel for emphasizing the importance of strong, confident U.S. leadership in the world and the special role that our Armed Forces play in securing not only our own interests, but in defending an open international order that benefits all who join it.

This panel's report is an important point of reference in our current debates. I appreciate the time and care that our witnesses and their fellow panelists put in it.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator McCain.

Secretary Perry, if there are any other members of the independent panel who are here with you and Mr. Hadley, could you introduce them? Then you can begin your testimony.

STATEMENT OF HON. WILLIAM J. PERRY, CO-CHAIR, QUADRENNIAL DEFENSE REVIEW INDEPENDENT PANEL; ACCOMPANIED BY HON. STEPHEN J. HADLEY, CO-CHAIR, QUADRENNIAL DEFENSE REVIEW INDEPENDENT PANEL

Dr. PERRY. John Nagl is the other member of the panel with us.

Chairman LEVIN. Good. Thank you.

Mr. Nagl, great to have you.

Dr. Perry?

Dr. PERRY. Let us start with Mr. Hadley first.

Chairman LEVIN. Mr. Hadley, you have your own opening statememt?

Mr. HADLEY. Mr. Chairman, we have a joint statement, which, with your permission, we would like submitted into the record. We thought we would just summarize that statement. I will do the first half.

Chairman LEVIN. Oh, okay. Great.

Mr. HADLEY. Secretary Perry will do the hard work at the last half, if that is acceptable.

Chairman LEVIN. I had it reversed. Very good. Mr. Hadley, you shall begin then.

Mr. HADLEY. Thank you, sir.

Chairman Levin and Ranking Member McCain, we thank you for the opportunity to appear before you and other members of this distinguished committee to discuss the final report of the QDR Independent Panel.

Congress and Secretary Gates gave us a remarkable set of panel members who devoted an enormous amount of time and effort to this project. It was a model of decorum and of bipartisan legislative and executive branch cooperation.

Paul Hughes, as executive director of the panel—who is here today—ably led a talented expert staff, and the result is the unani-

mous report you have before you titled: "The QDR in Perspective: Meeting America's National Security Needs in the 21st Century."

Our report is divided into five parts. The first part conducts a brief survey of foreign policy with special emphasis on the missions the American military has been called upon to perform since the fall of the Berlin Wall. From the strategic habits and actual decisions of American Presidents since 1945, habits and decisions that have shown a remarkable degree of bipartisan consistency, we deduce four enduring national interests, which will continue, in our view, to transcend political differences and animate American policy in the future.

Those enduring national interests include the defense of the American Homeland; assured access to the sea, air, space, and cyberspace; the preservation of a favorable balance of power across Eurasia that prevents authoritarian domination of that region; and providing for the global common good through such actions as humanitarian aid, development assistance, and disaster relief.

We also discussed the five greatest potential threats to those interests that are likely to arise over the next generation. These threats include, but are not limited to: (1) radical Islamist extremism and the threat of terrorism; (2) the rise of new global great powers in Asia; (3) continued struggle for power in the Persian Gulf and the greater Middle East; (4) an accelerating global competition for resources; and (5) persistent problems of failed and failing states.

These five global trends have framed a range of choices for the United States. We have a unique opportunity to continue to adapt international institutions to the needs of the 21st century and to develop new institutions to meet those challenges.

We have various tools of smart power—diplomacy, engagement, trade, communications about Americans' ideals and intentions—and these will increasingly be necessary to protect America's national interests. But we conclude that the current trends are likely to place an increased demand on American hard-power to preserve regional balances because while diplomacy and development have important roles to play, the world's first-order concerns will continue to be security concerns, in our judgment.

In the next two chapters, we turn to the capabilities of our Government and that our Government must develop and sustain to protect our enduring interests. We first discussed the civilian elements of national power, what Secretary Gates has called the tools of soft power.

We make a number of recommendations for the structural and cultural changes in both the executive and legislative branches, which will be necessary, in our view, if these elements of national power are to play their role in protecting America's enduring interests.

The panel notes with extreme concern that our current Federal Government structures, both executive and legislative, and in particular those related to security, were fashioned in the 1940s. They work, at best, imperfectly today. The U.S. defense framework adopted after World War II was structured to address the Soviet Union in a bipolar world, and the threats today are much different. A new approach is needed.

We recommend that Congress reconvene its Joint Committee on the Organization of Congress to examine the current committee structure and consider establishing a single national security appropriations subcommittee and a coordinated authorization process between relevant committees.

Furthermore, the panel recommends that the President and Congress establish a national commission on building the civil force of the future to develop recommendations and a blueprint for increasing the capability and capacity of our civilian departments and agencies to move promptly overseas and cooperate effectively with military forces in insecure security environments.

Let me turn to my colleague, Bill Perry, to summarize the rest of the report. I want to thank him for his leadership. He is the person who made clear from the very beginning this needed to be a consensus report and, because of his leadership, it is. He is a great national resource, and the country is lucky to have him.

Mr. Secretary?

Dr. PERRY. Thank you very much, Steve.

I must say a major part of our panel's effort was devoted to a consideration of future force structure. For many decades during the Cold War, the primary mission of DOD was to build a force capable of deterring and containing the Soviet Union. DOD recognized other missions, but considered those missions were lesser included cases—that is, they would be automatically covered by the force we had capable of deterring the Soviet Union.

In 1993, the Cold War was over. We needed a new force structure, and we created something called the bottom-up review. That identified the primary missions of DOD to have the force structure capable of fighting and winning two major regional conflicts. We looked at other cases, but we considered them lesser included cases that would be covered by the force we built for the two MRCs.

Today, the assumptions of the Cold War in the 1990s are no longer valid. A major portion of our military is engaged in two insurgency operations. Not surprisingly then, Secretary Gates has focused this QDR on success in Afghanistan and Iraq. I must say, had I been the Secretary of Defense, I would have done the same thing.

However, it is also important to plan the forces that we will need 10, 20 years ahead. A force planning construct is a powerful lever for shaping DOD.

The absence in the QDR of such a construct was a missed opportunity. So our panel decided to offer our own judgments as to what that should be, based on the assumption of the global trends and the threats that were just described by Mr. Hadley. Those judgments are as follows.

First, the recent additions to the ground forces, we believe, will need to be sustained for the foreseeable future.

Second, the Air Force has the right force structure, except for the need to augment its long-range strike capability.

Third, we need to increase our maritime forces to sustain the ability to transit freely in the Western Pacific. We saw that as the primary driving factor for an increased naval size.

Fourth, DOD needs to be prepared to assist civil departments in the event of a cyber attack on the homeland. It is a homeland secu-

rity issue, but DOD has the primary resources for dealing with a cyber problem.

We believe that a portion of the National Guard should be dedicated to the homeland security mission. In fact, we need to revisit the contract with the Guard and the Reserves.

A major capitalization will be required of our forces, not the least of which is because of the wear and tear of the equipment in the wars in Iraq and Afghanistan. Secretary Gates' directive on efficiencies to deal with these costs is a good start but, in our judgment, will not be sufficient. That is, additional top line will be required. What we have described as a need will be expensive, but deferring recapitalization could entail even greater expenses in the long run.

We looked carefully at the personnel issue and believe—started off with the belief that the All-Volunteer Force has been a great success. But the dramatic increases in costs in the last few years cannot be sustained. We believe we must seriously address those costs, and a failure to do so would lead either to a reduction in force or a reduction in benefits or some way compromise our volunteer force, none of which is desirable.

So we must reconsider longstanding practices, such as extending the length of expected service, revising benefits to emphasize cash instead of future benefits, looking hard at and revising the current longstanding up-and-out personnel policy, and revising TRICARE benefits.

I must say we understand that these are all big issues and all very politically sensitive issues, but we believe they have to be addressed. We recommended the establishment of a new commission on military personnel comparable to the Gates Commission back in 1970, which established the All-Volunteer Force. The charter of that commission basically should be to implement the recommendations which we have described in this report.

An important part of the personnel issue is the professional military education. The training and education program in the military today plays a key role in making the U.S. military the best in the world. It is expensive, but it is worth it.

We recommended a full college program for Reserves with summer training and a 5-year service commitment. We recommended expanding graduate programs in military affairs, foreign culture, and language. We recommended providing key officers with a sabbatical year in industry. All of those are evolutionary changes to professional military education which would be beneficial.

We looked carefully at the acquisition and contracting problems and recommended, first of all, clarifying the accountability. In fact, we devoted several pages to discussion of specific recommendations as to how that might be improved.

We looked at the history of programs in the last decade or so which dragged on for 10, 12, 14 years and led to very extensive overruns. We believe that we should set limits of 5 to 7 years for the delivery of defined programs. Five to 7 years, we have a history of programs with that limit that have been successful, and all programs that we know of that have dragged on for 10 to 20 years have been unsuccessful. We believe that it is no coincidence that the long programs lead to problems.

We recommended requiring dual-source competition for production programs whenever such dual-source competition provides real competition. We recommended establishing a regular program for urgent needs such as now being done by the Under Secretary of Defense for Acquisition, Technology, and Logistics in Afghanistan.

Finally, we had some comments on planning. We believe that the QDR, as now mandated, is an inappropriate vehicle for dealing with the issues that Congress wants to deal with. It comes too late in the process.

We recommended that you establish an independent strategic review panel in the fall of the presidential election year that would be established by the legislative and executive branches, as was the QDR, that this panel convene in January of the new administration and report 6 months later. This then would be an input to the National Security Council for preparing a national security strategy, and this plus the regular procurement planning and budgeting process would replace the QDR.

I would like to close with a final comment that this report we hand to you is a unanimous report from a bipartisan panel. Mr. Hadley and I, from the very first day of the panel, told our panel members that not only was it a bipartisan panel, but our deliberations should not be bipartisan, but rather nonpartisan. The national security issues we deal with are too important to be dealt with in a partisan way.

The panel responded positively to this, and therefore, we are able to give you today a bipartisan, unanimous report.

Thank you very much.

[The joint prepared statement of Dr. Perry and Mr. Hadley follows:]

JOINT PREPARED STATEMENT BY HON. WILLIAM J. PERRY AND HON. STEPHEN J. HADLEY

Chairman Levin and Ranking Member McCain, we thank you for the opportunity to appear before you and other members of this distinguished committee to discuss the final report of the Quadrennial Defense Review (QDR) Independent Panel.

The QDR Independent Panel includes 12 appointees of the Secretary of Defense, Robert Gates, and 8 appointees of Congress, and is mandated by the National Defense Authorization Act (NDAA) for Fiscal Year 2010 to:

- Review the Secretary of Defense's terms of reference for the 2009 QDR;
- Conduct an assessment of the assumptions, strategy, findings, and risks in the 2009 QDR;
- Conduct an independent assessment of possible alternative force structures; and
- Review the resource requirements identified in the 2009 QDR and compare those resource requirements with the resources required for the alternative force structures.[1]

That is what our panel has tried to do in its review. We have deliberated for over 5 months, in the process reviewing a mass of documents (both classified and unclassified), interviewing dozens of witnesses from the Department, and consulting a number of outside experts. Congress and Secretary Gates gave us a remarkable set of panel members who devoted an enormous amount of time and effort to this project. It was a model of decorum and of bipartisan, legislative/executive branch cooperation. Paul Hughes, as Executive Director of the Panel, ably led a talented expert staff. The result is the unanimous report you have before you entitled: "The QDR in Perspective: Meeting America's National Security Needs in the 21st Century."

[1] National Defense Authorization Act for Fiscal Year 2010, P.L. No: 111–84, Section 1061.

Mr. Chairman, the security challenges facing the United States today are much different than the ones we faced over a decade ago. In addition to ongoing military operations in Iraq and Afghanistan, the United States faces a geopolitical landscape that is increasingly dynamic and significantly more complex. Secretary Gates and the Department of Defense deserve considerable credit for attempting to address all these challenges in the 2009 QDR.

The modern QDR originated in 1990 at the end of the Cold War when Secretary of Defense Dick Cheney and Chairman of the Joint Chiefs of Staff General Colin Powell undertook in the "Base Force" study to reconsider the strategy underpinning the military establishment. Then in 1993, building on his own work as the chairman of the House Armed Services Committee, Secretary of Defense Les Aspin decided to conduct what he called a Bottom-up Review—an examination of the long-term risks which America was likely to face, the capabilities necessary to meet them, and the various options for developing those capabilities.

The Bottom-up Review was considered generally a success. Congress thought the process worthwhile and mandated that it be repeated every 4 years. Unfortunately, once the idea became statutory, it became routine. Instead of unconstrained, long-term analysis by planners who were encouraged to challenge preexisting thinking, the QDRs became explanations and justifications, often with marginal changes, of established decisions and plans.

This latest QDR is a wartime QDR, prepared by a Department that is focused—understandably and appropriately—on responding to the threats America now faces and winning the wars in which America is now engaged. Undoubtedly the QDR is of value in helping Congress review and advance the current vital missions of the Department. But it is not the kind of long-term planning document that Congress envisioned when it enacted the QDR requirement.

Our Report is divided into five parts.

It first conducts a brief survey of foreign policy, with special emphasis on the missions that America's military has been called upon to perform since the fall of the Berlin Wall. From the strategic habits and actual decisions of American Presidents since 1945—habits and decisions that have shown a remarkable degree of bipartisan consistency—we deduce four enduring national interests which will continue to transcend political differences and animate American policy in the future. Those enduring national interests include:

- The defense of the American homeland;
- Assured access to the sea, air, space, and cyberspace;
- The preservation of a favorable balance of power across Eurasia that prevents authoritarian domination of that region; and
- Providing for the global "common good" through such actions as humanitarian aid, development assistance, and disaster relief.

We also discuss the five gravest potential threats to those interests that are likely to arise over the next generation. Those threats include, but are not limited to:

- Radical Islamist extremism and the threat of terrorism;
- The rise of new global great powers in Asia;
- Continued struggle for power in the Persian Gulf and the greater Middle East;
- An accelerating global competition for resources; and
- Persistent problems from failed and failing states.

These five key global trends have framed a range of choices for the United States:

- Current trends are likely to place an increased demand on American "hard power" to preserve regional balances; while diplomacy and development have important roles to play, the world's first-order concerns will continue to be security concerns.
- The various tools of "smart power"—diplomacy, engagement, trade, targeted communications about American ideals and intentions, development of grassroots political and economic institutions—will increasingly be necessary to protect America's national interests.
- Today's world offers unique opportunities for international cooperation, but the United States needs to guide continued adaptation of existing international institutions and alliances and to support development of new institutions appropriate to the demands of the 21st century. This will not happen without global confidence in American leadership, its political, economic, and military strength, and steadfast national purpose.
- Finally, America cannot abandon a leadership role in support of its national interests. To do so will simply lead to an increasingly unstable and unfriendly global climate and eventually to conflicts that America cannot ignore, and which we will then have to prosecute with limited choices under

unfavorable circumstances—and with stakes that are higher than anyone would like.

In the next two chapters, we turn to the capabilities that our Government must develop and sustain in order to protect our enduring interests. We first discuss the civilian elements of national power—what Secretary Gates has called the "tools of soft power." We make a number of recommendations for the structural and cultural changes in both the executive and legislative branches which will be necessary if these elements of national power are to play their role in protecting America's enduring interests. The panel notes with extreme concern that our current Federal Government structures—both executive and legislative, and in particular those related to security—were fashioned in the 1940s and they work at best imperfectly today. The U.S. defense framework adopted after World War II was structured to address the Soviet Union in a bipolar world. The threats of today are much different. A new approach is needed.

We then turn to the condition of America's military. We note that there is a significant and growing gap between the "force structure" of the military—its size and its inventory of equipment—and the missions it will be called on to perform in the future. As required by Congress, we propose an alternative force structure with emphasis on increasing the size of the Navy. We also review the urgent necessity of recapitalizing and modernizing the weapons and equipment inventory of all the Services; we assess the adequacy of the budget with that need in view; and we make recommendations for increasing the Department's ability to contribute to homeland defense and to deal with asymmetric threats such as cyber attack.

In this third chapter, we also review the military's personnel policies. We conclude that while the all-volunteer military has been an unqualified success, there are trends that threaten its sustainability. Major changes must be made in personnel management policies and in professional military education. A failure to address the increasing costs of the All-Volunteer Force will likely result in: (1) a reduction in force structure; (2) a reduction in benefits; and/or (3) a compromised All-Volunteer Force. To avoid these undesirable outcomes, we recommend a number of changes in retention, promotion, compensation, and professional military education that we believe will serve the interests of America's servicemembers and strengthen the All-Volunteer Force.

The fourth chapter of our Report takes on the issue of acquisition reform. We commend Secretary Gates for his emphasis on reducing both the cost of new programs and the time it takes to develop them. But we are concerned that the typical direction of past reforms—increasing the process involved in making procurement decisions—may detract from the clear authority and accountability that alone can reduce cost and increase efficiency. We offer several recommendations in this area.

Finally, our Report's last chapter deals with the QDR process itself. While we very much approve of the impulse behind the QDR—the desire to step back from the flow of daily events and think creatively about the future—the QDR process as presently constituted is not well suited to the holistic planning process needed by our Nation at this time. The United States needs a truly comprehensive National Security Strategic Planning Process that begins at the top and provides the requisite guidance not only to the Department of Defense but to the other departments and agencies of the U.S. Government that must work together to address the range of global threats confronting our Nation.

The issues raised in our Report are sufficiently serious that we believe an explicit warning is appropriate. The aging of the inventories and equipment used by the Services, the decline in the size of the Navy, escalating personnel entitlements, increased overhead and procurement costs, and the growing stress on the force means that a train wreck is coming in the areas of personnel, acquisition, and force structure. In addition, our Nation needs to build greater civil operational capacity to deploy civilians alongside our military and to partner with international bodies, the private sector, and nongovernmental organizations in dealing with failed and failing states.

The potential consequences for the United States of a "business as usual" attitude towards the concerns expressed in this Report are not acceptable. We are confident that the trend lines can be reversed, but it will require an ongoing, bipartisan concentration of political will in support of decisive action.

In conclusion, we wish to again acknowledge the cooperation of the Department of Defense in the preparation of this Report—and to express our unanimous and undying gratitude to the men and women of America's military, and their families, whose sacrifice and dedication continue to inspire and humble us.

Mr. Chairman, thank you for the opportunity to testify before you today. We welcome your questions regarding the Final Report of the Quadrennial Defense Review Independent Panel.

Chairman LEVIN. Thank you very much, Dr. Perry.

We will have a 7-minute first round.

Dr. Perry, let me start with you. The Department of State (DOS) has traditionally had the lead in decisions on security assistance through programs like foreign military financing. In recent years, DOD has brought an increasing share of resources to the table in determining the distribution of U.S. security assistance through programs like train-and-equip programs, the Iraq Security Forces Fund, the Afghan Security Forces Fund.

The panel's report, Secretary Gates, and a number of think tanks in Washington have proposed the idea of establishing an interagency-controlled pool of resources in certain areas such as counterterrorism, stabilization, and post conflict. DOD, DOS, and the U.S. Agency for International Development have national security interests, and each has a role to play in these critical areas, and to varying degrees, they cooperate in advancing the foreign policy agenda.

Would you recommend pooling these resources and providing each of these agencies an equal seat at the table in distribution of the nondirected portions of these military security assistance accounts?

Dr. PERRY. In a word, yes. The kind of conflicts we have been fighting in Bosnia, Iraq, and Afghanistan cannot be done successfully by DOD alone. They are fundamentally interagency problems. Providing the right training for that and the right coordination for that is very difficult, but we really have to face those issues.

I would make an analogy with the problems of getting joint service operations in an earlier era, which finally led to the Goldwater-Nichols bill and to where we now truly have joint operations. That was difficult as well, but it was accomplished. Something comparable needs to be done in this area.

Chairman LEVIN. Now, is there any recommendations you have as to where you would draw the line between where DOS would have the lead in providing assistance and where DOD would have that authority?

Dr. PERRY. I don't have a good formula for drawing that line, Senator Levin.

Chairman LEVIN. Okay.

Dr. PERRY. I would say that certainly, a basis for making that judgment should be on the proportion of effort of each of the various departments.

Chairman LEVIN. Now for some of us, the civilian agencies, which are better suited to build capacity in certain nondefense elements of the security sector, have provided a very uneven performance in those areas to date. We have seen their operations in Iraq and Afghanistan, and they have not been particularly steady or successful. They have been halting, and we have had to push that envelope a lot.

Would you agree with that? If so, is that not going to be a problem?

Dr. PERRY. I do agree with that, and I think at least two things could be done to correct or improve that process. First would be to adequately fund that mission, that function in the civilian agencies that has been traditionally underfunded in the past and, second, to

have DOD and the civilian agencies train together, exercise together for these kinds of missions. That has been completely absent in the past.

Chairman LEVIN. Okay. You have made some recommendations relative to Navy capacity, particularly for the Asia-Pacific region, and you have cited potential challenges in Asia as the reason to increase the size of the Navy fleet. What specific capabilities did the panel find to enhance our capability in the Asia-Pacific region?

Given the long lead times inherent in the budgeting and construction associated with major acquisition programs such as shipbuilding, what would you consider the most pressing military needs in the Asia-Pacific region? Either one of you could answer that.

Dr. PERRY. I would say, generally, the most pressing need is dealing with so-called anti-access missions, that is, various military systems that could deny access of our fleet to the Western Pacific. High on that list would be certainly anti-ship missiles, divining countermeasures for those.

Mr. HADLEY. We were not in a position to generate a detailed force structure. A lot has changed in the 21st century, but the circumference of the Earth and the percent covered by water is one thing that hasn't. What we thought was that a bigger presence requirement would require a bigger Navy.

Obviously, much more work needs to be done to make sure that the Navy is structured in a way that is appropriate to the challenges. The one thing we did identify was that this anti-access process needs to be addressed, but exactly what ships with which capabilities is something this committee and the Department would have to develop.

Chairman LEVIN. Okay. The panel's acquisition-related recommendations would give greater responsibility and authority to the combatant commands supported by the Services for the identification of weapons and equipment requirements or capability gaps. We have included provisions in recent legislation, including both the WSARA and the NDAA, which the committee reported earlier this year, that would ensure that combatant commanders play an important role in the requirements development process.

However, General Cartwright, who has been a leading advocate for an improved requirements process, has told us that the combatant commands have heavy responsibilities as operational headquarters executing missions around the world and cannot be expected to run the requirements process.

Are you familiar with General Cartwright's recommendations for improving the requirements process? If so, would you agree or disagree with him as to the appropriate role of the combatant commanders?

Dr. PERRY. I have not read General Cartwright's testimony.

Chairman LEVIN. Mr. Hadley, are you familiar with that?

Mr. HADLEY. Yes, we think—and I think our report suggests—that the combatant commander doesn't necessarily run the process, but the combatant commander, supported by the Joint Chiefs, should be looked to for his input on this requirements issue since they are the closest to the——

Chairman LEVIN. More so than is currently the case?

Mr. HADLEY. Mr. Chairman, what we tried to do was where there were reforms that had been in place—and the activities of this committee is one—we tried to reaffirm those reforms we thought were in the right direction and suggest where we had to go further. We think that a number of things in the legislation, which came out of this committee are in the right direction, and this was one.

Chairman LEVIN. Okay. Thank you.

Senator McCain.

Senator MCCAIN. Thank you, Mr. Chairman.

I want to again thank the panel. Could I discuss for a minute with the panel members this latest issue of the leak of 93,000 documents? Obviously, we have already had a private first class charged with leaking of documents.

The environment that we grew up in was that classified information was kept on close hold. There was a need-to-know provision that even if you had clearance, you did not have access unless you had need-to-know.

Now we have a situation where apparently a private first class was able to get access to classified information, and, apparently, other people that shouldn't have obviously did, abetted and aided by a willing and compliant media that doesn't seem to care about national security or the lives of the Afghans that have been put at risk.

How do you size up that problem, and what do we need to do? It is obviously due to the age of computers. Dr. Perry or Steve, whoever wants to take a stab at that.

Dr. PERRY. I think there are two fundamental factors leading to this problem. First is the desire to get intelligence down to the battlefield level so that people who are fighting the battles have access to the best intelligence. I completely support that requirement, and I understand why there is the desire to do that. That inevitably leads to much more information being held at lower levels in the military.

Second, it fundamentally has to do with the fact of the digital age that we are now in, as you said. That it is not only possible to transmit huge amounts of data, but it is also possible to store it in very simple and small devices. That is a fundamental problem. I don't think I can give you a solution for how to deal with that.

But I do support both factors which have caused this problem, both getting the information down to the people who can use it in the field and the greater use of the digital systems to handle and process data. That does make us highly vulnerable to these kinds of leaks.

Mr. HADLEY. One of the problems is anonymity. I think many people believe that if something is anonymous, it makes it more reliable because people will then speak the truth if shielded from responsibility. I think just the opposite. Anonymity is a problem because it does not hold people responsible for the results of their actions, and we don't have a good way when people leak to hold them to account.

A lot of leaks occur. A lot of leaks get referred to the Justice Department. Very few leaks get prosecuted so that people are able to escape responsibility for the consequences of their actions, and that is a problem.

Dr. PERRY. I would say one other thing, Senator McCain. When I was the Secretary, we had an example of an egregious leak which I thought compromised the national security. We prosecuted a case and sent the leaker to prison. I think more examples of that would be useful in injecting better discipline in the system.

Senator MCCAIN. I thank you both.

The situation as it exists now, obviously, we want to preserve those aspects of technology that you point out, Dr. Perry, but at the same time, it seems to me that cybersecurity has been rocketed up to the top of our priority list here. We have had indications of a need for it in the past, entire computer systems being shut down, et cetera, et cetera. At least if there is anything good that comes out of this, it may put emphasis on the absolute requirement for us to address cybersecurity.

Dr. Perry, in the 1990s, as part of your honorable service, you talked to the defense industries and told them that there would have to be consolidations, which I don't disagree with that. But it seems to me, we have ended up, despite our efforts legislatively and other areas, in the worst of all worlds. We have a consolidated defense complex, industrial defense complex, and, at the same time, a lack of competition, but yet a lack of sufficient cost controls being in place.

It seems to me that is the fundamental problem here with cost overruns. On the one hand, you can impose further government intervention and regulation, or you can encourage competition, which isn't likely to happen. In fact, more and more major industries are getting out of the defense business.

I would really like your thoughts on that because we all know that cost overruns not only are damaging to our ability to defend the Nation, but it is also greatly damaging to our credibility.

Dr. PERRY. We were very conscious of that problem when we prepared this report. The primary recommendation we made on controlling costs had to do with strongly recommending that major programs be limited from the beginning to a 5- to 7-year period, from the time of the beginning of the program to the time of delivering the operational equipment.

We know that can be done. It was done in the F–15. It was done in the F–16. It was done in the F–117, all of which programs came in on cost and on schedule. So I think a discipline on schedule is the first requirement.

The competition we have had in major aerospace programs at the front end of the program has been, I think, sufficient. The issue is also whether you can continue that competition through the production of the equipment. In other words, can you have dual-source production? In our report, we recommended that whenever that truly leads to continuing competition that we should provide for dual source.

Mr. HADLEY. If I could add a third consideration? Our panel's conclusion is once the performance requirements for a system get set, they remain in stone. If the program gets in trouble, you either extend the time, and that usually means you increase the cost. Our recommendation is that performance should be in the trade space. With the advice of the combatant commanders, you should be will-

ing to trade away performance in order to maintain cost and schedule.

We need to start using technology not just to drive up performance but, in some cases, to hold performance constant and use technology to drive down cost. That is the only way, in our view, we are going to have both an adequate force structure and a modernized force structure.

Senator MCCAIN. Mr. Chairman, if you will indulge me one other question very quickly. It seems to me that your recommendations for increasing the size or capability of the Navy, especially in the Pacific region, is a recognition of the rise of China and the influence of China in the region. The latest dust-up about the South China Sea is an example.

But yet there are allegations such as Secretary Gates said. It is a dire threat that by 2020 the United States will only have 20 times more advanced stealth fighters than China. Secretary Gates says, "Does the number of warships we have and are building really put America at risk when the U.S. battle fleet is larger than the next 13 navies combined, 11 of which belong to allies and partners?" How do you respond to that?

Dr. PERRY. Secretary Gates is operating within restrained budget. Our requirements, we were not restrained by budget. We were looking just at the requirements and the needs. We did observe that if our recommendations were actually acted upon, they would require an increase in the top line of the DOD budget.

But I believe that there is a growing importance of the United States being able to maintain free transit in the Western Pacific, and there is a growing difficulty in being able to do that. The only way I can see of achieving that is by increasing the size and capability of the Navy.

Senator MCCAIN. Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator McCain.

Senator Lieberman.

Senator LIEBERMAN. Thanks, Mr. Chairman.

Secretary Perry, Mr. Hadley, thanks very much for really an extraordinary piece of work. It is a very important document, which shows a lot of thoughtfulness. All the more important, I think, because you have achieved your goal of having it be nonpartisan and because it is self-evident that you were not special pleading for any Service or industry or whatever.

You start out very methodically with the four traditional security interests of the United States. You talk about global trends that represent the most significant threats to our security today. Then you provide answers to how we can best meet those.

Along the lines of "no good deed should go unpunished," I have a suggestion for you, which is this. We are heading into a time, self-evidently, of fiscal austerity. I fear that the defense budget will become a fashionable target for cuts, thereby creating some real peril for our country because my own personal belief is that security is the pre-condition to liberty and prosperity. So if we are not able to provide for the security of the American people, we are not going to be able to guarantee the great values of liberty and prosperity and the pursuit of happiness that our founding documents guarantee.

I want to cite for you the example of the 9/11 Commission, Governor Kean and Congressman Hamilton. After their official work was done, they somehow miraculously reconstituted themselves in the status of a nonprofit corporation. They continued to issue regular reports and entered the debate about our homeland security.

I hope that the two of you and your commission members will consider doing that because I think we are going to come to some points in the not-so-distant future where we in Congress really will need an independent outside group to come in and say, "hey, what you are about to do here is not good for the national security of the American people or what you are about to do makes sense in a tight budget situation."

I don't particularly invite a response. I fear that if I give you the opportunity, you might be negative. I want you to think about it. So I hope you will think about that.

I note Colonel Nagl is here. He runs the Center for a New American Security. He has proven a remarkable ability to raise money. I don't know how he does it. But I am sure it is all legal. But he might be one to assist in making this vision come true.

I want to say that it was my honor during the 1990s to work with former—and it looks like maybe future—Senator Dan Coats on the legislation that actually created the responsibility and authority to do the QDR. In that regard, I want to say that I share your criticism of what has become of the QDR.

A lot of the problems you cite, as you say, are understandable. It is much more focused on the current threats, the wars, and to some extent, unfortunately, on defense of current programs. What we had hoped this would be was, at a minimum, looking 4 years forward. Instead those other things, the defense of the programs, confronting the wars, is what we do, what DOD does in the annual budget submissions, what we do here.

We were trying to get the process to rise above the immediate and look over the horizon. I think you have made a very good case that it is not doing that now. I think your idea of the independent panel is a good one. I would still not want to give up on something like the QDR because I think we ought to be trying to force people inside the building to look over the horizon, as well as convening an independent panel.

I don't know if you have a response to that. Is it possible to combine your suggestion for making statutory the independent review with some continuation and perhaps sharpening of a QDR?

Dr. PERRY. I would not want to suggest that the recommendation we made is the only way of proceeding on this problem.

Senator LIEBERMAN. Yes.

Dr. PERRY. But if you are trying to keep the QDR and have it look at long-range planning as well as force, as well as the budgetary issue, it has to be later in the process because for the first 6 months of a DOD QDR, the team is usually not fully together.

Senator LIEBERMAN. That is right.

Dr. PERRY. Therefore, you are asking the team to do something that they are not there to do. So it has to be either later in the process or, as we suggested, getting it started ahead of the game. Then there has to be an independent group outside of it.

Senator LIEBERMAN. That is a good suggestion.

Mr. Hadley?

Mr. HADLEY. I think the only way that would work is if you have a front end, as we propose with the independent panel on the national security strategic planning process, that will force and lay out a broader framework and then have that broader framework with a broader time horizon drive the individual planning processes within DOD. That is the model we propose.

Whether you formally need a Quadrennial Diplomacy and Development Review or QDR at DOD or whether you can do that through the normal planning, programming, budgeting, and execution process, I leave to you. But I think you won't get there without the broader front-end process that we recommend in our report.

Senator LIEBERMAN. Okay. I would like to continue that conversation. I thank you.

I think that perhaps the most important contribution of the panel will have been to highlight the need for continued, sustained, strong defense funding if we are to maintain the forces we need to protect our security. I was particularly struck by your recommendation about the Navy.

We are now at about 285 vessels at sea. The goal for a long time has been a 313-ship fleet, which we are not reaching at all. You have recommended 346 ships. I wanted to ask you in this public session whether you would describe what capabilities you envision growing in this larger fleet and why.

Dr. PERRY. Three points. First of all, more ships give you more presence, and presence itself is important. Second, improved anti-ship capabilities. Third, improved anti-submarine warfare capabilities.

Senator LIEBERMAN. Mr. Hadley?

Mr. HADLEY. The principal task is to maintain our ability to have access to international waters throughout the world. People have focused on China and the anti-access threat there. It is also in the Persian Gulf. There are a lot of places.

That, I think, is the principal mission. You want a configuration of ships and operational concepts that vindicate that mission. That entails both, in our view, a larger Navy, but it also involves in some sense doing things differently and more creatively so we can achieve that objective with an operationally sound concept and as modest a cost as we can achieve.

Senator LIEBERMAN. So is it fair to conclude from your recommendation that you would say that the 285-ship Navy that we have now or the 313-ship Navy that is our goal now is not adequate to give us the access we need around the world to protect our national security in the decades ahead?

Mr. HADLEY. We think the challenge is going to get greater, and we don't see how you can meet a greater challenge with a diminishing number of ships. Again, bottom-up review seemed a good place to start, and that is what that number is, a starting point, because it was at a time 17 years ago when we thought the world was going to be much more benign than it turned out to be.

Senator LIEBERMAN. Right.

Mr. HADLEY. We see challenges coming even greater in the future in this area, and that is why we think as a mark on the wall that 340 is probably the right number.

Senator LIEBERMAN. Thank you both.

Thanks, Mr. Chairman.

Chairman LEVIN. Thank you, Senator Lieberman.

Senator Burr.

Senator BURR. Thank you, Mr. Chairman.

Dr. Perry, Mr. Hadley, welcome.

To either one of you, the comprehensive approach also requires international security assistance and cooperation programs. As we have seen in Iraq and to a different degree in Afghanistan, our coalition and North Atlantic Treaty Organization (NATO) partners are often constrained in the near-term by public opinion and in the long-term by budgetary austerity measures that limit their ability to provide the proper mix and quantity of forces.

With the latitude to participate without strict rules of engagement, it is likely that these nations will continue to spend far less than we do on national security. Given that reality, should we expect many of our NATO partners and allies will not be willing or able to support the types of operations that will be undertaken in the future and that that may be better suited for a more defined, nonkinetic role in support of future operations?

Mr. HADLEY. Those are certainly constraints. I think the point the report tries to make is part of the constraints of building better partners are not just their reluctance or the constraints they are under, but constraints that we have imposed on ourselves.

So we talk about in our security systems reforms, building systems in the United States that are able to be shared with allies in the get-go, so that we can have allies working with common systems with us. We talk about identifying communications and others' equipment that can be shared among allies so that it enables them to partner with us in the most effective way.

So the constraints you describe are real. But within those constraints, we have imposed some constraints on ourselves. The recommendations of the report are how to eliminate the constraints we have imposed on ourselves.

Senator BURR. Great. Steve, if I could, one last question to you. Part of your review is to look at emerging threats, and this is not the first time you have had the responsibility to look at emerging threats.

Do you see chemical and biological weapons as a real threat? Is our research and response in this country today sufficient for the threat that you perceive?

Mr. HADLEY. No. There has been a lot recently about the need for greater preparedness, particularly on biological, which is a much more strategic threat than is chemical. I think the priorities are nuclear, biological, and chemical. I think the report says that there is more to be done on weapons of mass destruction, and the priority there, I think, is nuclear and then bio. More to do.

Senator BURR. On many of those threats, there is a fine line between an agent that is a disease threat to us and an agent that is used for the purposes of terrorism. You were in the administration when we stood up biomedical advanced research and development authority at Health and Human Services, and we created the BioShield procurement fund. Those most recently have been under

attack to steal the money out of both. Do you see that as a threat to our country's national security?

Mr. HADLEY. It is a threat. It is also, as you point out, short-term thinking because the investments we make in defending against the biological weapon threat also help enable us to deal with disease threats. So it is a case where if we do it right—and there are members on this panel with more expertise than myself—it can be win-win both for defending the country and enabling us to better deal with pandemic and other threats.

Senator BURR. Thank you for that. I thank both of you for the review.

I thank the chairman.

Chairman LEVIN. Thank you very much, Senator Burr.

Senator Ben Nelson.

Senator BEN NELSON. Thank you, Mr. Chairman.

Thank you, gentlemen, for your service.

In your report, you highlight the cooperation between the Air Force and Navy on the AirSea Battle concept as one of the best examples of Services developing I think what you called new conceptual approaches to deal with operational challenges we will face.

I am glad you have drawn attention to an effort to break down the barriers, sometimes referred to as stovepipes, between the various branches so that they can use their collective and collaborative capabilities more efficiently.

One of the things that has always been important is enhancing overall mission effectiveness, and the best use of available resources where the branches of Services come together. But one area where there just simply doesn't seem to be that level of cooperation is each branch wants to develop its own fleet of unmanned aircraft.

What can we do, in your opinion? How do you assess the ability to avoid duplication and unnecessary redundancy that very often develops from each wanting to develop its own?

I am in favor of competition from time to time, but not necessarily in this area, where cooperation and collaboration would serve us a lot better. What are your thoughts about that? Dr. Perry first, and then Steve.

Dr. PERRY. I can see the need for each of the Services for unmanned aircraft. Further, that each of the Services probably have needs for unique aircraft.

In the case of the Army, it would be very short range, basically soldier-launched aircraft. In the Navy, it would be ship-launched aircraft, unmanned aircraft.

But having said that, there is a very broad area of commonality here as well, and I would think it would be very appropriate to have a joint office for unmanned aircraft, which would deal with the requirements for all three Services and would strive to get standardization even among the different Services' unmanned aircraft. I think nothing could be more important to our future than continuing to aggressively develop this capability, but I do very much take your point that there is a greater need for jointness in this field.

Senator BEN NELSON. Steve?

Mr. HADLEY. I agree with that. It needs to be done in a coordinated way with an eye on duplication that is unnecessary and em-

phasizing commonality wherever possible. I think it is important that this report not get characterized as the "we need more" report. The essence of this report is, in some cases, we need more, but that we need to do things in a better, in a smarter way, in a different way, a more effective way with an eye on cost.

Having said all that, where quantity matters, we have tried to make that point as well. But I don't want the rest of it to be lost.

Senator BEN NELSON. Thank you.

Regarding force structure, the report concludes, first and foremost, that it is important to rapidly modernize our force. You also recommend an alternative force structure, increasing the size of our existing force.

We really would like to do everything that we could afford to do, but is it even likely that we might be able to afford an alternative force?

Dr. PERRY. Briefly, my answer would be yes. There are many different ways of assessing affordability. One common way through the years has been as a percentage of the gross domestic product (GDP). As a percentage of GDP, our defense spending is not excessively high. By that criterion, I think the answer is, yes, we could afford more.

Mr. HADLEY. The report applauds ongoing efforts to reduce costs, reduce duplication, acquisition reform, suggests additional ways and additional reforms, which we think will produce additional cost savings. We think we need to address the cost increase of the All-Volunteer Force. Our view is we need to do all of those things very vigorously and save as much money as we can.

But what we thought we owed this committee was to say that if those savings do not produce enough savings in order for us to afford the force structure we need, a modernized force and the All-Volunteer Force, then the country has to be prepared to increase the top line. Our expectation is that there may need to be some increase in the top line. We thought we owed this committee that statement.

Senator BEN NELSON. Thank you.

Last week, Dr. Hadley, you told the HASC that your panel thinks we really need to rethink the relationship between the Active Force, the Guard, and the Reserve. Of course, you said the question is which role for the Guard and Reserve? How much of it is an operational reserve and how much of it is a strategic reserve?

Just last Saturday, we sent an additional 300 Nebraskans to Afghanistan. The Guard and Reserve continue to contribute to the operational reserve. Can you speak to the significant factors you see affecting the balance between a strategic and an operational reserve force? What is your assessment of our current mix in that regard?

Mr. HADLEY. Obviously, the Active Force is the most expensive way to deal with the mission. Where the Guard and Reserve can make a contribution, we think it is a smart way to go.

The Guard and Reserve is very stretched, and it needs to be looked at. It is operational reserve, strategic reserve, and homeland mission. We talked, for example, that there needs to be perhaps greater priority for that in terms of the Guard and Reserve. We could not, within our own resources, make a specific recommenda-

tion on the right balance, which is why we thought it was important to have the national commission on military personnel take a thoughtful look at it.

But we believe that we can and should have a better balance between Active, Guard, and Reserve and consider some kind of capacity to mobilize beyond the Guard and Reserve. We have talked on the civilian side of a civilian response corps—firefighters, policemen, and the like—that would be available potentially for missions overseas as required. That may be a concept that we can be using, for example, dealing with issues like cybersecurity and the like.

So our only point here is we need some new thinking. We have given our own recommendations, the direction of change, and suggested that Congress and the White House establish this national commission to follow it up.

Senator BEN NELSON. Part of the continuing obligation and requirements would be at the State level in the event of emergencies—nonmilitary emergencies, natural disasters, and the like. I would assume that would continue to be part of the ongoing role of the Guard in particular?

Mr. HADLEY. Yes, sir.

Dr. PERRY. Senator Nelson, I think that is a particularly important part of our recommendation, to focus some part of the National Guard on preparing for the homeland defense mission. They are uniquely able to do that, and some segment of the Guard ought to be focused on that particular mission.

They train with the local police. They train with the State police. That makes them uniquely able to respond to emergencies.

Senator BEN NELSON. Thank you.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator Nelson.

Senator Chambliss.

Senator CHAMBLISS. Thanks, Mr. Chairman.

Gentlemen, good to see both of you again. Thanks for your continuing service to our country.

The United States has been successful in maintaining air dominance, basically, since the Korean War. That has allowed us to provide ground support in every theater we have ever been in. Times have changed. Conditions on the ground have changed relative to the war on terrorism, but obviously, we don't know where the next adversary is going to come from.

Today, we know that both Russia and China are building airplanes that they have publicly said compete or, in their opinion, are superior to the F–22, which is designed to make sure that we maintain air dominance. The F–35 is a great airplane, but it is interesting to note that those countries don't even mention the F–35 in their public statements because its mission is primarily air-to-ground, and from an air dominance standpoint, the F–22 is our lone asset in the sky out there.

Obviously, we have made a decision to discontinue production of that. We now will have somewhere between 120 and 140 F–22s at any one time available to maintain that air dominance in whatever region of the world the next adversary appears.

During the course of your review of the QDR, did your panel have any discussion about this issue? Assuming that you did, what kind of conclusions did you arrive at relative to air dominance?

Mr. HADLEY. We thought that we need to look at the Air Force in terms of air superiority—we talked about the need for more long-range strike. There is, of course, also continuing need for a modernized force for lift.

Our judgment was that we do need a fully modernized force and a fully capable force, but our judgment was that the requirements of the Air Force could be met within the current size of the force. The issue then becomes the right mix, ensuring a fully modernized force within that mix. That was the challenge, and the one thing we emphasized was that modernization be long-range strike.

As a first approximation, that is how we looked at the Air Force, the emphasis on the air superiority mission, but believing that it could be accomplished adequately within the currently sized force.

Senator CHAMBLISS. Okay. I think it is interesting that you did conclude that the top line needs to continue to rise. I know one of your panel members was Senator Jim Talent, and Jim and I have been long-time advocates. I am sure that he was very forceful in his comments and discussions with the panel about that.

You found that the 2010 QDR lacked a clear force planning construct and that thus, by implication, DOD doesn't really have one. In the absence of a clear force planning construct, how does DOD determine priorities, goals, and investment decisions across the department?

Dr. PERRY. Our critique of the force planning structure was on the future, the 10- to 20-year planning period. We believe they certainly have a careful consideration on the way to structure the force for the present needs. So the critique was only directed to the 20-year time planning period. That is where we felt that there was a missed opportunity.

Senator CHAMBLISS. In your report, you talk about how the aging of the inventories and equipment used by the Services, the decline in the size of the Navy, and the escalating personnel entitlements is going to lead to a train wreck in the areas of personnel acquisition and force structure. In your view, which of these issues is most pressing, and what are the potential consequences of not addressing these issues and those priorities?

Dr. PERRY. Certainly, number one on my list was the fact that we are simply wearing out or destroying our equipment in the ongoing wars in Iraq and Afghanistan. The need for recapitalization, at a minimum, is going to be very extensive and very expensive.

Mr. HADLEY. I don't think that we have the luxury, really, of picking among the three. We thought all three were a top priority, that we had to save the All-Volunteer Force, have adequate structure, and do the modernization. That really was behind the recommendation.

Senator CHAMBLISS. Lastly, I want to veer off-course for just a minute and take advantage of both of your being here to ask you a question about an issue that is very much front and center with this committee right now, as well as with the Senate Foreign Relations Committee. That is the issue of the Strategic Arms Reduction

Treaty (START). I know both of you have made public comments about that.

I know both of you have come out in support of the treaty, but what concerns do you both have about the treaty? What would be the implication for the United States if we fail to ratify this treaty in the Senate?

Dr. Perry?

Dr. PERRY. I believe if the United States failed to ratify this treaty, our country would essentially lose any ability for international leadership in this field and international influence in the field. I think this would be a very unhappy consequence.

Senator CHAMBLISS. Do you have any concerns about provisions in the treaty?

Dr. PERRY. I do not. I have studied the treaty rather carefully, and it is my own judgment that it provides adequately for the national security interests of the United States.

Senator CHAMBLISS. Steve?

Mr. HADLEY. I think there are concerns about some ambiguities on some of the coverage issues, the concerns about whether it indirectly would put some limitations on missile defense or conventional strike. I think there are concerns that we have, the kind of modernization of our nuclear infrastructure, our weapons, and our delivery systems to maintain a credible strategic force going forward.

The good news is, in the appearance I had on this, Republicans and Democrats seem to share these concerns and believe they need to be addressed. So my view is, with that bipartisan consensus, let us address these problems in the ratification process. Then we can, on a bipartisan basis, ratify the New START treaty because the problem has been fixed.

I have not seen much disagreement about the commitment to a modernized force, to not have defenses constrained, and, obviously, to sort out any ambiguity. So I think there is a terrific opportunity in the Senate in the ratification process to address these bipartisan concerns. Then, having addressed them, I think people can feel very comfortable about ratifying this agreement.

Senator CHAMBLISS. Your thoughts about not ratifying it, the implications of that?

Mr. HADLEY. I don't get there because I think the problems that people have identified need to be fixed in their own right. Once they are fixed, then the issue of ratification becomes easy.

So I think they should be fixed, and then the treaty should be ratified. It makes a modest, but useful contribution to the process of dealing with these strategic weapons.

Senator CHAMBLISS. Okay. Thank you very much.

Thanks, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator Chambliss.

Senator Udall.

Senator UDALL. Thank you, Mr. Chairman.

Good morning, gentlemen.

I want to thank Senator Chambliss for his important questions about the START. I think it is a fact that, right now, we have no treaty in place. Is that correct, gentlemen?

Dr. PERRY. That is correct.

Senator UDALL. I think that is an important reason to move forward. I appreciate, Mr. Hadley, what you said about building on what START II would provide us. There are some significant questions that need to be answered. But I, too, hope the Senate will move quickly to ratify the treaty by the end of the year.

Let me turn to the QDR itself. There was some attention paid in the QDR to energy security and the effects of climate change on the DOD. The QDR made it clear that these were concerns that the DOD leadership thought were real and needed to be addressed.

Did you, in your efforts, look at energy security and climate? Did you draw any conclusions about whether the Pentagon has enough resources to respond?

Mr. HADLEY. We addressed it in a couple of different ways. First of all, one of the emerging problems we feel is increased competition for resources and as countries try to get energy security.

Second, our report noted that energy issues and climate change are liable to exacerbate some of the problems we are going to face over the next 20 years.

Third, we talked about the need to take into account cost of energy, both in fueling platforms, but in terms of also getting energy—gas, oil, and the like—into combat theaters. We thought that that should be a consideration in the acquisition process—energy efficiency. But we could not come up with a specific recommendation as to how to take that into account in the acquisition process.

So I think our judgment was that it is a priority. DOD needs to address it. We did not have any specific recommendations to offer on it at this time.

Dr. PERRY. Senator Udall, I would just offer one additional comment by way of example.

We complain about the high cost of gasoline at the pump of $3 or $4 a gallon, depending on where you live in this country. But the cost of gasoline delivered to a forward operating base can be $50 or $500 or $1,000, not counting the lives that are put at stake by getting the gasoline there. The importance of energy considerations in our national security is very clear, I think.

Senator UDALL. Thank you, Dr. Perry.

I am convinced DOD will lead us toward more energy security and new technologies, if we provide them with the support and the interest. Thank you for taking time in your commission's efforts to consider that important area.

Senator Chambliss and others, including yourself, have talked about the rising costs associated with doing right by our men and women in uniform. I think you proposed a commission, a national commission on military personnel, of the quality and stature I think of the Gates Commission back in the 1970s.

Could you talk just a little bit more about the mandate that you propose and the challenges it would address? How do you think the service chiefs would react to such a commission?

Dr. PERRY. The Gates Commission was originally established because they considered the problems were so fundamental, they should not be left to each military department considering what to do about them. They made a sweeping recommendation, which led to the All-Volunteer Force, which has been a very important benefit.

Such a commission, if it were established, should consider very basic issues—for example, the longstanding up-and-out practice of the military. With the trend of rising longevity, and with the importance of technical aspects in the military today, it is very clear that we need people who have benefited from the training, who have the technical background, to stay in the Service longer than they are now staying.

That is going to take making a fairly fundamental change to the way our personnel systems are run today.

A related issue is, of course, the rising costs of healthcare, the TRICARE costs. That has to be reconsidered from first principles as well, exceedingly important to the military to have some sort of a benefit. But the benefits, as they are now established, will simply be unaffordable to go on into the future.

So those are the kinds of issues that need to be considered. They are very difficult, and they are very politically sensitive issues. Therefore, it is going to take something of the nature of the Gates Commission to make those changes.

Senator UDALL. Would you recommend that the Simpson-Bowles Commission, which is undertaking an important study right now—it will hopefully be followed by recommendations on how we drive down our deficits—that they give the chiefs a chance to testify along with Secretary Gates?

Mr. HADLEY. I think that would be useful. But I think our judgment was these issues are so technical, and you want to reform the All-Volunteer Force and the career patterns without breaking them, and reform them—we are in the middle of fighting a war. This is a delicate business. That is why we thought you really needed a commission of distinguished people supported by the right expertise that would really focus exclusively on this problem.

Our sense in the witnesses we heard from is that the Military Services would see this needs to be done, see the train wreck government coming, and would generally welcome this recommendation. That is our belief.

Senator UDALL. That is a very powerful image, by the way, a train wreck.

Let me talk on the macrocosmic level. I think it is probably my last question. I think the chairman alluded to this and asked some specific questions as well.

But you actually, as I understand it, recommend that we set aside the QDR process and craft a new way forward. An independent strategic review panel, I think, is the way in which you characterized it. Would you comment, both of you, about your thinking in that regard and how we would put such a new approach in place?

Dr. PERRY. First of all, the timing of the QDR is wrong in terms of the capability of a newly established DOD. Second, the focus on strategic issues instead of budgetary and program issues is needed. Given both of those factors, we felt that it was important to get this process started earlier, and that almost by definition has to be an independent panel outside of DOD.

So the key to our recommendation there was the establishment of this independent strategic review panel, and we felt that it would be best established before the new administration came in

place. So Congress and the executive branch, about the time of the presidential elections, would appoint the panel, and they would be ready to start then in January of the year and have the report ready 6 months later. That would get the timing in sync with the objectives that we called for.

Mr. HADLEY. That report then would be taken by this national security strategic planning process to give a government-wide look to set some priorities, and with that guidance, then you could go into the departmental planning processes.

Our judgment was that what this committee was seeking out of the QDR process was right, but a DOD-only process was not going to get you there. So, what we tried to design was a process that would get you what you were looking for in a way that would actually perform, and that is what we hope we have done.

Senator UDALL. Thank you, gentlemen.

It is uplifting to see the two of you sitting there together, working together. So thank you for being here today, and thanks for your good work.

Chairman LEVIN. Thank you, Senator Udall.

Senator Collins.

Senator COLLINS. Thank you, Mr. Chairman.

Let me echo the comments of Senator Udall that it is wonderful that you have come together to produce such an excellent report. I thank you for that public service, as well as both of you for your previous public service.

Your report very clearly states that to project power and ensure access, we need a larger Navy. Mr. Hadley, you said it very well this morning. You said greater challenges require more ships. That raises the question of why didn't the QDR reach that conclusion, which you document carefully in your report.

The law requires that the QDR directly state the recommendations in a way that are not limited by the President's budget request. Do you believe that DOD in the QDR proposed a smaller force structure than your panel proposed for the Navy because DOD was, in effect, considering budget requirements, even though the law very clearly states that that is not supposed to be a consideration?

Mr. Hadley?

Mr. HADLEY. I think they tried to walk a line between budget constrained and budget unconstrained. I think our best judgment was that the QDR was informed by the budget, that in some sense they were developing their budget proposals in parallel with the QDR.

It is laudable in one sense because they did not want to make policy or force structure recommendations that they could not afford, and you can understand why they would do that. But the effect of it was, I think, that it was not an unconstrained look.

Our judgment is that it is almost inevitable, if you give this to DOD, that that is probably the best you are going to get. Therefore, if you really want an unconstrained look, you need a different kind of process, which is what led us to the recommendations that are contained in our report.

Senator COLLINS. The problem is that the law is pretty clear that it is supposed to be unconstrained by budget considerations. I think

you are right that the practical reality is that it is not going to be, given that the same people who are involved in the budget analysis and the budget request are also performing the QDR.

But what we really need is an assessment that is unconstrained by the budget requests. That is what you have given us. It is significant that in the case of the Navy, your recommendation—looking at the threats, looking at the need to project power and ensure access—is a Navy that would be sized at 346 ships. That is considerably above the current level of 282 and higher than the goals set out by the Navy on shipbuilding plans, which I believe is 313.

We do need that kind of analysis. We need to know what we really should be providing in a world that is free from budget constraints. Now, we are not going to be able to ever have that kind of a situation. But if we are going to set priorities and make the best judgments, we do need that analysis.

I want to turn to a second issue. Due to the wars in Iraq and Afghanistan, our focus in recent years has been on determining the appropriate end strength for the Army and the Marine Corps. We have seen our troops under tremendous pressure because of repeated deployments. We have seen the National Guard and the Reserves called up repeatedly as well.

I was interested in your conclusion that the Army and the Marine Corps are sized about right, in your judgment, while the Navy and the Air Force are a bit too small and do need to be increased. Did you reach that conclusion because you are looking at the drawdown of troops in Iraq? Or did that reflect the recent increases that we have authorized in the end strength of the Army and the Marine Corps? What is behind that analysis, which surprised some of us?

Mr. HADLEY. We think this issue has been worked pretty hard by DOD and Congress in the context of meeting the needs of these conflicts. While we think there will be continuing requirements, we don't see an increasing requirement.

So we thought the level was probably about right, and the recommendation we had is that it be sustained for the next 3 or 4 years because the Army and the Marine Corps do have a plan to get dwell times and the like on a more sustainable basis. So what we thought was needed for Army and Marine Corps end strength was stability over the years so that it can then be built into the rotation and return times and all the rest. That was our judgment.

Dr. PERRY. It does reflect, though, the recent increase very much.

Senator COLLINS. Thank you. Thank you both.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator Collins.

Senator Hagan.

Senator HAGAN. Thank you, Mr. Chairman.

I want to thank both of the gentlemen here for your excellent work and your testimony today.

In your opening comments, you recommended that DOD return to a strategy requiring dual-source competition for the production programs in circumstances where we will have real competition. In most situations, competition works better than sole-source contracting. That was an underlying reason last year, under Senator Levin's and Senator McCain's leadership, the Senate passed

WSARA. Hopefully, competition does drive down costs, enhances performance, and yields savings ultimately to the taxpayer.

Currently, the Secretary of Defense continues to recommend sole-sourcing one Joint Strike Fighter (JSF) into the F–135. Terminating the F–136 JSF alternate engine will leave only one U.S. company to produce high-performance military engines for this platform. It is expected to be the largest engine procurement in the history of DOD.

The development of the F–136 engine is 75 percent complete. I understand that DOD has experienced 50 percent cost overruns beyond the original estimates in the JSF F–135 engine.

Can you describe your views on the JSF alternate engine and whether DOD should have dual competition in this sector? If not, could you please describe your rationale consistent with the panel's overall recommendation on ensuring dual competition?

Dr. PERRY. Senator Hagan, when I was the Secretary and earlier, when I was the Under Secretary for Acquisition, I was confronted with these kinds of decisions frequently. I found in each case that each case was a special case, and I had to dig very deeply into it before I came to a judgment.

I have not studied this problem enough to make an informed judgment. While we support dual sources whenever it leads to appropriate competition, I cannot give you a personal judgment on whether that applies to this case.

So, therefore, I am really obliged to defer to the judgment made by the people in DOD who have studied it carefully and trust that they have made the right decision. But I would not presume to offer an independent judgment on that, not having studied it carefully and deeply.

Senator HAGAN. Mr. Hadley?

Mr. HADLEY. I think what our panel could do was establish a set of general principles, which is what we did. But we didn't really have the time and resources to take the two or three leading cases and look at them and to be able to come with a specific judgment or recommendation.

So we did what we could do, which was to establish principle, dual sourcing when it results in real competition. Then this committee, DOD is going to have to take those principles, if you agree with them, and apply them case-by-case.

Senator HAGAN. Thank you.

I also appreciate your comments on reducing the number of years in the contract situation.

Let me ask a question on personnel. All of the Services are concerned with driving down the cost of manning the All-Volunteer Force. Your panel indicated that the growth in the costs of the All-Volunteer Force cannot be sustained for the long-term. The panel further indicated that a failure to address the increasing costs of the All-Volunteer Force may result in a reduction in force structure, a reduction in benefits, or a compromised All-Volunteer Force.

You made several recommendations aimed at modernizing the military personnel system, including compensation reform; adjusting military career progression to allow for the longer and more flexible military careers; rebalance the missions of Active, Guard, and Reserve and mobilization forces; reduce overhead and staff du-

plication; and reform Active, Reserve, and retired military healthcare and retirement benefits to put their financing on a more stabilized basis.

Our military personnel, we know, are highly specialized with specific skill sets that are needed in this persistent, irregular warfare environment. We obviously cannot compromise the QDR's goal of preserving and enhancing the All-Volunteer Force and to develop our future military leaders.

Would you please elaborate how the All-Volunteer Force may be compromised if we fail to address the increasing personnel costs? Will we see a sharp decrease in retaining personnel that have served in overseas contingency operations and what long-term impact this might have to our military?

Mr. HADLEY. Even in times of relative prosperity, it has been costly to make sure that the incentive system was enough to get the people we need to have a fully fleshed-out All-Volunteer Force that meets our standards. Our concern is that as we return to more prosperous times, the cost of retaining the structure to fill out the All-Volunteer Force will just continue to increase. At some point the money won't be there, either for the All-Volunteer Force or for adequate force structure for modernization, and that is the train wreck we talk about.

So our judgment is we need to take a smarter approach, maybe not so much a one-size-fits-all approach, tailoring the military personnel system and the compensation to the different groups of people available who have different objectives in serving. That is the door we tried to open and suggest that this military personnel commission needs to explore.

So the main concerns are we are okay now. But as you look at the projections of the costs, we may not be in the future. Let us address the problem now. That was our recommendation.

Senator HAGAN. How do you weigh that with the increased number of contractors?

Mr. HADLEY. One of the things we recommend is that there be a good look at the contracting issue and that there be an Assistant Secretary-level person appointed to look hard at the whole contracting issue. But there are reasons why we have contractors.

For example, the fact that our civilian departments and agencies have difficulty deploying promptly overseas has resulted in a reliance on contractors, for example, to do functions that couldn't be done in a different way. So one of the things I think we need to do is to ask the question why is it that we are relying on contractors? Where does it make sense? Is it because of something else that we should address and maybe solve a problem in a different way without using contractors? We have suggested in our recommendations that there needs to be more focus on that issue.

Senator HAGAN. Dr. Perry?

Dr. PERRY. I just wanted to make a really, I think, basic point on this issue, which is that we have, without doubt, the best military in the world, maybe the best the world has ever seen. I think a primary reason for that is because of the superb training and professional military education we have. Those are very expensive, but they are worth it.

The second factor, though, is when you invest all of this in training, to get the benefit of that, you need retention. I have two comments regarding retention. The first is that retention does depend on our benefits because the reenlistment decision is made as much by families as it is by the military personnel themselves. So that is a very important issue.

We are not getting enough benefit from that when we have people leave the military at 20, 25—when we force people to leave the military at 20 or 25 years. We need to revise our procedures on how people leave the benefit. In particular, we need to fundamentally review the up-and-out system.

Senator HAGAN. Thank you.

Chairman LEVIN. Thank you, Senator Hagan.

Senator LeMieux.

Senator LEMIEUX. Thank you, Mr. Chairman.

Dr. Perry, Mr. Hadley, thank you for being here today. Thank you for this very thoughtful report. I enjoyed reading it.

I want to talk to you about these emerging first powers—Brazil, Russia, India, and China—the so-called BRIC countries and what their role will be, as you see it, going forward. It seems that these nations want to have all the benefits of first-tier powers but don't necessarily want to shoulder the responsibilities.

We don't see Brazil taking a strong role in dealing with Venezuela, for example. We don't see China taking a strong role in dealing with North Korea. It falls upon the United States to shoulder the burden in issues such as terrorism and dealing with rogue countries.

How do you think that relationship can change? What can we do so that we are not the only nation in the world that is responsible for fighting terrorism around the world, for shouldering this immense burden that we shoulder now? How can we get those countries more engaged?

Mr. HADLEY. I think the four countries you mentioned are very different. BRIC are all different cases. But I think particularly with respect to China and India, we have to recognize that China is going through a period of enormously rapid change. Their government is, I think, struggling to deal with probably the fastest rate of change in the world's most populous country, fastest rate of change we have ever seen.

So the role that China is playing and being asked to play is new. I think it is, in some sense, true for India. India has broken out from being a regional country to be a global country, and it is going to take them time to adjust to that new role.

So it is both a challenge and an opportunity. I think that some of the language in our report makes that point. We need to be both engaging them, trying to work with them to understand their responsibilities and them working with us to solve global problems.

At the same time, we make it clear that there are a set of international rules and that all countries, including India and China, would be better if they played within those rules. We have to have the capabilities to enforce those rules, if necessary.

So it is not all black or white. It is a challenge and an opportunity, but we need to be engaging those two countries, and we

need to be present and active in Asia not just in terms of militarily, but economically, in terms of business, in terms of diplomacy.

There are free trade agreements being signed all the time in Asia, and we are on the sidelines. I think the number-one point we would make is Asia is where the action is going forward, and we need to be a player, not on the sidelines.

Senator LEMIEUX. Dr. Perry?

Dr. PERRY. The last administration called on China to be a responsible stakeholder. I think that is a pretty good term. I think pushing that concept, not only with China, but with the other three countries, is a very good idea.

I think the point you raise is a very important one. The best approach I can describe to dealing with that is to continue to call these countries to be responsible stakeholders. We need their assistance in dealing with global problems.

Senator LEMIEUX. I want to focus, if I can, specifically, as part of that larger subject, on Latin America. Not a lot of attention in your report to it, but some. There was one line I liked in your report where you said America has too often been chasing the future rather than working to shape it. I have that concern about Latin America. I think that we have taken our eye off the ball because of all of the other things we have had to work on around the world.

The hemisphere is obviously very important to us from a trade perspective, but it is also important to us from an emerging democracy perspective, as well as the challenges to democracy that folks like Chavez and Morales and others pose in the region.

Where do you see our relationship with Latin America in the next 10 to 20 years? Do you have concerns about Venezuela and threats that they may pose? I see the growing connections between Caracas and Tehran. The presence of Hezbollah and Hamas in Latin America gives me a lot of cause for concern.

Mr. HADLEY. To be honest, I think with all the things going on, it is a struggle for any administration to pay as much attention to Latin America as we should, particularly with Mexico, which is in a life-and-death struggle with narcotraffickers, which are really posing a threat to the future of the Mexican democracy.

The prior administration made some initiatives to try to be a partner to Mexico. The current administration has continued those.

Second, we need to be working with Brazil, Chile, Colombia, Peru—those countries that have not chosen the Chavez way, but are really trying to proceed and develop their countries on the basis of free-market and democratic principles. Those are our natural allies in the hemisphere. We need to be partnering closely with them.

I would like to think that Chavez has peaked, in some sense, in terms of his appeal. Certainly what is happening within Venezuela is an enormous tragedy. It is destroying that country—not only its politics, but also its economy—and that is an example for all to see. But it is a struggle in Latin America.

I think, as I say, it is a challenge for every administration to pay as much attention as they should and to be standing with those countries that are trying to make the right decisions based on right principles.

Dr. PERRY. I would like to comment on how strongly I agree with your comments on Latin America. Indeed, when I was the Sec-

retary, I visited Mexico, Brazil, Argentina, Chile, and Venezuela. I was amazed to learn that I was the first Secretary of Defense to visit Mexico.

I established a meeting of all the defense ministers in the hemisphere—biannual meetings which still continue to this day, and we created the Center for Hemispheric Defense Studies.

In spite of that, I think that there has been a slacking off of interest in that in recent years, and I would very much urge that we return to that interest and strengthen those. We have substantial security interests in Latin America.

Senator LEMIEUX. Thank you both.

My time is up, but a follow-on comment to what both of you said, Mr. Hadley, what you commented about Mexico. It occurs to me that Mexico is in the situation Colombia was in 10 years ago when they are fighting for their very life.

We need to have not just diplomatic help for Mexico, but we need to have, like we did with Colombia, a military-to-military strong relationship now so that they can fight back what has really become an existential threat to that government.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you.

Dr. PERRY. I couldn't agree more, by the way, with you on that last point, the importance of working with Mexico, specifically in helping them deal with their problem and using Colombia as an example of what can and should be done.

Chairman LEVIN. Thank you, Senator LeMieux.

Senator Reed.

Senator REED. Thank you very much, Mr. Chairman.

Thank you, gentlemen, and your colleagues for your important contribution.

Secretary Perry, can you help us think through this tradeoff between quantity and quality, which is going to be one of the issues we will have to address? I think it is identified in the report between the number of platforms versus the high-tech platforms?

Dr. PERRY. We have a unique advantage in the United States in the way we can apply technology to our weapons systems. This has given us a strong, competitive, unfair advantage over any other military. It is manifested in the way we have used stealth in our systems. It is manifested in the way we use smart intelligence and smart weapons. That is a huge advantage, and we should sustain that advantage.

There are some areas, though, where quantity is necessary, whatever the quality of your systems. You have to have presence, for example, in the Western Pacific, and that takes a number of ships. That was one of the factors driving our recommendation for increasing the size of the Navy.

But there is no doubt, particularly in the case of air platforms, that quality gives us a huge advantage and allows us to reduce the numbers of our air platforms.

Senator REED. But in practice, it seems, over the last several years at least, that the quality issue wins out. Look at the initial plans for procurement of F–22, hundreds and hundreds of fighter planes which have shrunk dramatically as the price has gone up

and, arguably, hopefully, the quality has also been maintained or enhanced.

As we go forward, I think we are going to be in that similar dilemma, where you want to have a lot of platforms, but after DOD gets through with the design, it is pretty expensive, and it gets more expensive in the contracting phase.

Dr. Perry or Mr. Hadley, any sort of sense of how we break through that?

Dr. PERRY. Specifically in the case of air platforms, if you look, for example, at the bombing mission, the fact that our bombs are precision bombs now and fall directly on the target means it takes a small fraction of the total number of bombs and, therefore, fewer bombers. That is one very obvious example.

The fact that our airplanes have stealth and can resist air defense systems means we have less attrition that way. So, in that area, I think it has allowed for a substantial decrease in quantity.

There are other areas that are like where we need boots-on-the-ground, where we need the presence of naval ships, where we need quantity as well.

Senator REED. Thank you.

Mr. Hadley, your comments?

Mr. HADLEY. We seem to have an iron law of increasing performance, and you wonder whether it is driven by need or just by inertia. One of the things we say in this report is technology is a tool. We have been using it to drive performance. We need to use technology to reduce costs that would allow us to increase quantity.

So I read Bob Gates' comments not about quantity, but quality. If there are places where the quality of our forces far exceed what our adversaries have, then that is an opportunity to use technology to bring down the cost of fielding systems in adequate numbers to affect those things that haven't changed, which is the size of the globe and, for example, the proportion of it covered by water.

That is what we need to be thinking about, to put capability and performance into the trade space and be willing smartly to trade it against cost and schedule and quantity.

Senator REED. Going forward, it seems that we have seen a shift from the Cold War, where there was a competition between two superpowers based upon these issues we have talked about—technology, quantity, innovation, in terms of more and more sophisticated weapons and systems.

But over the last several years, we have seen asymmetric warfare become the predominant. One of the great and even cruel ironies is that we have produced very sophisticated equipment, which is being defeated and our troops being killed by plastic containers of fertilizer and detonation.

The irony here as we go forward is as we build these new systems, build these new platforms, build all these things, we ironically might become more susceptible to asymmetric attacks. How do you propose that we think about these things? This is a large question, but it might be an important one.

Dr. Perry?

Dr. PERRY. In the specific example of the use of improvised explosive devices, for example, using insurgent forces to attack our con-

voys, we need two things. First of all, we need boots-on-the-ground. We do need quantity to deal with that.

But additionally, technology can be directed to dealing with those problems. We have unmanned aircraft, for example. Our drones can be used to provide protective cover over our convoys and is being used for that today I think quite effectively. We also have devices which can detect the presence of buried explosive devices by sophisticated infrared detection means. So the technology and quality does have a role in that.

But fundamentally, in the battle going on and the insurgency battles going on today, we cannot get around the fact that a quantity of troops, indeed boots-on-the-ground, are important.

Senator REED. Mr. Hadley, your comments?

Mr. HADLEY. Senator, part of it is just asking the question you asked. It is interesting, in our deliberations, we met with a QDR task force that was dealing with the asymmetric threats. We asked them, "Is the acquisition system giving you what you need?" The answer was "no."

Then we met with the panel that was dealing with the high-end anti-access threats, and we said, "Is the acquisition system giving you what you need?" The answer was "no."

It made us ask the question, "Well, who is the acquisition service system serving?" I think it tends to serve that kind of traditional set of requirements for conventional forces that we have looked at and that has driven the situation for the last 20, 30 years.

The question is whether that is the right allocation of effort. I think you are right to ask that question, and we somehow have to drive that into the planning process within DOD.

Senator REED. Gentlemen, again, I not only thank you for this report, but for your service to the Nation. Thank you very much.

Chairman LEVIN. Thank you, Senator Reed.

Senator McCaskill.

Senator MCCASKILL. Thank you, Mr. Chairman.

Thank you, gentlemen, and the rest of the panel, for your service.

I know that my colleague from North Carolina touched on contracting, but I would like to go a little further as it relates to contracting. I was very disappointed at the QDR and how it handled contracting, almost as if this was an acquisitions personnel matter as opposed to the dominant role that contracting has taken in our contingency operations in both Iraq and Afghanistan.

We are north of $750 billion worth of contracting in these two contingency operations, and I don't think there has been a time for a long time that we have had more active military on the ground and engaged in the contingency operations than we had contractors. Contractors have been more in volume, and contractors have been a huge, huge cost driver of these contingency operations.

I appreciate the fact that the panel at least did more than the QDR did as it related to contracting. I think that that is helpful. But I want to try to visit with you about this because I worry that it has not really penetrated yet that we will never again have a contingency operation where our military is really executing logistics support.

It is questionable whether or not we will ever again have a military that is executing some of the important missions that must be

undertaken in a conflict like Afghanistan. Best example I can give you is police training, where, clearly, training the army and police is one of the primary missions we have in this contingency operation. But yet I can give you example after example—I could take all my time citing something far beyond anecdotal examples of failure of contracting in this regard.

So I would like you to take another round at what we can do specifically that will begin to bring some accountability. My favorite story to tell, when I went over on contracting oversight in Iraq and realized that that Logistics Civil Augmentation Program (LOGCAP) was so out of control that when I asked someone in the room, the civilian personnel that was briefing with the ubiquitous powerpoint, how they could explain that it went from—I think the figure went from the first year of $20 billion on a contract, by the way, that was estimated to be $700 million when it was entered into. It went from an estimate of $700 million to a cost of $20 billion in its first year, and it went down to $17 billion in the second year.

I thought this poor woman who had been asked to do the presentation, the civilian employee over there, I said to her—well, she clearly forgot what measures they took to get it down from $20 billion to $17 billion. You know the answer she gave me in that briefing in Baghdad? It was a fluke.

So here you are recommending that we spend more and more and more, and we reduced a contract by $3 billion in 1 year, and nobody even knew how we did it. That is one example of many, many I can give you because I have focused on this in my time in the Senate. That is why I put in the NDAA this year that the QDR will be required to address contracting in a more in-depth manner when we go around for this again in 2013.

But I would like both of you to take a moment and talk about this in terms of ways that we can get some urgency within DOD that this is no longer an afterthought. This is a core competency that, frankly, we are just now beginning to get our arms around.

Mr. HADLEY. You are right. I think the thing that is easy to get lost is that there is a role for contractors, an appropriate role when it makes sense for contractors to do things it doesn't make sense for Active-Duty Forces to be doing.

But it is clear that the use of contractors grew like Topsy without adequate oversight. We have really tried to address that problem.

I know it is going to sound very bureaucratic, but we couldn't find any other way to do it other than to say DOD needs to have an Assistant Secretary-level person who is responsible for contracting and can look at the whole way we manage them, the way we train them. How do we hold them to account? How do we make sure they are accountable, for example, when they are involved in the security side, to the consequences of their actions the way our military is?

The whole area needs to be re-thought and managed. It is, in our view, not being managed now. So our solution was you put somebody in charge and say, "Your job is to try to manage this problem."

But second, we also recognize that, appropriately used, contractors can play an important role in the battlefield. The question is

to get it down to that appropriate role and then integrate them into our planning and training so that they are actually doing effectively the role we have asked them to do, not just treat them off to the side.

So that was the philosophy, if you will, of the report. A lot more, obviously, to be done. One of the questions will be whether this national commission, for example, on military personnel or the national commission on building the civil force for the future ought to have as part of their responsibilities looking at this contractor question as well.

Dr. PERRY. This is a very important issue. The QDR, in my judgment, did not adequately address it. Our panel looked at the issue, saw the problem, but I must say we did not have the resources to do a detailed examination or recommend solutions.

I think the first step in trying to get a handle on this would be what the military calls an after action report on Iraq. We are far enough along in Iraq now that I think a look back at what has happened there in this field in the last number of years could be very useful in identifying the issues and problems and recommending solutions.

It could be done by one of these two commissions, as Steve Hadley has said. But it ought to be an explicit charge to that commission to do this. It is very important.

Senator MCCASKILL. I know my time is up, and I appreciate that you all recognize the importance of this. I urge both of you, because you have a sphere of influence and connections, this is something that is going to have to be inserted in the culture because it is not there now.

It is not something that commanders really feel like they have true accountability for. It is like who is the low man on the totem pole? We hand the Contracting Officer Representative a clipboard. Typically, this was somebody who wasn't trained or experienced.

They are doing slightly better in Afghanistan. I have to give credit where credit is due. But I also think it is important that we take a look at what, if any, impact earmarking has on overall cost drivers. There are a lot of good ideas that Senators have about what should be earmarked to either a company in their State or a university in their State, research that must be done on this armor or on this technology, and that this all is about the future and our technological capabilities.

But I am not sure that there has ever been an analysis as to how much of that money that has been spent actually produced something the military wanted or needed. We are past the point we can afford that anymore.

So I certainly would urge you all, as you finished your work, as we look at the next QDR, and then we look at these other commissions that are coming, I think it is time we take a look at whether or not what one Senator thinks is a good idea is something that we can afford in light of the overall stresses—and we all know that our deficit is a national security threat. That stress is something that I think that needs to be brought to bear.

So, thank you both, and thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator McCaskill.

Senator Thune.

Senator THUNE. Thank you, Mr. Chairman.

Dr. Perry and Mr. Hadley, thank you very much for your good work.

Please convey to the other members of your panel our appreciation for all that they and you put into this. This is an important review, something that I had advocated in the defense authorization bill. I think it has borne out that it was something that needed to be done.

I think your assessment and recommendations are very useful as we try and do everything we can to make sure that America stays strong not only for the near term and the challenges we face today, but also those that we are going to face in the future.

Your report states on page 58 that the Air Force's need for an increased deep strike capability is a priority matter. On page 60, the report goes on to say, "The panel supports an increased investment in long-range strike systems and their associated sensors."

As part of your recommendation to increase investment in long-range strike systems, do you believe that the Air Force should be modernizing its aging bomber fleet by developing a next-generation bomber?

Dr. PERRY. My answer to that is a short one, which is: yes.

Senator THUNE. What do you think about the prospect of Services retiring weapon systems before a replacement weapon system is built and made operational?

In other words, before the replacement for, say, the next-generation bomber, the follow-on bomber is operational, some of the existing fleet being taken out of service? Your view on that, the Services retiring weapon systems.

Dr. PERRY. Particularly, are you thinking of the B–52s?

Senator THUNE. B–52s, right. B–1s.

Dr. PERRY. I would be reluctant to retire the B–52s until the new bomber force has been established.

Senator THUNE. Any comment on that, Mr. Hadley?

Mr. HADLEY. There are obviously cost pressures. But I think the obvious question you have to ask is, if a Service is willing to retire something before the next generation comes in, how important is the requirement if they are willing to accept a gap? It raises questions about the seriousness of the requirement.

Senator THUNE. For the Air Force, the QDR provides for a bomber force structure from 2011 to 2015 to be up to 96 in primary mission bombers, implying that the number could be less than 96. Your report suggests that the alternative force structure that you recommend was 180 bombers.

I guess my question is what assumptions led you to recommend a number of bombers that is well above what the QDR recommends? When do you believe the Air Force will need those 180 bombers?

Mr. HADLEY. It was part of our recommendation to enhance long-range strike. We explicitly have in the report a list of systems we thought that were required. A new bomber was part of them. So it is part of our notion that we need to be able to have long-range strike capability to deal with emerging anti-access threats, which we think will get worse over the next 20 years.

So, as to when, I think our reaction is it takes a long time to get these systems fielded. It is time to get on with these necessary modernizations.

Dr. PERRY. To that I would add that our emphasis on long-range strike, among other things, included our concern that we would not have continuing access to forward bases that we now have. That was the reason for the emphasis on the long-range aspect of strike.

Senator THUNE. Why do you think that the QDR recommends the lower number compared to what is recommended in your report? That is probably not a fair question.

Dr. PERRY. "I don't know," is the short answer.

Senator THUNE. Okay. Let me just put it this way. The 2006 QDR directed that a next-generation bomber be built by the year 2018. The 2010 QDR states that long-range strike capabilities must be expanded, but only directed that a study be conducted to determine what combination of joint persistent surveillance, electronic warfare, and precision attack capabilities, including both penetrating platforms and stand-off weapons, will best support U.S. power projection operations over the next 2 to 3 decades.

In fact, Secretary Gates stated in a hearing earlier this year that a new bomber would not be developed until the mid to late 2020s.

So let me put the question this way, in the 2006 QDR, they said we need to have a bomber fielded, operational by 2018. Now it has been pushed back to the 2020s. Do you believe that the need for the new bomber became less urgent over that 4-year span from the 2006 QDR to the 2010 QDR?

Dr. PERRY. No.

Senator THUNE. I like the way you answer questions.

Let me shift over for one other observation here and a question dealing with UAVs. You write in your report on page 58 that the Air Force end strength may require only a modest increase in order to meet the requirements of the increased use of UAVs.

What do you estimate that modest increase in Air Force end strength should be to accommodate the increased use of UAVs? Do you believe that UAVs are going to become more and more prominent in terms of our force structure in future years?

Dr. PERRY. I definitely believe there will be increased prominence of the UAVs for the indefinite future. I think they continually demonstrate their increased effectiveness and their increased ability to use our limited manpower very effectively.

Mr. HADLEY. We could not put a number on that. It is not just Air Force personnel, but there are additional intelligence requirements generated to process the information that you get from the UAVs. So it is a terrific tool. There is a big footprint associated with it. It is much more than the Air Force.

We were not in a position to put numbers on it. So what we thought we needed to do was just to flag that as a consideration as you look forward in terms of planning.

Dr. PERRY. One other comment about the UAVs in terms of their effective use of manpower. Of course, even though they are unmanned, they do require personnel on the ground to operate and maintain.

So they are not—in the use of the UAVs in Afghanistan, for example, a substantial percentage of the personnel are actually based

in the United States instead of overseas. So not only the fact that they use less manpower, but the fact that some of the manpower can be based out of theater, which is a great advantage.

Senator THUNE. Mr. Chairman, my time is up. I thank you all again. Thank you very much for your very complete body of work and for the great assistance that it provides us in looking into these important issues. Thank you.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator Thune.

Senator Webb.

Senator WEBB. Thank you, Mr. Chairman.

Gentlemen, I would like to say first that I have been here through most of the hearing today, and I appreciate your frankness. Also, it has been a long, long morning for you. I know it is getting on 2½ hours here. So I appreciate very much your patience in getting through our litany of questions.

I had to leave briefly to meet with the Commandant of the Marine Corps. But I wanted to come back and make this point because I think it is so vital in terms of the findings that you have brought forth. That is really a valuable service to have had the input of the people on your commission providing us a continuity here of defense experience as we try to project into the future as opposed to, as has been hinted a few times, the more immediate budgetary nature of the QDR itself.

But I would support the idea of having a continuing independent strategic review panel. I think that would be very valuable to how these issues are analyzed up here. We get caught up so much in reacting to events that we need something like that.

I have spent many years trying to address the issues of the Navy force structure and how vital it is in terms of our national strategy. We tend, when we get in these long-term ground engagements, to eat the gingerbread house a little bit. We have to pay for what is in front of us.

But there is going to come a time at some point where the ground commitments in Iraq and Afghanistan are going to end, I hope, and we may be looking at rebalancing the ground forces. Then we are going to turn around, and without the right sort of planning and projection, we may be in a very vulnerable place in terms of our sea power presence around the world.

I have heard a few questions here today, a few comments about the size of other navies in the world and why should our Navy be a much larger size. As both of you well know, in the articulation of national strategy, the issue for us is how we communicate our national interests to the rest of the world, not how a navy can fight a navy. It is how a nation can have credibility and link up with its allies.

So that particular question is basically irrelevant of a size of a navy versus a size of a navy. It is how we are going—particularly in Asia and the Pacific—to help maintain stability in that region. I have spent a good bit of time there. I have spent a good bit of time there this year, in the last 12 months.

When we look at the increased size and the sophistication of the Chinese navy and the buildup in places like Hainan Island and its increased activity throughout that region and the sovereignty

claims in the South China Sea that have gone beyond anything that we have seen in our collective lifetimes, I think, with China stating that the South China Sea areas in terms of sovereignty are a core interest and putting it on the same level as Taiwan has always been, and the reality that only the United States can ensure the right sort of stability in the face of this kind of growth.

We see a lot of nervousness in the region, as I am sure you know. Vietnam has just ordered six submarines from Russia. There is a great deal of concern as to whether we are going to stay and a realization that bilateral arrangements don't work with China when these countries are so much smaller.

So I was very gratified to see the report and with the collective experience of the people on your panel saying we need to grow the size of the Navy. The big question—and, Dr. Perry, I would really like to get your advice on this—is how to get there, how to get there when we want to grow the Navy back up.

When I was commissioned in 1968, we had 930 ships in the United States Navy. They were different types of ships. That is not an apples-to-apples comparison. We went down to 479 by 1979. We got up to 568 when I was Secretary of the Navy. I have heard several different numbers here, but we are somewhere just north of 280 today.

The goal stated by the Navy is 313. I think you were talking 346. But the key question that I have been struggling with up here is that there is a very unusual economic model when we talk about shipbuilding. It is not normal competitive process because of the sophistication and our very low profit margin, quite frankly, for the industry.

So, if you were Secretary of Defense today, how would you be going about this so that we could—and with all the other pressures that we have—increase the force structure?

Dr. PERRY. A couple comments, Senator Webb. First of all, I don't see the relevance in comparing with the size of other navies. The United States has global interests, and those global interests require presence around the world, around the globe.

In particular, we have increasingly important economic interests and security interests in the Western Pacific. That requires not only a presence in the Western Pacific, but an ability to confidently assure transit there and a competence that our allies can have confidence in. So I do want to underscore the importance of that recommendation. It does require presence, and it requires a larger fleet than we now have to do that with confidence.

It takes a long time to build a ship, from the time you conceive it to the time you actually have it operational. So it is important to get started. I don't think that the Secretary of Defense can make the tradeoffs with this present budget to do this. That is why we say there has to be a way of decreasing other costs. Even if you are successful in that, there will have to be a larger top line at DOD than we now have.

So this is something that the Secretary of Defense cannot do by himself. The Secretary of Defense, although he advocates a defense budget, is not the one that finally determines the size of the budget. So it will take a greater top line to do that. It needs to get started, I think, because it is going to take a while to build it up. But

the presence—there is no substitute, in my judgment, to maintaining our security in the Western Pacific, in particular, than having a strong and able maritime presence there.

Senator WEBB. Thank you very much.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator Webb.

Senator Nelson.

Senator BILL NELSON. Thank you, Mr. Chairman.

In your report, you discussed the concept called comprehensive approach. It goes beyond the concept of the whole-of-government concept that was emphasized in the QDR. So can you explain the comprehensive approach and why you think the whole-of-government concept falls short of addressing the national security requirement?

Mr. HADLEY. Yes, sir. We have learned in Iraq and Afghanistan that in those kinds of missions, it is not just the U.S. Government. Yes, you want all elements of national power or all agencies, departments working together in an organized way. But there are other players.

There are other allies that are with us on the ground, both militarily and in terms of civilians. There are in Afghanistan, for example, and in Iraq international organizations that are present. There are nongovernmental organizations, private voluntary organizations that are players.

It was an effort to say that in those efforts there are players beyond the U.S. Government, and there needs to be a coordinated activity with a common set of objectives, working together as much as possible in an organized way to achieve those objectives. We thought the best way of showcasing that requirement was whole of government and then, beyond it, comprehensive approach.

Senator BILL NELSON. Thank you.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you.

Senator BILL NELSON. Thank you, gentlemen. Thank you for your continuing service to our country.

Chairman LEVIN. Thank you very much, Senator Nelson.

I just had one additional question of you, Secretary Perry. The issue of the START has come up here this morning, and I want to just ask you a question about the fact that tactical nuclear weapons are not included in the START. That has been raised by some as a problem.

Now, as I understand it, this issue is a topic which the Strategic Posture Commission, which you chaired, discussed and concluded that the first treaty should focus on strategic offensive nuclear arms, and then, hopefully, there would be a subsequent treaty addressing the tactical nuclear weapons issue.

Can you give us your thinking as to the argument that there is a flaw in START because it does not include tactical nuclear weapons—if that is a reason for opposing the START?

Dr. PERRY. The START did not do everything we want to see done in the field of nuclear weapons, but it is a very important first step. But it is only a first step, and we need to be looking beyond that to follow-on treaties, which would deal, among other things, with tactical nuclear weapons.

So I don't think the fact that it does not do everything we want in the field means that it is not a very useful and important treaty. I strongly support the START the way it is now negotiated, but I do look forward to follow-on treaties which deal with these other issues.

Chairman LEVIN. Mr. Hadley, does the fact that the START does not include tactical nuclear weapons, is that a reason not to ratify it?

Mr. HADLEY. No.

Chairman LEVIN. Okay. Looks like Senator Nelson and I are the last ones here. So if you are all set, Bill, we will adjourn, with our thanks again to you and your panelists.

I hope that you could pass that along when you see them, that we are greatly indebted to them.

Mr. HADLEY. Thank you. We will do that, Mr. Chairman.

Chairman LEVIN. We are adjourned.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR DANIEL K. AKAKA

UNIFIED MEDICAL COMMAND

1. Senator AKAKA. Dr. Perry and Mr. Hadley, the Quadrennial Defense Review (QDR) Independent Panel report notes that the rising cost of medical care is taking an ever increasing portion of the Department of Defense (DOD) budget. Between the years 2000 and 2015, the Department's health care budget will increase by 179 percent ($48.5 billion), with cost inflation amounting to 37 percent of that total increase and medical care to retirees amounting to 31 percent. These total costs, projected to exceed $65 billion in 2015, show retirees as the fastest growing portion of the military medical budget since 2001, when the TRICARE for Life program began. Some have proposed a Unified Medical Command (MEDCOM) as a way to help DOD realize health care cost savings. Did your panel look at the Unified MEDCOM as a method to help DOD realize cost savings?

Dr. PERRY and Mr. HADLEY. The QDR Independent Panel shares your concern about the rapidly rising costs of military health care, which are unsustainable over the long-term. While the panel did not specifically examine a reorganization of service medical activities into a centralized Joint/Unified MEDCOM, a 2001 RAND Corporation report on reorganizing the military health system discovered at least 13 previous studies examining military health care organization since the 1940s. All but three had either favored a unified system or recommended a stronger central authority to improve coordination among the Services.

A Unified MEDCOM would have value, if the Military Services would endorse and commit to the concept of a single organizational structure to deliver health care. Currently, TRICARE is being implemented as a separate program that comes on top of the three independent medical structures for each of the Military Services.

As part of the panel's work to "stress test" the All-Volunteer Force, we came to the conclusion that military personnel management policies and benefits must be reexamined by a national commission to fully examine and consider these complex issues in depth, particularly health care. As part of the review, we recommend the commission consider updating the military health care system to allow a shift to a defined-contribution plan allowing all employers to contribute to health care for serving and retired members of the Armed Forces. A helpful precursor to this reform could be the establishment of a Unified MEDCOM. The standing up of this command would also align with the Secretary of Defense's latest efforts to find efficiencies within the Department and to streamline operations and consolidate redundant bureaucracies and thereby generate cost savings that may be applied to modernization.

While the potential savings would be helpful, this command would not address the cost explosion connected to TRICARE. The Defense Health Program base budget—including retiree health care costs—has grown 151 percent in the past decade in constant dollars. Meanwhile, private sector benefits have decreased, leading many military retirees who are working to abandon their civilian health care program in favor of TRICARE. One challenge will be the long-term solvency of the retiree medical benefit, which is extremely important to the men and women who

have served in the Armed Forces and earned this benefit. To guarantee retiree health care for the long term, bold options need to be considered.

2. Senator AKAKA. Dr. Perry and Mr. Hadley, what is your opinion of a Unified MEDCOM as a way to address increasing healthcare costs in DOD?

Dr. PERRY and Mr. HADLEY. A Unified MEDCOM has been studied by various organizations and has the endorsement of the Defense Business Board. The Center for Naval Analyses estimates annual savings of roughly $300 to $500 million depending on the organization's structure and mandate. The Government Accountability Office (GAO) determined that DOD must overcome both a cultural resistance to change and the inertia of various subordinate organizations, policies, and practices, including longstanding organizational and budgetary problems, to update the military health system structure.

Given that the challenges and solutions go beyond organizational restructuring, however, we also urge Congress to consider the establishment of a national commission, perhaps as part of a mandate for the panel-proposed National Commission on Military Personnel, to further study these recommendations and to offer additional bold solutions to keep the All-Volunteer Force healthy and the defense health program viable. A Unified MEDCOM would have value, if the Military Services would endorse and commit to the concept of a single organizational structure to deliver health care. Currently, TRICARE is being implemented as a separate program that comes on top of the three independent medical structures for each of the Military Services. Careful attention would have to be paid to ensure the unique needs of each Service are met under a Unified MEDCOM. To reap the level of savings required to make military health care more affordable, however, the creation of this command would need to be synchronized and integrated with larger changes in the health care system, particularly for retirees.

FOREIGN LANGUAGE PROFICIENCY

3. Senator AKAKA. Dr. Perry and Mr. Hadley, foreign language proficiency and cultural understanding are essential to protecting our national security. Threats to our national security are becoming more complex, interconnected, and unconventional. These evolving threats have increased the Federal Government's needs for employees proficient in foreign languages. In June 2009, the GAO found that DOD had made progress on increasing its language capabilities, but lacked a comprehensive strategic plan and standardized methodology to identify language requirements, which made it difficult for DOD to assess the risk to its ability to conduct operations. I noticed that the QDR Independent Panel report recommends that foreign language proficiency should be a requirement for those receiving a military commission from the Reserve Officer Training Corps (ROTC) and the Service academies. What do you recommend that DOD do to increase currently serving servicemembers' foreign language proficiency?

Dr. PERRY and Mr. HADLEY. We would support DOD's continuation of its efforts in this direction and reinforce the need for Active and Reserve Forces and DOD civilians to be prepared for the complexities of the operational environment in foreign countries. First, if officers begin their time of service with foreign language proficiency, that skill will likely be renewed in a master's degree program, given that many encourage or require proficiency in one foreign language. Second, in pursuing programs and policies to promote foreign language proficiency, DOD should develop more training opportunities. These may include online distributed learning, resident, and/or localized instruction for visiting units preparing for deployment to provide some basic instruction for all personnel in the language(s) used while on deployment. Successful company grade or junior field grade officers should be offered fully-funded civilian graduate degrees to study in residence military affairs and foreign cultures and languages, without specific connection to a follow-on assignment. Additionally, personnel already serving should be identified for language schooling prior to deployment, especially in the Army and Marine Corps due to their interaction with local people as part of combat operations. Finally, while the 2009 GAO report notes DOD's deficiencies in fulfilling its plans, we are encouraged by the June 2010 updated report that is similar but notes progress in solidifying those plans.

QUESTIONS SUBMITTED BY SENATOR MARK UDALL

CLIMATE CHANGE AND ENERGY

4. Senator UDALL. Dr. Perry and Mr. Hadley, I would like to ask some questions related to climate change and energy in both a domestic and international context, and the role of DOD in these areas. In the domestic context, the QDR noted that both energy security and the impacts of climate change are major concerns of DOD, and referred specifically to the roles of the Services and especially of the Strategic Environmental Research and Development Program (SERDP) and the Environmental Security and Technology Certification Program (ESTCP) in assessing and responding to the impacts of climate change on DOD within the United States and of developing and serving as a test bed for emerging energy technologies to increase both domestic energy security and reduce the energy-related logistical burden on deployed U.S. forces.

Did your panel consider that aspect of the QDR report, and, if so, did you reach any conclusions about the current DOD activities in this regard, and especially whether the SERDP/ESTCP program as currently constituted and resourced is sufficiently robust to effectively perform the roles described in the QDR report?

Dr. PERRY and Mr. HADLEY. The DOD's SERDP and its companion demonstration/validation program, the ESTCP, are essential to DOD's ability to address climate and energy security concerns. Since the early 1990s these two technology development programs enabled DOD to address critical energy and environmental challenges confronting our Armed Forces. Given the significant energy and climate security challenges DOD faces, including that it consumes approximately 1 percent of total U.S. energy and that DOD's energy needs present continuing operational challenges and logistical burdens to our deployed forces, investments in ESTCP and SERDP should enable DOD to improve delivery of energy to our forces, reduce overall energy demand, and reduce climate risks. With greater investment in ESTCP, DOD installations could serve as testbeds for improved energy technologies that reduce the fuel burden on our troops. Additionally, DOD installations will face future risks from natural disasters and other environmental changes. These programs constitute an important set of capabilities needed by DOD to provide the information and resiliency necessary to make appropriate decisions to protect its assets in the face of these risks.

5. Senator UDALL. Dr. Perry and Mr. Hadley, in the international context, the QDR report concluded—and the Independent Panel concurred—that climate change and energy are two key factors that will play a significant role in shaping the future security environment and that climate change may act as an accelerant of instability or conflict. More broadly, your report identified as one of the five key global trends an accelerating global competition for resources. Your report also indicates, and as I understand it, many in the Intelligence Community (IC) and many other international security experts agree, that increasing global water scarcity as a result of climate change and other factors may both raise the potential for and perhaps the scope of instability and conflict.

The QDR report indicated merely that, "Working closely with relevant U.S. departments and agencies, DOD has undertaken environmental security cooperative initiatives with foreign militaries that represent a nonthreatening way of building trust, sharing best practices on installations management and operations, and developing response capacity" and further, that "Abroad, the Department will increase its investment in the Defense Environmental International Cooperation Program (DEIC) not only to promote cooperation on environmental security issues, but also to augment international adaptation efforts." Unstated in the QDR is the fact that these efforts are minimally funded (the global budget for the DEIC is currently around $5 million per year) and that the environmental security cooperative initiatives are largely low-budget initiatives included as minor aspects of the Theater Security Cooperation plans of the combatant commanders and that these efforts are divorced from the broader Security Assistance and Foreign Military Sales (FMS) programs.

Your report calls for significant restructuring of the Security Assistance and FMS programs as part of the overall effort to achieve a true whole-of-government approach to the new security challenges facing us. Both the QDR and your review concluded that those challenges include climate change and energy and more broadly competition for resources, including energy but perhaps especially water resources.

Given the major impacts that the international aspects of climate change, energy resources, development and fielding of new energy technologies, and water management will have on our national security, should the reform of the Security Assist-

ance and FMS programs also include support aimed at conflict prevention by addressing climate change, energy, and water management to allow DOD to play a more effective supporting role to U.S. civilian agencies within a whole-of-government approach to these security challenges?

Dr. PERRY and Mr. HADLEY. The QDR Independent Panel noted that the roles and responsibilities of DOD have grown across many nontraditional military missions. The militarization of these roles outside traditional defense, deterrence, security, and disaster assistance missions has a direct impact on the ability of DOD to accomplish its traditional missions. This growth also imparts a military persona to traditional civil roles and issues with all the attendant foreign perception issues a military presence creates. A whole-of-government approach does not mean that the whole-of-government must be used on all issues, but instead means that the whole-of-government must be reviewed for the appropriate pieces and resources to solve the issue. It is our opinion that the role of prevention, vice deterrence, is best performed by the civil departments and agencies, with DOD assisting in its traditional roles as needed, filling in near-term capability gaps, and with technology as appropriate.

The scope of the panel did not include reviewing the roles and capabilities of U.S. civilian agencies. We cannot directly opine on what level of assistance may be needed by them in this matter, and by extension whether DOD would, or could have the right capabilities to meet any shortfalls. It was to this type of question that the panel recognized and recommended that the United States needs a truly comprehensive National Security Planning Process to address the roles, responsibilities, and balance between executive departments and agencies so that resource decisions such as the above may be cogently answered. This question also goes to the panel's recommendation on reconvening the Joint Committee on the Organization of Congress to review national security authorities, appropriations, and oversight to establish a single national security appropriations subcommittee for Defense, State, State/AID, and the IC so that Congress may also address such issues from a holistic viewpoint.

6. Senator UDALL. Dr. Perry and Mr. Hadley, do you see a potential for a technology transfer program where the results of both the DOD energy and the DOD climate change assessments and adaptation programs in a U.S. domestic and operational context could be, perhaps in a Security Assistance/FMS context, transferred to foreign militaries to assist those militaries in addressing similar challenges within their own countries? Could that be extended, under the leadership of U.S. civilian agencies, to transfers beyond the militaries as such, much as the advances in energy technologies developed by DOD in the United States are transferred to and benefit energy production and use in the civil sector in the United States?

Dr. PERRY and Mr. HADLEY. The potential for a technology transfer program has merit. Any ability to provide peaceful, preventive measures to reduce the risk of crisis and military intervention in areas vital to U.S. national security is worth investigating. Broadening the range of ways in which the Security Assistance and FMS programs can help foreign militaries train and equip their forces to address emerging threats to security and stability would enable DOD to play a more effective supporting role to the U.S. civilian agencies, such as the State, State/AID, and Energy departments. This would enhance the U.S. comprehensive approach to address the complex and interrelated security challenges we will face in coming years.

In many nations, the military is the only institution with the capacity to rapidly respond to widespread humanitarian crises that may be caused by climate change or water management failures. Certain organizations within DOD, such as the National Guard Bureau and the Army Corps of Engineer, possess significant technical expertise that could support the State Department, State/AID, and Energy in their efforts to build capabilities in partner nations and international institutions to respond more effectively to climate change, energy, and water management challenges. Such capabilities would likely enhance regional and State-specific stability. Additionally, new technology developed to address operational energy and water management challenges may be appropriate for consideration under FMS programs. Certainly, including the leadership of all relevant U.S. civilian agencies in such decisions is consistent with the panel's recommendation to establish a National Commission on Building the Civil Force of the Future.

Projects designed to support partner nations by building such capabilities should be allowed to compete for funding under Section 1206 of the 2006 National Defense Authorization Act along with more traditional proposals for improving capabilities to conduct counterterrorism or stability operations. The U.S. Government should consider issuing revised guidance to ensure the review process considers the security threats posed by climate change and natural resource competition as it seeks

to prioritize proposals and to select projects aligned with regional security cooperation and foreign policy goals.

Linking energy, climate, and water challenges to the broader context of Security Assistance and FMS programs will help enhance awareness and understanding of the interrelated nature of security challenges the United States will face in the coming years and promote an integrated approach to preventing crises. As in all FMS and technology transfer programs, any technology transfer should be reviewed for the balance between the value to the United States, resources available, and the potential threat of the transfer before approving any individual transfer within such a program.

RECOMMENDATIONS

7. Senator UDALL. Dr. Perry and Mr. Hadley, your panel recommends that Congress consider structural reforms to improve whole-of-government planning and budgeting. With regard to cybersecurity, you specifically recommend the establishment of a special committee with members drawn from Armed Services, Intelligence, Judiciary, and Homeland Security because cybersecurity cuts across all of the departments and agencies overseen by these committees. My question is why stop there? There are numerous, important national security challenges that cut across multiple Federal departments and committee jurisdictions—terrorism, proliferation of weapons of mass destruction, narcotics and organized crime, capacity building and stability operations, and so forth. Why single out cybersecurity for a joint committee approach?

Dr. PERRY and Mr. HADLEY. Though the panel was focused on areas specifically addressed by the QDR, the panel agrees that there are other areas of concern for national security that could be well served by developing a variety of mechanisms to enable all U.S. Government stakeholders to work together on coordinated solutions, including, but not limited to, a joint committee approach. The panel views the present organization of Congress as being inefficient because its organization precludes the ability of Congress to harmonize its decisions relative to a host of national security challenges. The recommendation to establish a joint committee on cybersecurity would improve the ability of Congress to address the multi-faceted nature of the cyber threat, not just to DOD, but to the entire nation.

INTERAGENCY TEAMS

8. Senator UDALL. Dr. Perry and Mr. Hadley, the government has faced the problem of ineffective interagency integration and coordination for decades, and frequently has turned to the creation of so-called czars with questionable results. You recommend that the President try naming lead departments and establishing interagency teams. But naming lead agencies is nothing new, and the interagency process already is replete with interagency policy teams and processes. The executive branch is managed by powerful cabinet secretaries who answer to no one other than the President and defend their departments' interests in the interagency. Thus, short of the President presiding over everything, progress depends largely upon consensus—in other words, often the lowest common denominator of agreement among the departments and agencies.

The President's executive authority by law can be exercised only by presidentially-appointed and Senate-confirmed officials. There is no "joint" or interagency space where the President's authority can be delegated. Is that needed to balance the power of cabinet secretaries and their subordinates?

Dr. PERRY and Mr. HADLEY. We believe our panel's recommendations for revamping the national security strategic planning process provides the necessary space within which the President can exercise his constitutional authorities to provide for the defense of the Nation. The recommendations identify the need to a develop a national security strategy based on input developed by a proposed Independent Strategic Review Panel and timed to ensure a top-down driven development process. Our recommendations also provide for a whole-of-government approach to ensure an efficient and effective strategy emerges from the process.

QUESTIONS SUBMITTED BY SENATOR MARK BEGICH

MISSILE DEFENSE

9. Senator BEGICH. Dr. Perry, in the findings and recommendations, the panel identifies the five key global trends that the Nation faces as it seeks to sustain its

role as the leader of international system that protects our enduring security interest. The QDR discusses how we will seek out opportunities to work with Moscow on emerging issues, such as the future of the arctic and the need for effective missile defense architectures designed to protect the region from external threats. Can you further elaborate on the arctic being critical to our national security and the need to cooperate in missile defense?

Dr. PERRY. The arctic is a region that affects many nations, both because of its natural resources, as well as the fact that it may, in the future, serve as an important maritime trade route. Because of that, we believe that the arctic represents a promising region for international cooperation. Moscow has in recent years attempted to stake out its sovereignty over the arctic. We believe it would be undesirable for any state to dominate the region, and as a result would support efforts to cooperate with the international community to keep the arctic free and open to all.

As to missile defense, U.S. presidential administrations since that of Ronald Reagan have sought to cooperate with Russia on missile defense. Both the Bush and Obama administrations have demonstrated at length to the Russian leadership that American missile defense deployments are not aimed at Russia. We face common threats such long-range ballistic missiles in the hands of a nuclear North Korea and (prospectively) a nuclear Iran. Cooperation is in both nations' interest.

THE LAW OF THE SEA TREATY

10. Senator BEGICH. Dr. Perry, keeping with the importance of the arctic and the opportunity for further international cooperation, the QDR, DOD supports the United Nation's Convention on the Law of Sea (UNCLOS) Treaty and says it is necessary for cooperative engagement in the arctic. Do you agree with this statement?

Dr. PERRY. Yes, absolutely. The UNLOS is a comprehensive, multi-lateral regime that provides the structure and general international rules for maritime navigation (the principle of freedom of navigation is central), coastal states rights versus those of maritime users in the high seas as well as provisions dealing with protection of the marine environment in ice-covered areas and maritime boundary delimitation. Because of the inherent difficulties in operating in harsh arctic waters, rules and procedures will need to be evolved to deal with oil and gas exploration, transarctic shipping, and search and rescue responsibilities. It will be more difficult for the United States to be a powerful broker of those policies in organizations like the International Maritime Organization, the Arctic Council, and other UNCLOS fora if the United States remains a nonparty to the UNCLOS. Also, as a nonparty the United States lacks the ability to legally register its claims to the arctic extended continental shelf areas north of Alaska and to have its own experts on the Continental Shelf Commission to pass on the legality of the claims of other arctic claimants. Such registration is the only way for U.S. claims to gain the international recognition that is necessary to minimize conflicts and incent investment activities. By contrast, Russia, Norway, Canada, and Denmark have all ratified the UNCLOS and have either registered their claims or are in the process of doing so. Finally, so long as the United States remains outside of the UNCLOS it lacks full access to the mandatory dispute settlement mechanisms that it might use to deal with excessive maritime claims or high seas fishing violations in the arctic.

11. Senator BEGICH. Dr. Perry, in your opinion, how does ratification of UNCLOS impact our national security?

Dr. PERRY. In the modern security environment, it is increasingly important that the United States moves quickly to accede to the UNCLOS. The UNCLOS, as modified, provides a written legal regime that would protect U.S. national security interests, principally by preserving freedom of navigation and overflight worldwide. In dealing with threats such as the proliferation of weapons of mass destruction, international terrorism, and worldwide narcotics trafficking, U.S. forces must have freedom to move swiftly and as a matter of right through the world's oceans and straits. U.S. accession of the UNCLOS would protect these rights and preserve reciprocity with other coastal nations. The UNCLOS guarantees the right of innocent passage through foreign territorial seas and constrains coastal nations from unreasonably extending their maritime boundaries. These assurances of vessel and aircraft mobility and limitations on unreasonable maritime claims will ensure preservation of our capability to deter and respond whenever and wherever required pursuant to national security objectives.

The United States is currently the only maritime power that has not become a State Party to the UNCLOS. The failure to accede to the UNCLOS continues to be detrimental to U.S. international reputation and adversely affects U.S. credibility in

international fora, where the United States continues its efforts to preserve the right to freely move throughout the world's oceans. In many respects, the UNCLOS codifies customary international law and the state practice comprised of the cumulative actions of governments in areas such as transit through international straits and establishment of the exclusive economic zone.

The UNCLOS has been an enormously positive influence on the development of authoritative decision, shaping the process in a direction that protects the international community's right to freedom of the seas. Whether UNCLOS is able to continue to serve the critical function on the development of authoritative decision will depend on the outcome of the ongoing deliberations about international law governing the oceans. As an outsider, the United States is hamstrung in its ability to shape and influence this deliberation for public order in the oceans.

This issue is exemplified by the current "disputes" associated with resource exploitation, maritime claims, and transshipment of the very sensitive (and hazardous) waters in the arctic. Additionally, the recent actions by China to seek to deny the U.S. access to areas in the South China Sea are another example of challenges we face. That denial of access is predicated on China's unwillingness to abide by the maritime boundary rules in the UNCLOS and its unwillingness to respect the rights of maritime users to exercise high seas freedoms in areas outside of Chinese territorial waters. China asserts that the United States, as a nonparty to the UNCLOS, has no right to exercise the rights and freedoms that are codified in the UNCLOS. In this respect and others, becoming a state-party to the UNCLOS would enable the United States to exercise both leadership and a stabilizing influence regarding overreaching claims of China and other countries.

LEGISLATIVE REFORM TO NATIONAL SECURITY

12. Senator BEGICH. Dr. Perry, in the findings and recommendations, the panel identifies several recommendations for the legislative branch in reforming the national security effort. Which one of the recommendations for the legislative reform package would you deem as the most important?

Dr. PERRY. The panel identifies several recommendations for needed interagency and DOD process and capability improvements, some of which may be solved by the executive branch, and others requiring legislative action. Yet, no matter how well these recommendations are implemented, their true effectiveness and the driver of the resource management decisions required lie within the effectiveness of the guiding strategy documents. The panel concluded that sufficient strategic guidance does not exist at the national level for DOD to make required mission and resource decisions, nor does sufficient guidance exist to allow a complementary, coordinated mission and resource management of the interagency. Based upon this conclusion, we recommend that the most important legislative reform package is the establishment of a standing Independent Strategic Review Panel to review the strategic environment over the next 20 years and provide prioritized goals, risk assessments, and strategic recommendations for use by the U.S. Government. The results of this panel, as adopted by the administration, would then be the driver that guides the rest of the strategic planning process and determines both the capabilities and resources needed.

13. Senator BEGICH. Dr. Perry, how would you suggest moving forward on this recommendation?

Dr. PERRY. We recommend that Congress use our panel's recommendations found in Appendix 4, "Independent Strategic Review Panel," as a guide to prepare legislative language jointly with the executive branch to implement and empower this panel.

TRAINING EXERCISES FOR CIVILIANS

14. Senator BEGICH. Mr. Hadley, I believe the panel recommended the Army and Marine Corps remain at the planned authorized end strength. With that being said, you also recommended enhancing the civilian whole-of-government capacity and said "DOD needs to contribute to training and exercising these civilian forces with U.S. military forces so that they will be able to operate effectively together." Without changing the strength of the Army and Marine Corps, would they be able to assume a potential mission to train civilians? If so, how should we go about this?

Mr. HADLEY. When we addressed the training and exercising the civilian forces with U.S. military forces, the panel sought to set the foundation for U.S. civil agencies and military units to train and exercise with allied and coalition partners so

that they are collectively better prepared to handle a variety of missions that require extensive collaboration and cooperation with multiple government and military entities. This, in turn, would enhance our whole-of-government capacity to prepare for and participate in operations overseas.

We believe that DOD's optimal contribution to the enhancement of civilian whole-of-government capacities should be through the integration of civilian agencies into its exercises and training events. This may require Congress to expand civil agencies' capabilities to allow them to surge as a situation may require. In the event that DOD might have to commit its forces to an ongoing operation at the expense of training civilian agency staffs, the most viable alternative with which to replace these Active-Duty Forces is to use a mix of National Guard and Reserve Forces and contractor personnel, both to provide the training personnel and to act as surrogates for Active Duty formations with whom non-DOD civilians must interact.

NATIONAL SECURITY STRATEGIC PLANNING PROCESS

15. Senator BEGICH. Mr. Hadley, in the last chapter, the panel recommends the United States needs a truly comprehensive National Security Strategic Planning Process that begins at the top and provides the requisite guidance not only to DOD, but to the other departments and agencies of the U.S. Government. Do you also recommend DOD being the lead agency to implement across the U.S. Government?

Mr. HADLEY. We do not recommend that DOD be the lead agency to implement across the U.S. Government. The national security concerns of the United States and the tools that may be used to address them are broad and varied. In many cases, if not in a majority, the traditional roles of the military may not be the right ones to use, and the inclusion of, or lead of the military in these, may in fact create a negative reaction to the intended goal from the perception and perspective of other nations and peoples. To determine the appropriate missions, strategies, lead agencies, and resources needed to meet our national security goals is the most important reason for our recommendation to establish a new National Security Strategic Planning Process.

QUESTIONS SUBMITTED BY SENATOR ROLAND W. BURRIS

STRATEGIC SCOPE

16. Senator BURRIS. Dr. Perry and Mr. Hadley, QDR 2010 is the second to be conducted while at war. QDR 2010 supports the military's mission to disrupt, dismantle, and defeat al Qaeda. Will we miss strategic opportunities, given our current focus on today's wars, one particular region, and the current adversary?

Dr. PERRY and Mr. HADLEY. Concern about seizing opportunities as well as preparing for future threats was one of the reasons the panel began its assessment of the strategic environment with an appreciation of enduring U.S. security interests. As a nation with global concerns and responsibilities, America must be alert to multiple and divergent trends at the same time, even while fighting two wars.

A good example of this approach is reflected in the panel's emphasis on the Asia-Pacific; the current balance of power in the region—the world's most dynamic and clearly a key to the prospects for peace in the 21st century—is fundamentally favorable to the United States. Recent decades have seen both rising prosperity, lifting hundreds of millions out of poverty, and the spread of political liberty. But this very dynamism creates geopolitical uncertainties, particularly as the panel report outlines, in regard to the rise of China and India as great powers.

It is fair to say that the panel saw these emerging conditions as a tremendous opportunity for the United States diplomatically, economically, and in the realm of political ideas, not only to avoid the kind of terrible conflicts that characterized great-power relations in Europe over the last century, but to provide continued security for the very positive recent trends across the region. Thus, we concluded that maintaining adequate U.S. military forces in the Asia-Pacific—yet not detracting from current operations in Iraq, Afghanistan, and in the broader effort against al Qaeda and other terrorists—was a key element in seizing this strategic opportunity on which so much of our future rests.

17. Senator BURRIS. Dr. Perry and Mr. Hadley, how confident are you that this QDR ensures that our military will be more flexible and adaptable to respond to a dynamic security environment?

Dr. PERRY and Mr. HADLEY. We agree that flexibility and adaptability are core attributes the U.S. military must cultivate to deal with the threats of today and to-

morrow. We share Secretary Gates' goal of a balanced force. However, our panel's report noted a number of shortfalls in ensuring that the United States can respond to these challenges. Specifically, we noted the need to strengthen U.S. force structure to address the need to counter anti-access challenges, protect the Homeland (including defense against cyber threats), and conduct post-conflict stabilization missions.

Flexibility and adaptability also come from having highly-trained and well-educated officers and enlisted members. In our report, we noted the need to strengthen professional military education by increasing both the opportunities and incentives for education within the Armed Forces. For example, we believe that successful company grade or junior field grade officers should be offered fully funded civilian graduate degree programs in residence to study military affairs and foreign cultures and languages, without specific connection to a follow-on assignment. Additionally, all officers selected for advanced promotion to the rank of major should be required and funded to earn a graduate degree in residence at a top-tier civilian graduate school in a war-related discipline in the humanities and social sciences. We also believe that attendance at intermediate and senior service school should be by application, and require entrance examinations administered by the schools in cooperation with the service personnel offices.

RESERVE FORCE COMPONENTS

18. Senator BURRIS. Dr. Perry and Mr. Hadley, the findings and recommendations speak to joint training, professional military education (PME) for General/Flag Officers, strategy, and force sizing. I applaud the fact these QDR recommendations are very thorough and specific, but they appear to focus on Active Forces. How do these QDR recommendations apply to the Reserve component?

Dr. PERRY and Mr. HADLEY. The United States must have well-trained and experienced personnel in both the Active and Reserve components. Many of our recommendations should apply to both Active and Reserve Forces keeping in mind the time constraints on members of the Reserves. One of our recommendations is for Congress to establish a new National Commission on Military Personnel of the quality and stature of the 1970 Gates Commission. Its mandate would include an examination of the mix of Active and Reserve Forces and a comprehensive review of personnel management policies. We recommend, for example, that officers selected for general officer or flag rank serve an assignment in some level of the teaching faculty in the PME system. There are currently positions in the Reserves for officers to serve as instructors. We also call for the curricula of ROTC and the service academies to be aligned so as to strengthen the education of the officer corps in the profession of arms. It is clear that the Nation goes to war using both its Active and Reserve Forces, and they must be interchangeable as much as possible.

19. Senator BURRIS. Dr. Perry and Mr. Hadley, should these recommendations be supported by a top-down review of the many disparate pay, personnel management, and promotion systems used by the Active and Reserve components of each Service?

Dr. PERRY and Mr. HADLEY. These are complex and challenging recommendations that should not be implemented without realizing that many of the QDR Independent Panel recommendations are interlinked. Our panel strongly recommends a top-down review of the policies for both Active and Reserve components of each Military Service as part of the broader National Commission on Military Personnel. Given that many of the military's personnel policies were established in the 1940s and 1950s, the laws, policies, and structures therein must be reformed to more closely align with the needs and demands of a highly-mobile 21st century workforce.

The panel continues to recommend the lengthening of officer careers to 40 years, including in the Reserve components. Changes in medicine, longevity of life, and the nature of military service make this possible. Additionally, this would save money and allow the Services to realize their full investment in the education, training, experience, and accomplishments of their officer corps. This recommendation should be considered by the commission, along with a July 2005 RAND study, "Reforming the Military by Lengthening Military Careers," by Bernard Rostker. If enacted, personnel management and promotion policies could be improved as a result.

We also support DOD adopting a continuum-of-service model for personnel allowing them to move fluidly between the Active and Reserve components and between the military, private sector, civil service, and other employment. Such changes would make military service and its compensation system more flexible and offer attractive intangible benefits.

Given that many DOD witnesses with whom we met predict today's operational reserve will remain for the next 20 years, our panel was concerned the Department was not planning for mobilization beyond standing forces. We are also concerned about the expectations of service in the Reserves, as well as the cost effectiveness of an operational reserve which diminishes the cost differential between the two components. Again, a continuum-of-service model would allow different pay systems and offer the Services the ability to transfer skill sets from the private sector readily, which improves readiness.

QUESTIONS SUBMITTED BY SENATOR DAVID VITTER

DEFENSE AND STATE DEPARTMENTS COORDINATION

20. Senator VITTER. Dr. Perry, during your testimony you stated that we've come to a point where the relationship between DOD and the Department of State (DOS) now merits legislative action similar to Goldwater-Nichols. I agree that like Goldwater-Nichols, something needs to be done to better integrate DOS and DOD in terms of planning, operations, and training. Could you elaborate on your recommendation and provide a blueprint, even if only in rough format, for what you envision?

Dr. PERRY. We believe the panel's recommendations to establish a single national security funding line and a new national security strategic planning process are the basic building blocks to improve interagency integration, planning, training, and operational capabilities. We fully recognize the difficulty for Congress when the issue involves the appropriations process but the national security threats have changed dramatically since the current appropriations process was created. We believe the time has come to improve it so that the executive branch departments and agencies are provided funding that is coordinated and integrated from the very start of the process in Congress.

We also recognize that having the funds in the appropriate hands of Federal departments and agencies is not enough. The executive branch needs a better planning process and our recommendations outlined in Chapter 5 of the report provides that blueprint. The United States needs a truly comprehensive National Security Strategic Planning Process that begins at the top and provides the requisite guidance, not only to DOD but to other departments and agencies that must work together to address the full range of threats confronting our Nation. The first step in creating this new process calls for both the White House and Congress to jointly establish a standing Independent Strategic Review Panel as we described in appendices 4 and 5 of our panel's report.

REPORTING ALTERNATIVES TO THE QDR

21. Senator VITTER. Mr. Hadley, as pointed out in the QDR Independent Panel Report, the initial legislative intent behind the defense QDR has degraded over time. Recent QDRs, and especially the 2010 QDR, have devolved into near-term planning documents instead of reviewing/projecting long-term defense policy. You stated that the 2010 QDR lacked a clear future planning construct going forward 20 years, and recommended replacing the QDR with an independent QDR panel from here forward. What, if any, reporting requirements would you recommend for continued internal DOD action were DOD to be relieved of the QDR requirement?

Mr. HADLEY. The DOD would still need to have an internal process to review and project long-term defense policy based on a current administration's policy and strategy guidance—informed and advised by our proposed Independent Strategic Review Panel. This DOD long-term policy would then influence the budgeting process to ensure that the missions, structures, forces, and processes would meet the administration's strategic guidance. How this is integrated and planned for should be a required part of the annual budget report.

The panel's recommendation for the independent panel does the following:

- Provides a clear future planning construct going forward 20 years;
- Ensures that strategic guidance is top-down rather than a bottom-up program defense;
- Ensures that a holistic whole-of-government approach is used in defining the strategy to balance and define the roles, missions, and requirements of the interagency; and
- Ensures that the strategic guidance provides sufficient details and priorities to allow departments and agencies to make informed, critical resource decisions in a whole-of-government perspective.

MARITIME FORCE STRENGTH

22. Senator VITTER. Mr. Hadley, the administration exempted the defense budget from spending freezes being applied to other parts of the government. However, due to cuts and delays to the defense shipbuilding budget, Northrop Grumman has announced it will close its Avondale and related shipbuilding facilities by 2013 as it consolidates its shipyards on the Gulf Coast.

Given your recommendation within the QDR Independent Panel Report to increase the size of maritime forces, do you think that this announcement will have an adverse effect on America's commitment to see that our forces have the tools they need to prevail in the wars we are in while making the investments necessary to prepare for threats on or beyond the horizon?

Mr. HADLEY. As we recommended in our panel's report, DOD should return to a strategy requiring dual-source competition for production programs where this will produce real competition. This applies to shipbuilding as well as other areas. However, if the Pentagon policy does not change to increase shipbuilding and encourage competition in production between qualified competitors, then Avondale and other shipyards should be closed. The worst of all worlds would be to allocate too few ships to too many yards. We would note, however, that such closures would send an adverse signal to the world of our lack of commitment to maintain maritime deterrence.

23. Senator VITTER. Mr. Hadley, does this have an effect on U.S.-based dual-source competition for shipbuilding?

Mr. HADLEY. Closure of good shipyards and dispersal of skilled and experienced work forces cannot easily be resurrected. Once they are closed, the waterfront tends rapidly to put the land to other uses. Thus, in the future, if the Nation requires an expanded fleet there will not be the industrial base available to build it. But to repeat, to avoid closure of yards like Avondale, the shipbuilding program must increase and competitive production must be the procurement policy.

[The Report of the Quadrennial Defense Review Independent Panel follows:]

The QDR in Perspective: Meeting America's National Security Needs In the 21st Century

The Final Report of the

Quadrennial Defense Review

Independent Panel

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The views, findings, and recommendations of this report are those of the Quadrennial Defense Review Independent Panel itself and do not necessarily reflect the views of the United States Institute of Peace, CNA, or LMI.

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The QDR in Perspective:

Meeting America's National Security Needs in the 21st Century

INTRODUCTION

Congress has required by law that every four years the Department of Defense conduct what would outside of government simply be called a "strategic review" of its existing plans and programs. The Department calls this process the "Quadrennial Defense Review" or the "QDR" for short.

The modern QDR originated in 1990 at the end of the Cold War when the Chairman of the Joint Chiefs of Staff undertook in the "Base Force" study to reconsider the strategy underpinning the military establishment. Then in 1993, building on his own work as the chairman of the House Armed Services Committee, Secretary of Defense Les Aspin decided to conduct what he called a Bottom-up Review - an examination, with emphasis on the long term of the risks which America was likely to face, the capabilities necessary to meet them, and the various options for developing those capabilities. As originally conceived, the process was supposed to be free ranging, with the initiative and analysis proceeding from within the DOD and flowing upwards. The point was to free the Department from the constraints of existing assumptions and refresh the intellectual capital of the top political leadership in Congress as well as the Executive branch.

The initial Bottom-up Review was considered a success. Of course there was much debate about the conclusions, but Congress thought the process was worthwhile and mandated that it be repeated every four years. Unfortunately, once the idea became statutory, it became part of the bureaucratic routine. The natural tendency of bureaucracy is to plan short term, operate from the top down, think within existing parameters, and affirm the correctness of existing plans and programs of record.

That is exactly what happened to the QDR process. Instead of unconstrained, long term analysis by planners who were encouraged to challenge preexisting thinking, the QDRs became explanations and justifications, often with marginal changes, of established decisions and plans.

This latest QDR continues the trend of the last 15 years. It is a wartime QDR, prepared by a Department that is focused – understandably and appropriately – on responding to the threats America now faces and winning the wars in which America is now engaged. Undoubtedly the QDR is of value in helping Congress review and advance the current vital missions of the

Department. But for the reasons already stated, it is not the kind of long term planning document which the statute envisions.

Congress constituted our Independent Panel to review the QDR, assess the long term threats facing America, and produce recommendations regarding the capabilities which will be necessary to meet those threats. We have deliberated for over five months, in the process reviewing a mass of documents (both classified and unclassified), interviewing dozens of witnesses from the Department, and consulting a number of outside experts.

This resulting unanimous Report is divided into five parts.

Our Report first conducts a brief survey of foreign policy, with special emphasis on the missions that America's military has been called on to perform since the fall of the Berlin Wall. From the strategic habits of American presidents over the last century, and especially since 1945 – habits which have showed a remarkable degree of bipartisan consistency – we deduce four enduring national interests which will continue to transcend political differences and animate American policy in the future. We also discuss the five gravest potential threats to those interests which are likely to arise over the next generation.

In the next two chapters, we turn to the capabilities which our government must develop and sustain in order to protect those enduring interests. We first discuss the civilian elements of national power – what Secretary Gates has called the "tools of soft power." Our government is just coming to understand the importance of these vital, but neglected, tools. We make a number of recommendations for the structural and cultural changes in both the Executive and Legislative branches which will be necessary if these elements of national power are to play their role in protecting America's enduring interests.

We then turn to the condition of America's military. We note that there is a significant and growing gap between the "force structure" of the military – its size and its inventory of equipment – and the missions it will be called on to perform in the future. As required by Congress, we propose an alternative force structure with emphasis on increasing the size of the Navy. We also review the urgent necessity of recapitalizing and modernizing the weapons and equipment inventory of all the services; we assess the adequacy of the budget with that need in view; and we make recommendations for increasing the Department's ability to contribute to homeland defense and deal with asymmetric threats such as cyber attack.

In this third chapter, we also review the military's personnel policies. We conclude that while the volunteer military has been an unqualified success, there are trends that threaten its sustainability. We recommend a number of changes in retention, promotion, compensation, and professional military education policies, which we believe will serve the interests of America's servicemembers and strengthen the volunteer force.

The fourth chapter of our Report takes on the issue of acquisition reform. We commend Secretary Gates for his emphasis on reducing both the cost of new programs and the time it takes to develop them. But we are concerned that the typical direction of past reforms – increasing the process involved in making procurement decisions – may detract from the clear authority and accountability that alone can reduce cost and increase efficiency. We offer several recommendations to Congress in this area.

Finally, the fifth chapter of our Report deals with the QDR process itself. We review the history of QDRs and analyze the strengths and weaknesses of the idea in concept and practice. We very much approve the impulse behind the QDR – the desire to step back from the flow of daily events and think creatively about the future – and we suggest methods superior to the current process for Congress and the Executive to work together in planning our nation's defense.

The issues raised in the body of this Report are sufficiently serious that we believe an explicit warning is appropriate. The aging of the inventories and equipment used by the services, the decline in the size of the Navy, escalating personnel entitlements, overhead and procurement costs, and the growing stress on the force means that a train wreck is coming in the areas of personnel, acquisition, and force structure. In addition, our nation needs to build greater civil operational capacity to deploy civilians alongside our military and to partner with international bodies, the private sector, and non-governmental organizations in dealing with failed and failing states.

The potential consequences for the United States of a "business as usual" attitude towards the concerns in this Report are not acceptable. We are confident that the trendlines can be reversed, but it will require an ongoing, bipartisan concentration of political will in support of decisive action. A good start would be to replace the existing national security planning process with something more up to date, more comprehensive, and more effective.

In conclusion, we wish to acknowledge the cooperation of the Department in the preparation of this Report -- and to express our unanimous and undying gratitude to the men and women of America's military, and their families, whose sacrifice and dedication continue to inspire and humble us.

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COMPILATION OF FINDINGS AND RECOMMENDATIONS

The Panel's findings and recommendations are as follows:

Chapter 1: The Prospects for 21st Century Conflict

1. America has for most of the last century pursued four enduring security interests:
   a. The defense of the American homeland
   b. Assured access to the sea, air, space, and cyberspace
   c. The preservation of a favorable balance of power across Eurasia that prevents authoritarian domination of that region
   d. Providing for the global "common good" through such actions as humanitarian aid, development assistance, and disaster relief.

2. Five key global trends face the nation as it seeks to sustain its role as the leader of an international system that protects the interests outlined above:
   a. Radical Islamist extremism and the threat of terrorism
   b. The rise of new global great powers in Asia
   c. Continued struggle for power in the Persian Gulf and the greater Middle East
   d. An accelerating global competition for resources
   e. Persistent problems from failed and failing states.

3. These five key global trends have framed a range of choices for the United States:
   a. These trends are likely to place an increased demand on American "hard power" to preserve regional balances; while diplomacy and development have important roles to play, the world's first-order concerns will continue to be security concerns.
   b. The various tools of "soft power" – diplomacy, engagement, trade, targeted communications about American ideals and intentions, development of grassroots political and economic institutions – will be increasingly necessary to protect America's national interests.
   c. Today's world offers unique opportunities for international cooperation, but the United States needs to guide continued adaptation of existing international institutions and alliances and to support development of new institutions appropriate to the demands of the 21st century. This will not happen without global confidence in American leadership, its political, economic, and military strength, and steadfast national purpose.
   d. Finally, America cannot abandon a leadership role in support of its national interests. To do so will simply lead to an increasingly unstable and unfriendly global climate and eventually to conflicts America cannot ignore, which we must then prosecute with limited choices under unfavorable circumstances -- and with stakes that are higher than anyone would like.

Chapter Two: The Comprehensive Approach

1. **Legislative Branch: National Security reform effort**

   a. **Finding**: The Panel acknowledges Congress's crucial role in providing for national defense with both authorities and appropriations. However, the Panel notes with extreme concern that our current federal government structures – both executive and legislative, and in particular those related to security – were fashioned in the 1940s and, at best, they work imperfectly today. The U.S. defense framework adopted after World War II was structured to address the Soviet Union in a bipolar world. The threats of today are much different. A new approach is needed.

   b. **Recommendation**: The Panel recommends a legislative reform package containing the following elements:

      i. Review and restructure Title 10, Title 22, Title 32, and Title 50 authorities to enhance integration of effort while clarifying the individual responsibilities and authorities of the Department of State, State/AID, the Intelligence Community, and all components of the Department of Defense.

      ii. Review and rewrite other authorities to create and expand deployable capabilities of civilian departments, agencies, and institutions (particularly State, State/AID, Treasury, Energy, Justice, DHS, Agriculture, Health and Human Services, and Transportation).

      iii. Establish authority for a consortium of existing U.S. government schools to develop and provide a common professional national security education curriculum. This new authority should also establish an interagency assignment exchange program for national security officials.

      iv. Create a system of incentives for Executive branch personnel to work in designated "whole of government" assignments (including but not limited to participating in the exchange program described above).

      v. Reconvene the Joint Committee on the Organization of Congress, which was established in 1945 and has convened two other times since then, the most recent being in 1993. The Joint Committee on the Organization of Congress has the established precedent and authority to examine and make recommendations to improve the organization and oversight of Congress. Additional detail on the Joint Committee on the Organization of Congress and draft terms of reference for its tasks are provided at Appendix 1.

vi. Recommend that the Joint Committee on the Organization of Congress examine the current organization of Congress, including the committee structure, the structure of national security authorities, appropriations, and oversight, with the intent of recommending changes to make Congress a more effective body in performing its role to "provide for the common defense." As part of this effort Congress should:

1. Establish a single national security appropriations subcommittee for Defense, State, State/AID, and the Intelligence Community

2. In parallel, establish an authorization process that coordinates Congressional authorization actions on national security across these departments and agencies.

2. **Executive Branch: Integrate national security efforts across the "whole of government"**

a. **Finding:** Just as Congress has a responsibility to improve our national security performance, so does the Executive branch. The Panel finds that the Executive branch lacks an effective "whole of government" capacity that integrates the planning and execution capabilities of the many federal departments and agencies that have national security responsibilities.

b. **Recommendation**: Executive branch reform should begin with an Executive Order or directive signed by the President that clarifies interagency roles and responsibilities for "whole of government" missions. This directive should:

i. Establish a consolidated budget line for national security that encompasses, at a minimum, Defense, State, State/AID, and the Intelligence Community.

ii. Task both the Office of Management and Budget (OMB) and the National Security Council (NSC) to develop a mechanism to track implementation of the various budgets that support the Comprehensive Approach.

iii. Identify lead and supporting departments and agencies and their associated responsibilities for notional national security missions. This Executive Order or Presidential directive should also establish a process to define interagency roles and responsibilities for missions not specifically addressed therein.

iv. Establish standing interagency teams with capabilities to plan for and exercise, in an integrated way, departmental and agency responsibilities in predefined mission scenarios before a crisis occurs.

3. **Enhanced civilian "whole of government" capacity**

   a. **Finding**: Today civilian department and agencies lack the capacity to provide the array of capabilities required for effective support to the Department of Defense in stability and reconstruction operations in unstable host nations. In many cases, even pre-conflict and certainly post-conflict, our civilians will be deployed in situations of "security insecurity" and thus will have to be able to operate in an integrated way with security forces [whether with indigenous forces (especially in a pre-conflict, failing state case), with international peacekeepers, or with U.S. forces (especially in post-conflict situations)].

   b. **Recommendation**: Congress and the President should establish a National Commission on Building the Civil Force of the Future. The purpose of the commission would be to develop recommendations and a blueprint for increasing the capability and capacity of our civilian departments and agencies to move promptly overseas and cooperate effectively with military forces in insecure security environments. Attached at Appendix 2 is a proposed TOR for the work of this commission.

      i. The U.S. government should be encouraging and helping to develop similar capabilities among its international partners and in international institutions to supplement or substitute where required for American civilian capability and capacity.

      ii. Until these capabilities and capacities are developed, at least in U.S. civilian institutions (and perhaps even after), stabilization will continue to be a military mission and must be adequately resourced (as part of the U.S. military strategy for ending operations such as in Iraq and Afghanistan).

      iii. To develop and support these capabilities, relevant civilian agencies need to develop credible internal requirements as well as development/ budgeting and execution processes to create confidence that they can perform these missions.

      iv. The Department of Defense needs to contribute to training and exercising these civilian forces with U.S. military forces so that they will be able to operate effectively together.

      v. The Defense Department and relevant civilian agencies need to conduct a biennial (every other year) exercise involving both the international community and the national agencies integrating the Comprehensive Approach in addressing particular scenarios or contingencies.

4. International Security and Assistance reform

a. **Finding**: The final element of reform involves changes to International Security Assistance and cooperation programs. The realities of today's security challenges have revealed the institutional weaknesses of the existing security assistance programs and framework. If unchanged, the United States will fail in its efforts to shape and sustain an international environment supportive of its interests.

b. **Recommendation:** Specifically, appropriate departments or agencies should:

i. Include selected allies/partners, select international organizations, and, when possible, Non-Governmental and Private Voluntary Organizations (NGO/PVO) as part of U.S. government efforts to define roles and missions for the Comprehensive Approach. If successful, this effort could be expanded to include the development of improved unity of command and/or unity of effort arrangements and operating procedures among U.S. government and allied governments, international organizations, and participating NGO/PVOs.

ii. Document and institutionalize training of U.S., allied governments, and NGO/PVO roles, missions, and operating procedures in support of the Comprehensive Approach.

iii. Coordinate and implement the development and acquisition of selected capabilities (e.g., communications, support, coordination, etc.) that support the Comprehensive Approach with key allies and partners. Expand this effort to willing international organizations and NGO/PVOs.

iv. Seek authority to establish pooled funding mechanisms for selected national security missions that would benefit from the Comprehensive Approach, including security capacity building, stabilization, and conflict prevention.

v. Develop a cost profile for different missions requiring a Comprehensive Approach that identifies the major cost elements and alternative funding arrangements (national, multinational, shared) for providing the needed resources. Seek authority for and conclude agreements to share selected mission costs with key allies and partners.

vi. Designate an Assistant Secretary level official to oversee and standardize management of contractors in contingencies, increase the number and improve training of contracting officers, integrate contractors and contractor-provided tasks into contingency plans, and integrate contractor roles into pre-deployment training and exercises. Improve education and training requirements for contractors, particularly those supporting

complex contingencies abroad. U.S. government departments and agencies should also improve their oversight and accountability of contractors who perform security-related tasks under their direction to ensure they are legally as accountable for their conduct as are deployed service or diplomatic members.

vii. Continue efforts at Building Partnership Capacity, recognizing that these efforts have several complementary aspects.

1. Low-end institution building in post-conflict/failing states

2. Developing high-end capacity of our traditional allies [which entails not only security assistance reform but also, as part of acquisition reform, to build in sharing our defense products with our allies from the outset (requiring export control reform and national disclosure policy reform)]. Put another way, we need a "build to share" policy from the outset.

3. Viewing rising powers as potential partners that offer us opportunities for collaboration as well as potential challenges.

viii. Ensure the integration of lessons learned from the current wars within the programs of instruction of Department of Defense education and training institutions.

Chapter Three: Force Structure and Personnel

1. **Force Structure**

a. Secretary Gates is correct to focus all the necessary resources of American national security on the success of U.S. forces in Iraq and Afghanistan.

b. The QDR should reflect that, but it must also plan effectively for threats that are likely to rise over the next 20 years. The legal mandate to the Panel is to submit to Congress "an assessment of the [QDR], including the recommendations of the review, the stated and implied assumptions incorporated in the review, and the vulnerabilities of the strategy and force structure underlying the review."

c. Consistent with its mandate, the Panel found the following:

i. A force-planning construct is a powerful lever that the Secretary of Defense can use to shape the Defense Department. It also represents a useful tool for explaining the defense program to Congress. The absence

of a clear force-planning construct in the 2010 QDR represents a missed opportunity.

ii. The force structure in the Asia-Pacific area needs to be increased. In order to preserve U.S. interests, the United States will need to retain the ability to transit freely the areas of the Western Pacific for security and economic reasons. The United States must be fully present in the Asia-Pacific region to protect American lives and territory, ensure the free flow of commerce, maintain stability, and defend our allies in the region. A robust U.S. force structure, one that is largely rooted in maritime strategy and includes other necessary capabilities, will be essential.

iii. Absent improved capabilities from "whole of government" Executive branch departments and agencies, U.S. ground forces will continue with post-conflict stability operations, consuming critical force structure resources. Civilian agencies that are properly resourced and staffed can contribute significantly in stability operations, and they may be able to enhance military readiness by removing tasks more appropriately performed by civilian professionals.

iv. The QDR force structure will not provide sufficient capacity to respond to a domestic catastrophe that might occur during a period of ongoing contingency operations abroad. The role of reserve components needs to be reviewed, with an eye to ensuring that a portion of the National Guard be dedicated to and funded for homeland defense.

v. The expanding cyber mission also needs to be examined. The Department of Defense should be prepared to assist civil authorities in defending cyberspace – beyond the Department's current role.

vi. The force structure needs to be increased in a number of areas to counter anti-access challenges, strengthen homeland defense (including defense against cyber threats), and conduct post-conflict stabilization missions. It must also be modernized. The Department can achieve cost savings on acquisition and overhead, but substantial additional resources will be required to modernize the force. Although there is a cost to recapitalizing the military, there is also a potential price to be paid for not re-capitalizing, one that in the long run would be much greater.

d. To compete effectively, the U.S. military must continue to develop new conceptual approaches to dealing with the operational challenges we face. A prime example of such an approach is the Capstone Concept for Joint Operations (CCJO). The Secretary of Defense has directed the Navy and Air Force to

develop an Air-Sea Battle concept. This is one example of a joint approach to deal with the growing anti-access challenge. We believe the Chief of Naval Operations and the Chief of Staff of the Air Force deserve support in this effort and recommend that the other services be brought into the concept as soon as appropriate.

e. Meeting the force structure challenges of the next 20 years, and creating the financial wherewithal for these capabilities, will not happen if the Department of Defense and Congress maintain the status quo on managing fiscal resources. To reap savings that may be reinvested within defense, and justify additional resources for force structure and equipment modernization, the Department and Congress should reestablish tools that restore fiscal responsibility to the budget process lost when balanced budget rules were abandoned and restore fiscal responsibility to the budget process.

2. Personnel

a. Although the pay and benefits afforded to U.S. military personnel can never adequately compensate for their sacrifice and the burdens placed upon their families, the recent and dramatic growth in the cost of the All-Volunteer Force cannot be sustained for the long term. A failure to address the increasing costs of the All-Volunteer Force will likely result in a reduction in the force structure, a reduction in benefits, or a compromised All-Volunteer Force.

b. To accomplish the QDR's goal of preserving and enhancing the All-Volunteer Force and to develop future military leaders, major changes will be necessary in the military personnel system:

i. Greater differentiation in assignments and compensation between one or two terms of service and a career

ii. A change in military compensation, emphasizing cash in hand instead of deferred or in-kind benefits to enhance recruiting for those serving less than an entire career

iii. The use of bonuses and credential pay to attract, retain, and reward critical specialties and outstanding performance

iv. Instituting a continuum-of-service model that allows service members to move fluidly between the active and reserve components and between the military, private sector, civil service, and other employment

v. Current limitations on the length of service provide insufficient time for the education, training, and experiences necessary for 21st century warfare. To gain the best return on investment and experience, and because of improvements in health and longevity, it is necessary to modify career paths to permit the educational and assignment experiences required to meet the challenges the military faces in the 21st century.

vi. To ensure a healthy All-Volunteer Force for the next two decades, the military's personnel management system should be revised to include modifying the up-or-out career progression, lengthening career opportunities to forty years, instituting 360-degree officer evaluations, and broadening educational experiences both in formal schooling and career experiences for officers heading toward flag rank.

vii. Modify TriCare for Life to identify solutions that make it more affordable over the long term, including phasing in higher contributions while ensuring these remain below market rates, and adjusting contributions on the basis of ability to pay.

viii. The Department of Defense and Congress should establish a new National Commission on Military Personnel of the quality and stature of the 1970 Gates Commission, which formulated policies to end military conscription and replace it with an all-volunteer force. The purpose of this commission would be to develop political momentum and a roadmap for implementation of the changes proposed here, including recommendations to modernize the military personnel system, including compensation reform; adjust military career progression to allow for longer and more flexible military careers; rebalance the missions of active, guard and reserve, and mobilization forces; reduce overhead and staff duplication; and reform active, reserve, and retired military health care and retirement benefits to put their financing on a sustainable basis consistent with other national priorities. A proposed TOR is at Appendix 3.

3. Professional Military Education (PME)

i. In order to attract more youth to military careers and recruit from the nation's top colleges, the services should offer full scholarships on a competitive basis, usable anywhere a student chooses to attend, in exchange for enlisted service in the reserves (and summer officer training) during schooling, and five years of service after graduation to include officer training school.

ii. To attract and retain officers, and to broaden their experience, successful company grade or junior field grade officers should be offered fully funded civilian graduate degree programs in residence to study military affairs and

foreign cultures and languages, without specific connection to a follow-on assignment. Additionally, all officers selected for advanced promotion to O-4 should be required and funded to earn a graduate degree in residence at a top-tier civilian graduate school in a war-related discipline in the humanities and social sciences. Qualified career officers at these ranks should have available sabbatical assignments in the private sector, voluntary sector, or elsewhere in government, with the opportunity to drop back in year group so as not to fall behind their peers in the opportunity for promotion.

iii. Attendance at intermediate and senior service school should be by application, and require entrance examinations administered by the schools in cooperation with the service personnel offices. Too many officers are poorly prepared and/or motivated for post-graduate PME, many treating it largely as a requirement for promotion. The quality of the instruction, and the depth and rigor of staff and war colleges would be strengthened if students possessed the motivation and skills needed to make maximum use of the educational opportunity provided.

iv. Officers selected for senior service school should be obligated for at least five years of additional service after graduation.

v. Service on the teaching faculty somewhere in PME should be a requirement for promotion to flag rank. Such service should be considered equivalent to joint duty for the purposes of meeting the 4 year requirement for service in a joint billet. To facilitate this requirement, active duty officers should fill all ROTC instructor billets and a larger percentage of faculty billets at the service academies.

vi. Foreign language proficiency should be a requirement for commissioning from ROTC and the service academies.

vii. To strengthen the education of the officer corps in the profession of arms, the service academies and ROTC should expand and strengthen instruction in ethics, American history, military history, security studies, and related subjects, including the responsibilities of military officers under the Constitution of the United States. Changes to the curricula of these institutions in these subjects must be reported annually to Congress. To insure that pre-commissioning education provides the necessary introduction to the art of war, there can be no disciplinary or subject matter quotas or limits on cadet/midshipmen majors at the service academies or in ROTC.

viii. To align the military with best practices in the private sector and to strengthen the officer corps at every level, as well as identify officers for higher command early in their careers, Congress should mandate 360-degree officer evaluation systems for all of the armed services.

ix. To provide PME the requisite proponency and influence in the Defense Department, there should be a Chief Learning Officer at the Assistant Secretary level in the office of the Undersecretary of Defense for Personnel and Readiness. In addition, a senior flag officer, perhaps most appropriately the Commander, U.S. Joint Forces Command, should be designated as "Chancellor" for all service PME institutions.

Chapter Four: Acquisition and Contracting

1. **Lead acquisition roles:**

   a. **Finding**: Accountability and authority for establishing need, and formulating, approving, and executing programs have become confused within the Department of Defense.

   b. **Recommendation**: The Secretary of Defense should clearly establish lead acquisition roles as follows:

      i. For identifying gaps in capability - Combatant Commands supported by the force providers (services and defense agencies) and the Joint Staff

      ii. For defining executable solutions to capability needs – the force providers

      iii. For choosing and resourcing solutions – the Office of the Secretary of Defense supported by the force providers and the Joint Staff representing the Combatant Commands

      iv. For delivering defined capabilities on schedule and within cost ceilings – the selected force provider. For multi-service/agency programs, there should be a lead service/agency clearly accountable.

2. **Accountability and authority:**

   a. **Finding**: Accountability and authority has been widely diffused in increasingly complex decision structures and processes.

   b. **Recommendation**: For each program, the Secretary of Defense or delegated authority should assign accountability and authority for defining and executing each program to an unbroken chain of line management within the force provider community. The Under Secretary of Defense (AT&L) and the Secretary/Deputy Secretary of Defense are in the line management chain. The Service Secretary/Defense Agency head can then hold the military line chain, the Program Executive Officer (PEO), the program manager, and the commensurate defense contractor line management accountable for defining executable programs and,

when the program is approved, delivering the defined increment of capability on schedule and within the cost ceiling. The roles of all other acquisition participants can be neither authoritative nor accountable and should be limited to roles such as advisory, assessment, and oversight of processes.

3. **Program definition and delivery:**

   a. **Finding**: Major programs to provide future capability are often formulated with a set of requirements and optimistic schedule and cost estimates that lead to delivery times of a decade or more. Programs with these long delivery times typically depend on the promise of technologies still immature at the outset of the program. The long delivery times also imply ability to forecast the demands of the future operating environment that are well beyond a reasonable expectation of accurate foresight. Examples of this are in the current acquisition program.

   b. **Recommendation**: With rare exceptions, increments of military capability should be defined and designed for delivery within 5 to 7 years with no more than moderate risk.

4. **Addressing urgent needs:**

   a. **Finding**: There is no defined regular process within the acquisition structure and process to address urgent needs in support of current combat operations.

   b. **Recommendation**: Urgent needs should be met using the same principles and processes as for programs to provide future capabilities. Adjustments to the formal process, including special processes and organizations, are appropriate for wartime response to urgent needs to ensure that an increment of capability can be delivered in weeks or months rather than years. The warfighting commander should have a seat at the table in defining and choosing the solution. The force provider remains accountable for ensuring that the proposed program is executable in cost, schedule, and performance.

5. **Unforeseen challenges:**

   a. **Finding**: Even with the most competent front-end planning and assessment, complex programs are likely to experience unforeseen technological, engineering, or production challenges.

   b. **Recommendation**: When such challenges place the schedule or cost at risk, performance must also be within the trade space. The force provider, to include the service component serving the Combatant Commander, is the proper source of credible operational experience and judgment to generate recommendations to USD (AT&L) for performance tradeoffs.

6. **Dual source competition:**

   a. **Finding**: During the dramatic post-Cold War defense cuts, most dual sources were dropped in favor of sole-source contracting. But as defense funding has returned and exceeded levels that supported dual sourcing, the contracting strategy has remained sole-source.

   b. **Recommendation**: OSD should return to a strategy requiring dual source competition for production programs in circumstances where this will produce real competition.

Chapter Five: The QDR and Beyond

1. **Establishment of a New National Security Strategic Planning Process:**

   a. **Finding:** The QDR process as presently constituted is not well suited to the holistic planning process needed.

      i. Sufficient strategic guidance does not exist at the national level to allow the Department of Defense to provide to the military departments required missions, force structure, and risk assessment guidance. This is especially true for long-term planning.

      ii. Such guidance documents as are produced are often unavailable in time and do not provide sufficient, detailed guidance and prioritization for the Department of Defense to use them effectively.

      iii. The QDR's contemporary focus on current conflicts, parochial ownership of programs, daily requirements of current issues, and an increasingly staff and service-dominated process as opposed to a senior leadership run process are roadblocks to an unbiased, long term strategic review.

      iv. The QDR process as presently constituted should be discontinued in favor of the normal Department of Defense planning, programming, budgeting, and execution process and the new National Security Strategic Planning Process recommended below.

   b. **Recommendation:** The United States needs a truly comprehensive National Security Strategic Planning Process that begins at the top and provides the requisite guidance, not only to the Department of Defense but to the other departments and agencies of the U.S. government that must work together to address the range of global threats confronting our nation.

i. The Executive and Legislative branches should jointly establish a standing Independent Strategic Review Panel of experienced and senior experts to review the strategic environment over the next 20 years and provide prioritized, goal and risk assessment recommendations for use by the U.S. government.

ii. Convene the panel in the fall of a presidential election year to enable the panel to begin work the following January, the month in which the new President takes office, so that the international strategic environment would be reviewed every four years beginning in the January immediately following any presidential election (or more frequently on the panel's own initiative in response to a major national security development that the panel believes calls into question the results of the most recent review).

iii. Charge the panel to:

- Review and assess the existing national security environment, including challenges and opportunities
- Review and assess the existing National Security Strategy and policies
- Review and assess national security roles, missions, and organization of the departments and agencies
- Assess the broad array of risks to the country and how they affect the national security challenges and opportunities
- Provide recommendations and input to the National Security Strategic Planning Process and the national security department and agency planning and review processes.

iv. Six months after initiating its review, the panel would provide to the Congress and the President its assessment of the strategic environment (including in particular developments since its last review) and recommend to the President whether, in its view, those developments warrant significant changes in the National Security Strategy.

v. In its report, the panel would offer its assessment of the national security challenges and opportunities facing the nation and also offer any innovative ideas or recommendations for meeting those challenges/opportunities. A proposed TOR for this panel is included at Appendix 4.

c. As the coordinating and oversight body of the Executive branch, the National Security Council in its new formulation as the National Security Staff should take steps to increase its capabilities to fulfill its role and responsibilities in achieving a more comprehensive, "whole of government" approach. The NSC should prepare for the President's signature an Executive Order or Presidential directive that at a minimum mandates the following:

   i. Using the assessment of the strategic environment prepared by the standing Independent Strategic Review Panel, develop a "grand strategy" for the United States that would be formalized as the National Security Strategy.

   ii. It is vital that strategy at this level be the President's own strategy, constituting his direction to the government. The strategy is signed by the President, albeit developed for him by his National Security Advisor and Cabinet in what is a top down rather than a staff-driven process.

   iii. This strategy document would in turn drive reviews by the Executive branch departments involved primarily in national security (such as the State Department, State/AID, the Defense Department, Homeland Security, the Intelligence Community, etc.), as directed by the President and with the goal of deconflicting and integrating the results of these various reviews.

   iv. This strategy development process would identify and assess strategic requirements and U.S. government capabilities to plan, prepare, organize, and implement a clear and concise strategy for deploying limited resources – money, personnel, materiel – in pursuit of specific highest priority objectives.

   v. The resulting strategy would identify the "mission critical" elements which if ignored would endanger the United States.

   vi. The National Security Advisor will accomplish these tasks using his/her NSC staff, and if appropriate could appoint a small panel of outside advisors, and obtain such other assistance as required.

   vii. A draft of the Executive Order or directive establishing the new National Security Strategic Planning Process is attached at Appendix 5.

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Prospects for 21st Century Conflict

In ordering the quadrennial defense reviews, Congress directed the Department of Defense to look two decades into the future, and appropriately so. The United States cannot determine the military forces it will need unless it makes a real attempt to envision the world — and the international challenges it will face — over the long term planning horizon. Unfortunately, because of the uncertainties involved in assessing the future and the lack of strategic clarity in America's foreign policy in the aftermath of the Cold War, the current QDR — like others before it — focused too greatly on the short term.

In this report the Independent Review Panel sets forth the enduring national security interests of the United States and examines how emerging trends may affect those interests over the next 20 years. Our approach is less an effort to predict the future than it is to understand the choices the United States will face and how it might respond — for the United States remains far and away the most powerful nation in international affairs and thus will shape the international environment in significant ways.

There are great difficulties in doing defense planning during the post–Cold War era and there are challenges associated with setting requirements in the absence of a single threat. The past failure to define American strategy in a way that provided sufficient guidance to force planners resulted in the United States reacting with forces that struggled to adapt to a series of surprises.

In the last 15 years America has too often been chasing the future rather than working to shape it. Nonetheless, we can discern the long-term patterns and habits of American strategy. Even if the United States has not as yet formulated a post–Cold War "grand strategy," it has behaved in consistent ways, and today's Department of Defense must prepare for the future within the context of the strategic legacy it has inherited. There is no blank slate, no beginning over.

Emerging trends will present challenges and opportunities for the United States. In this report we try to identify which trends will likely have the greatest impact on traditional American

strategy and demand a reconsideration of strategic ends, adjustments to military and other U.S. government means, or new ways of operating to better employ existing forces and other resources. We then try to frame some of the choices for military force planning.

Enduring security interests

Since the end of the Cold War, the United States has routinely failed to match capabilities to commitments. Many believed that the fall of the Berlin Wall and the collapse of the Soviet Union would lead to an era of lasting peace and a decline in American military commitments, but the opposite has proven to be true. In fact, the tempo of active American deployments over the last 20 years has far exceeded planning expectations.

Most obviously, the number, duration, and character of conflicts in the greater Middle East have been unanticipated. The conflict with Iraq has gone through at least five phases: the *initial response* to the invasion of Kuwait, Operation Desert Shield, defense of Saudi Arabia and its Gulf neighbors; *Operation Desert Storm*, ejection of Iraqi forces from Kuwait, and crippling Saddam Hussein's offensive capacity; the *period of containment*, including more than 100,000 "no-fly zone" sorties and the more-or-less permanent stationing of an Army brigade set of equipment in Kuwait, from 1991 through 2003; *Operation Iraqi Freedom*, the 2003 invasion and toppling of the Saddam regime; and the current and continuing *post-invasion effort* to build a viable Iraqi state, an effort that—if successful—will stretch indefinitely into an ongoing strategic partnership. But Iraq is neither the only example nor an anomaly: the American commitment to Afghanistan is in its ninth year and disengagement is likely to be many years away.

America's service members also have been busy outside the Middle East. American forces have engaged in a wide and growing variety of missions around the globe, requiring an unusual range of skills and capabilities. These have included deterring conflict over Taiwan and Korea; securing the Panama Canal; stopping genocide in the Balkans; fighting drug cartels in Asia and South America; countering piracy; delivering humanitarian aid in Indonesia and Haiti; supporting anti-terrorist operations, from Mali to the Philippines; and maintaining an American presence in unstable areas around the world.

Four different presidents initiated and continued these missions over the last 20 years. Even in an era of intense political divisions, the missions have, with very few exceptions, enjoyed broad

bipartisan support. Of course no president is ever eager to put American troops in harm's way, but there has been a remarkable, albeit reluctant, degree of political unity about the need to do so because of the often unarticulated but nevertheless clear belief that the missions were necessary to protect national interests that transcend party or politics.

At the root of the Department's force-planning problem is a failure of our political leadership to explicitly recognize and clearly define these essential strategic interests. To be sure, it would have been easier for the Department had post–Cold War presidents provided more specific guidance on this subject. But what presidents actually do with America's military, on a bipartisan basis and over time, indicates what they believe must be done to protect America. It is, therefore, possible to discern the strategic thinking that has guided our country from the strategic practices it has followed.

Since 1945, the United States has been the principal architect and remains the principal leader of a durable and desirable international system. American security rests on four principles: the defense of the American homeland; assured access to the sea, air, space, and cyberspace; the preservation of a favorable balance of power across Eurasia that prevents authoritarian domination of that region; and provision for the global "common good" through such actions as humanitarian aid, development assistance, and disaster relief.

The defense of the homeland and the surrounding region — North America, the Eastern Pacific, the Caribbean Basin, as well as the United States proper — must continue as the priority. The "commons" has traditionally referred to the oceans and airspace outside territorial waters, but it now includes near-Earth space and "cyberspace." Securing these common domains is both a peacetime mission — so the free movement of people, goods, and information can continue unimpeded — and a wartime imperative for force projection. But the ultimate success of American strategy has been to secure favorable geopolitical conditions in Europe, East Asia, and the greater Middle East, a broad region that now prominently includes parts of South Asia and the Persian Gulf region.

Key global trends

Having been successful for the better part of the 20th century, the traditional American strategy must now contend with significant changes in the 21st century. Five key global trends face the

nation as it seeks to sustain its role as the leader of an international system that protects the interests outlined above:

Radical Islamist extremism and the threat of terrorism. Salafist *jihadi* movements, wedded to the use of violence and employing terror as their primary strategy, will remain both an international threat to the global system and a specific threat to America and its interests abroad. This remains true even as current al Qaeda leaders age and their goal of a restored caliphate becomes ever more impractical. Some "associated movements" will pursue lesser and more local goals, with the biggest danger to Pakistan, where the ruling elite (including the army and intelligence services that helped create, continue to tolerate, and aid such groups) is vulnerable to an Iranian-style revolution that Islamists would exploit. Some of these groups will set their sights on the United States, as recent attacks linked to Yemen prove. The greatest risk to the United States is that weapons of mass destruction or the materials and expertise to produce them will find their way into the hands of fanatical, murderous jihadists.

The rise of new global great powers in Asia. The increasing importance of China and India suggest an emerging "multi-polar" great-power balance. The rise of China and India also reflects and further foreshadows a shift in the geostrategic locus of power toward the Asia-Pacific region. While the United States will likely remain the preeminent power, its superiority (including its military superiority) relative to others is diminishing. At the same time, no rising power stands ready to assume the same global role played by the United States in maintaining a persistent and stabilizing forward presence in crisis or conflict.

Continued struggle for power in the Persian Gulf and the greater Middle East. Since the removal of the Saddam regime and its bid for regional hegemony, Iran and its allies (like Syria) and terrorist proxies (like Hezbollah) have emerged as an increasingly destabilizing force in this vital region. The Iranian regime's drive to develop a nuclear capability seems first designed to deter American influence and intervention. But it may also embolden Tehran to increase its aggression through proxies, terrorism, and other forms of irregular warfare to undermine neighboring governments, particularly the oil-rich Arab regimes. An Iranian threat, in turn, will compel these states to both accommodate Iran and consider their own nuclear and advanced conventional programs, particularly if there is doubt about U.S. capacity and commitment. This

becomes a strong argument for continuing America's long-term commitment to and presence in the Middle East and the Persian Gulf.

An accelerating global competition for resources. The combination of the increasing demand for (particularly from a China and India on the rise) and diminishing supplies of hydrocarbons and the increasing global water scarcity will tend to link the two geopolitical trends above; that is, the turmoil in the greater Middle East will have ever-larger global consequences and attract increased interest from outside powers, both raising the potential for and perhaps the scope of instability and conflict. Indeed, as the QDR observed, and the Independent Panel agrees, "Climate change and energy are two key factors that will play a significant role in shaping the future security environment.... Climate change may act as an accelerant of instability or conflict." The links between these stressful trends and any specific political effect or military requirement are currently difficult to predict; nonetheless, they could be of critical importance. Indeed, concern over such issues may affect strategic choices: "Perceptions of a rapidly changing environment may cause nations to take unilateral actions to secure resources, territory and other interests."[1]

Persistent problems from failed and failing states. The gap between strong and weak states will likely continue to widen. The corrosive conditions common to failed states — criminality, havens for terrorists, piracy, extreme poverty, and lawlessness — only add to the complexity of regional security situations, and thus complicate the burden of maintaining the integrity of the international system. As states break down and are overwhelmed by conflict, the immediate consequences are to the people living within their borders. Historically, however, contagious diseases, refugees, poverty, civil war, and transnational criminal networks spread to neighboring countries. The ability of diverse groups to exploit state failure and readily available advanced technology will enable them to employ asymmetric methods in global attacks, further endangering a global system made more vulnerable by the interdependence of globalization. Failures of governance now extend to the Americas, where savagely violent criminal cartels employ modern insurgent tactics and increasingly pose threats to the U.S. homeland. Coping

[1] National Intelligence Council, *Global Trends 2025: A Transformed World*, U.S. Government Printing Office, Washington, D.C., 2008, p. 54.

with this challenge will require both increased international cooperation and greater "whole of government" civil capability on the part of the U.S government.

A range of choices

These five trends frame a range of choices for U.S. government and Department of Defense planners. *First*, these trends are likely to place an increased demand on American "hard power" to preserve regional balances. While diplomacy and development have important roles to play, the world's first-order problems will continue to be our security concerns; however, other agencies and elements have a critical role to play in failing or failed states, whose vulnerability to revolutionary Islam and criminal organizations is a strategic concern to the United States.

Second, the various tools of what Secretary Gates has called "soft power" — diplomacy, engagement, trade, targeted communications about American ideals and intentions, and the development of grassroots political and economic institutions — will be increasingly necessary to protect America's national interests. Those tools are inherently civilian in nature and ought to reside in civilian agencies; but the burden of exercising them will continue to fall, by default, on the Department of Defense unless a sustained effort is made to reshape and appropriately fund the civilian elements of national influence.

Third, today's world offers unique opportunities for international cooperation, but the United States needs to guide continued adaptation of existing international institutions and alliances and support the development of new institutions appropriate to the demands of the 21st century. This will not happen without global confidence in American leadership and its political, economic, and military strength and steadfast national purpose.

Fourth, there is a choice our planners do not have. As the last 20 years have shown, America does not have the option of abandoning a leadership role in support of its national interests. Those interests are vital to the security of the United States. Failure to anticipate and manage the conflicts that threaten those interests — to thoughtfully exploit the options we have set forth above in support of a purposeful global strategy — will not make those conflicts go away or make America's interests any less important. It will simply lead to an increasingly unstable and unfriendly global climate and, eventually, to conflicts America cannot ignore, which we must

prosecute with limited choices under unfavorable circumstances—and with stakes that are higher than anyone would like.

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2

The Comprehensive Approach

Clearly the future will require greatly increased cooperation among the various departments and agencies of the U.S. government, an integrated approach that goes beyond what is suggested in the Quadrennial Defense Review. As a government we need to take both a broader view, beyond the Department of Defense itself, to what we have called the "whole of government" approach to national security planning and execution and, beyond that, to the "Comprehensive Approach" we discuss below. At the same time, the Department of Defense needs to look past the QDR and its focus on today's conflicts and today's planning needs to the broader set of defense challenges our nation will face in the next 20 years. Most importantly, we need to pay attention to the substantial changes the Department needs to start making today (in force structure, personnel, benefits, acquisition, and so on) if we are going to be able to meet this broader set of defense challenges successfully within existing and projected resources.

The Comprehensive Approach in the 2010 QDR

Both the QDR and the recently released National Security Strategy (NSS) use the term "whole of government" to denote the integration of all tools of national power (defense, diplomacy, economic, development, democratic reform and human rights, homeland security, intelligence, strategic communications, and the American people and the private sector) in support of U.S. national security goals and objectives.

As inclusive as that definition is, "whole of government" remains limited in that it doesn't include the full range of capabilities that may be required to address the complexity of today's domestic and international security challenges. Additional capabilities include those of our allies and partners, non-governmental and private voluntary organizations, and international organizations, all working in partnership with U.S. government departments and agencies. In this report we use the term "Comprehensive Approach" to refer to efforts that include these non-

governmental or non-U.S. actors. On the other hand, "whole of government" is used to mean U.S. government departments and agencies only.

Success in military operations requires comprehensive planning and a commitment to train in the way we expect to operate. That simple principle is not reflected in the QDR discussion of these issues. As to "whole of government," the QDR apparently did not separately address the issue of "whole of government" planning and execution. Indeed, the QDR in fact suggests that "whole of government" is something to be addressed when the tempo of combat operations in Iraq and Afghanistan abates.[2]

The panel also found that the QDR avoids any discussion of structural changes with regard to *how* the Department of Defense would approach its own objectives and missions in light of the recognized need for better integration and collaboration with the interagency and our international partners.

The defense strategy for tomorrow's security environment as presented in the QDR is a combination of its four defense objectives and six mission sets. Those objectives are:

1. Prevail in today's wars
2. Prevent and deter conflict
3. Prepare to defeat adversaries and succeed in a wide range of contingencies
4. Preserve and enhance the All-Volunteer Force.

The mission sets to meet these objectives include:

1. Defend the United States and support civil authorities
2. Achieve success in counterinsurgency, stability, and counterterrorism operations
3. Build the security capacity of partner states
4. Deter and defeat aggression in anti-access environments
5. Prevent proliferation and counter weapons of mass destruction

[2] QDR 2010, p. 1.

6. Operate effectively in cyberspace.[3]

These mission sets require the government to be more agile, flexible, and mobile. Of these missions, four (1, 2, 3, and 5) require a robust Comprehensive Approach involving other U.S. government departments and agencies and international partners. In many cases, the Department of Defense will ***not*** be the lead agency for operations conducted under these mission categories. Indeed, the QDR recognizes the need for civilian leadership in some missions, including humanitarian assistance, development, and governance.[4] The QDR also sees the need for defense capabilities to provide security and support to civil and local authorities. It states in part that the Department of Defense "supports the Department of Homeland Security and other federal civilian agencies as part of a "whole of government," whole of nation approach to both domestic security and domestic incident response." More comprehensive approaches are exclusively considered under the QDR's "prevent and deter" objective, as it mentions that it will act "wherever possible as part of a "whole of government" approach and in concert with allies and partners."[5] At the same time the QDR does suggest, but without elaboration, the need for the Department of Defense and the government at large to invest more heavily in understanding comprehensive approaches beyond the "prevent and deter" objective. For example, it suggests that the lessons learned from the Provincial Reconstruction Teams (PRTs) in Afghanistan and Iraq can be used "toward improving a "whole of government" approach,"[6] in this case in service of the "prevail in today's wars" objective.

The problem is that the civilian government departments and agencies do not have the needed capability or capacity to adequately support needed "whole of government" and Comprehensive Approach strategies. All of the civilian departments and agencies involved in the "whole of government" effort face the need to adapt their internal cultures, processes, and structures to work comprehensively together to meet 21st century challenges. For instance, within the interagency process on national security, the State Department, State/AID, Department of Defense, the Intelligence Community, and the Department of Homeland Security (DHS) all have important roles in protecting our nation from threats to our way of life. But each agency has its

[3] "Quadrennial Defense Review: Report Addressed Many but Not All Required Items," p. 12.
[4] QDR 2010, p. 69.

[5] QDR 2010, p. 44.
[6] QDR 2010, p. 70.

own perspective on national security challenges, its own methods of operation, its own personnel system, and its own culture. Enhancing "a whole of government" culture requires the development of shared attitudes, values, goals, and practices that both transcend and integrate the department and agency into this comprehensive perspective on national security.

The Panel notes the need to better define which U.S. government departments, agencies, and institutions, or portions thereof, should be included in a "whole of government" approach. The number and diversity of potential participants and their likely relationships suggest the complexity and scale of the challenge. Although, to an extent, this will be event-dependent, time can be saved by studying likely future contingencies in advance and identifying now the critical organizational participants and the appropriate relationships among them.

The Comprehensive Approach: What it is and why it matters

The need for enhanced "whole of government" capabilities will be driven by the complex operating conditions, strong potential for civilian interaction, and the need in many cases to work closely with the agencies of a foreign government. It is in the interest of the Department of Defense to work closely with the National Security Council, the State Department, State/AID, and DHS to develop support for more enhanced civilian capability and for putting into operation "whole of government" and Comprehensive Approach solutions to security challenges. As just one example, we need to strengthen our ability to improve governance of failing states so that we do not have to deploy our military because a failing state became a failed state that threatens our vital interests. But governance is a civilian function. We need to define the capabilities required for these kinds of missions and then draw together the civilian departments and agencies that have or need to develop these capabilities and ensure that they are organized for rapid deployment overseas. This is one example of how a "whole of government" approach could reduce our need to resort to our military.

In addition, coming in after a military operation with the whole range of civil skills required for post-conflict stabilization and reconstruction will contribute to reducing the duration of a military deployment and accelerating the point where the military can shift to a supporting role and ultimately hand over security to either international peacekeeping or indigenous forces. Such an

approach can ultimately shorten the duration of U.S. military deployments to these troubled regions.

As depicted in figure 1, the future operating environment is likely to comprise overlapping domains of the host nation; joint military engagement on the U.S. side; some variety of U.S. interagency civilian cooperation; combined actions with foreign military and civilian organizations; and a role for international organizations (as well as Non-Governmental Organizations (NGO) and Private Voluntary Organizations (PVO)).

The U.S. joint military dimension invariably attracts the most public attention, but the other five domains may include more assets and personnel and be more important in terms of achieving the desired end state, particularly over time.

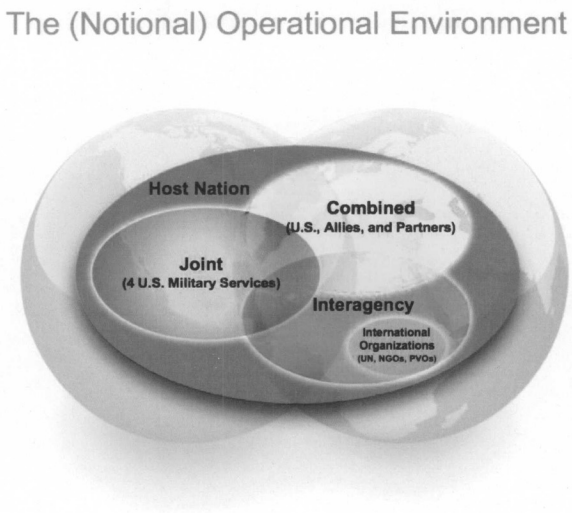

Figure 1: The Notional Operational Environment of the Comprehensive Approach

Before any type of contingency arises, U.S. governmental efforts typically rely on the State Department and other interagency interactions with the host nation on a day-to-day basis, including the military through the ongoing and routine activities of the Combatant Commands. This persistent engagement is required up to and through the end state of a contingency or crisis, and thereafter. A crisis or conflict will require the addition and integration of "whole of government" and Comprehensive Approach capabilities. Although civilian agencies have historically held the lead role in maintaining and developing international relationships, the need to deploy civilian and international personnel in settings of "security insecurity" (e.g., post-conflict states, failed states) requires a more integrated approach in terms of partnership with the military forces up to and through the end state of a crisis or conflict. This point is illustrated in figure 2's depiction of the shifting degrees of civil and military levels of effort and responsibility before, during, and after a notional complex contingency.

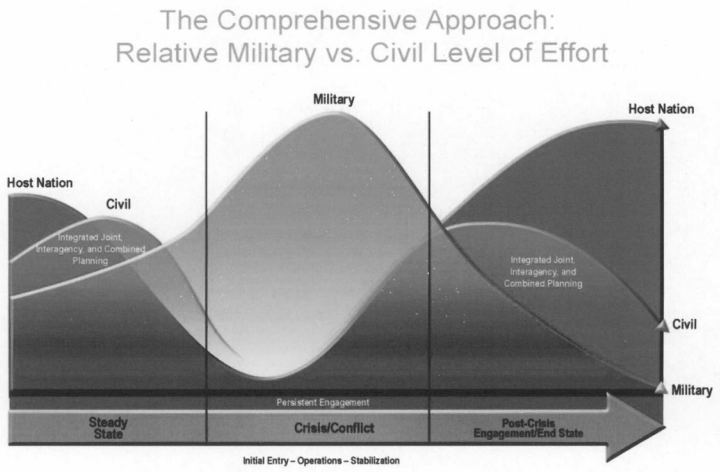

Figure 2: The Comprehensive Approach: Relative Military and Civil Levels of Effort as an Illustration

The Department of Defense's ability to work effectively with other departments and agencies as the focus of the U.S. government's efforts shifts over time depends greatly on the quality and degree of prior integrated planning and coordination. Integrated planning is done at three levels: joint, interagency, and combined. Several important principles apply to this process. First, an inclusive structure needs to be developed at every level, including all relevant participants organized towards the same end state. Second, consistent communication, outreach, and feedback are keys to building the partnership capacity that the Comprehensive Approach requires. Third, a cadre of national security professionals with perspective, experience, education, and training in the Comprehensive Approach must be developed.

The activities of a Comprehensive Approach need to be transparent to our international partners and allies, to all departments and agencies and levels of government, and to the private citizen. In addition, funding streams for a Comprehensive Approach must be flexible. Comprehensive contingency planning, where possible, is needed so that the government can respond more quickly to a crisis. Aligning funding with this planning is essential. Civilian agencies will need to develop more capabilities and a mindset more accepting of austere deployment, while both civilian and military cultures will need to adapt to a "whole of government" approach. To assist in transparency, clearly defined roles, missions, responsibilities, and authorities need to be communicated to each participating department, agency, and organization. Coordination and integration would be enhanced by the exchange of liaison personnel. The level and depth of integration has to be measurable and real. Oversight and accountability are essential to an effective Comprehensive Approach.

Finally, unity of command is a military concept ill-suited for defining interagency processes and relationships. Unity of effort is a more applicable concept for integrated activities where equal participation from the widest group provides the greatest benefit. A current example demonstrating successful unity of effort under difficult and often insecure circumstances is the Provincial Reconstruction Team. These integrated teams are hybrid civil-military organizations whose objective is to establish an environment that is secure and stable enough to permit U.S., allied, international, and host-nation civilian agencies to provide development support. It is the combination of civilian reconstruction and development agencies with military contingents that permits wide latitude in working with local populations in what would otherwise be non-secure

areas. In Africa, a U.S. Navy-led program, the Africa Partnership Station (APS) focuses on strengthening emerging partnerships in West and Central Africa to increase regional and maritime safety and security. APS is a unique venue to align the efforts being made by various agencies and nongovernmental organizations from Africa, the Americas, and Europe to improve maritime safety and security and help build prosperous African nations.

Key enablers for the Comprehensive Approach

Translating the above principles into an effective U.S. government capability that supports the Comprehensive Approach requires actions across the "whole of government" by participating departments, agencies, and organizations. Given our current national security structure and legal authorities, however, four key lines of effort, or enablers, stand out.

Improved interagency planning. Improved structures and processes for interagency strategic planning is a foundation for development of a coherent and integrated "whole of government" capability for national security responses. An important focus is to enhance awareness of different departments' authorities, roles and responsibilities, resources, and core competencies for national security matters. The key planning issue concerns which government department leads in a given event. The National Security Council, by virtue of its institutional position and authority, is best placed to resolve this issue. It is properly situated to settle disputes regarding prioritization, budget issues, agency responsibilities, or mission definition.

There may be value in more formally designating lead and supporting agency responsibilities and to establish more formal structures for interagency contingency planning. Another tool for inducing, if not forcing, improved interagency planning is to create a single national security budget in which accounts from the Department of State, State/AID, the Department of Defense, and the Intelligence Community that support the same or similar missions are presented and defended together but are then appropriated to their respective accounts.

Rebalancing civil and military capabilities. As stated in the QDR, "a strong and adequately resourced cadre of civilians organized and trained to operate alongside or in lieu of U.S. military personnel … is an important investment in the nation's security."[7] Rebalancing civilian and military capabilities, in part through developing an expeditionary civilian force to prevent or

[7] QDR 2010, p. 69.

respond to overseas crises, is a key enabler for the Comprehensive Approach. This would require the development of personnel policies that promote a more mobile, deployable, and flexible workforce, among other things. Currently, the U.S. military is the only government institution with both the organizational capabilities and personnel policies to plan, execute, and support large deployments of personnel overseas. Civilian agencies operate under personnel policies that prevent some types of involuntary operational deployments and require a different pay structure and support system. Until these differences are addressed, the military will continue to fill the gap between civilian capacity and the requirements of stability operations, counterinsurgency, and building partnership capacity.[8]

Better management of contractors. Today, the Department of Defense spends more money on contractor services than on acquisition, and in Iraq and Afghanistan the ratio of contractors to military personnel approaches if not exceeds one-to-one. Because contractors are not subject to limiting civilian personnel policies, they tend to be more deployable and hence provide a useful way of extending an agency's reach or influence in a contingency.

Contractors can and should have an important role in supporting the Comprehensive Approach, but better management and improved oversight is essential. In addition to the ongoing Department of Defense review of what constitutes inherently governmental tasks, better oversight should include designating an Assistant Secretary of Defense-level official to oversee and standardize management of contractors in contingencies; increasing the number and improving the training of contracting officers; integrating contractors and contractor-provided tasks into contingency plans; and integrating contractor roles into pre-deployment training and exercises. Improving education and training requirements for contractors, particularly those supporting complex contingencies abroad, is also essential. The Department of Defense should also improve its oversight and accountability of contractors who perform security-related tasks to ensure they are legally as accountable for their conduct as are deployed military service members. The State Department should make a comparable change.

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[8] One area of particular concern is the lack of civilian capacity to train civilian police and police trainers, especially in areas where civilian safety cannot be guaranteed. A civilian corps that is pre-designated, trained, and prepared to deploy overseas to train civilian police and police trainers is needed.

Security Assistance reform. As the QDR points out, a security assistance regime designed to support long-term relationships with technologically and politically developed allies and partners is ill suited to providing defense equipment or services immediately to a less-developed partner confronting immediate security challenges. The Department of Defense has initiated a number of important improvements in the management of security assistance, including streamlining the Foreign Military Sales (FMS) process in support of current operations, which must be continued. However, broader reforms to expand the scope and flexibility of our security assistance programs are essential. The Department of Defense has not yet increased its force structure dedicated to the security assistance mission despite the clear and increasing need for more capacity and capability to help our friends and allies defeat our common enemies. For example, building partnership capacity requires increased Department of Defense support to civilian bureaucracies that oversee foreign militaries, yet current security assistance authorities center on training and equipping foreign military organizations not their civilian overseers. In addition, the Department can and should play a central role in training counterterrorism security forces, but may be constrained from doing so if the trainee organizations are not part of a foreign military establishment. Finally, we need new approaches to funding U.S. security assistance programs. Examples include a unified national security budget and the establishment of pooled funding mechanisms, such as those recently proposed by Secretary Gates, to enable interagency collaboration for these and other missions.

Findings and Recommendations

The Panel's findings and recommendations on legislative reform, changes in Executive Branch roles and responsibilities, enhanced civilian "whole of government" capacity, and streamlined international security assistance programs are presented below.

Legislative Branch: National Security reform effort

Finding: The Panel acknowledges Congress's crucial role in providing for national defense with both authorities and appropriations. However, the Panel notes with extreme concern that our current federal government structures – both executive and legislative, and in particular those related to security – were fashioned in the 1940s, and, at best, they work imperfectly today. The

U.S. defense framework adopted after World War II was structured to address the Soviet Union in a bipolar world. The threats of today are much different. A new approach is needed.

Recommendation: The Panel recommends a legislative reform package containing the following elements:

- Review and restructure Title 10, Title 22, Title 32, and Title 50 authorities to enhance integration of effort while clarifying the individual responsibilities and authorities of the Department of State, State/AID, the Intelligence Community, and all components of the Department of Defense.
- Review and rewrite other authorities to create and expand deployable capabilities of civilian departments, agencies, and institutions (particularly State, State/AID, Treasury, Energy, Justice, DHS, Agriculture, Health and Human Services, and Transportation).
- Establish authority for a consortium of existing U.S. government schools to develop and provide a common professional national security education curriculum. This new authority should also establish an interagency assignment exchange program for national security officials.[9]
- Create a system of incentives for Executive branch personnel to work in designated "whole of government" assignments (including, but not limited to, participating in the exchange program described above).
- Reconvene the Joint Committee on the Organization of Congress, which was established in 1945 and has convened two other times since then, the most recent being in 1993. The Joint Committee on the Organization of Congress has the established precedent and authority to examine and make recommendations to improve the organization and oversight of Congress. Additional detail on the Joint Committee on the Organization of Congress and draft terms of reference for its tasks are provided at Appendix 1.
- Recommend that the Joint Committee on the Organization of Congress examine the current organization of Congress, including the committee structure, the structure of national security

[9] Alternatively, Congress could adapt the existing interagency personnel assignment (IPA) authority to facilitate such a program.

authorities, appropriations, and oversight, with the intent of recommending changes to make Congress a more effective body in performing its role to "provide for the common defense." As part of this effort, Congress should:

- Establish a single national security appropriations subcommittee for Defense, State, State/AID, and the Intelligence Community
- In parallel, establish an authorization process that coordinates Congressional authorization actions on national security across these departments and agencies.

Executive Branch: Integrate national security efforts across the "whole of government"

Finding: Just as Congress has a responsibility to improve our national security performance, so does the Executive branch. The Panel finds that the Executive branch lacks an effective "whole of government" capacity that integrates the planning and execution capabilities of the many federal departments and agencies that have national security responsibilities.

Recommendation: Executive branch reform should begin with an Executive Order or directive signed by the President that clarifies interagency roles and responsibilities for "whole of government" missions. This directive should:

- Establish a consolidated budget line for national security that encompasses, at a minimum, the Department of Defense, Department of State, State/AID, and the Intelligence Community.[10]
- Task both the Office of Management and Budget (OMB) and the National Security Council (NSC) to develop a mechanism to track implementation of the various budgets that support the Comprehensive Approach.
- Identify lead and supporting departments and agencies and their associated responsibilities for notional national security missions. This Executive Order or Presidential directive should

[10] As an interim measure, OMB should identify and "code" programs or appropriations from different departments and agencies that support or address the same mission or requirement, e.g., building foreign ministerial capacity, humanitarian assistance, etc., that are part of a Comprehensive Approach.

also establish a process to define interagency roles and responsibilities for missions not specifically addressed therein.

- Establish standing interagency teams with capabilities to plan for and exercise, in an integrated way, departmental and agency responsibilities in predefined mission scenarios before a crisis occurs.

Enhanced civilian "whole of government" capacity

Finding: Today, civilian departments and agencies lack the capacity to provide the array of capabilities required for effective support to the Department of Defense in stability and reconstruction operations in unstable host-nation situations. In many cases, even pre-conflict and certainly post-conflict, our civilians will be deployed in situations of "security insecurity" and, thus, will have to be able to operate in an integrated way with security forces [whether with indigenous forces (especially in a pre-conflict, failing state case), with international peacekeepers, or with U.S. forces (especially in post-conflict situations)].

Recommendation: Congress and the President should establish a National Commission on Building the Civil Force of the Future. The purpose of the commission would be to develop recommendations and a blueprint for increasing the capability and capacity of our civilian departments and agencies to move promptly overseas and cooperate effectively with military forces in insecure security environments. Attached at Appendix 2 is a draft TOR for the work of this commission.

- The U.S. government should be encouraging and helping to develop similar capabilities among its international partners and in international institutions to supplement or substitute where required for American civilian capability and capacity.

- Until these capabilities and capacities are developed, at least in U.S. civilian institutions (and perhaps even after), stabilization will continue to be a military mission and must be adequately resourced (as part of the U.S. military strategy for ending operations such as in Iraq and Afghanistan).

- To develop and support these capabilities, relevant civilian agencies need to develop credible internal requirements as well as development/budgeting and execution processes to create confidence that they can perform these missions.
- The Department of Defense needs to contribute to training and exercising these civilian forces with U.S. military forces so that they will be able to operate effectively together.
- The Defense Department and relevant civilian agencies need to conduct a biennial (every other year) exercise involving both the international community and the national agencies integrating the Comprehensive Approach in addressing particular scenarios or contingencies.

International Security and Assistance reform

Finding: The final element of reform involves changes to International Security Assistance and cooperation programs. The realities of today's security challenges have revealed the institutional weaknesses of the existing security assistance programs and framework. If unchanged, the United States will fail in its efforts to shape and sustain an international environment supportive of its interests.

Recommendation: Specifically, appropriate departments or agencies should:

- Include selected allies/partners, select international organizations, and, when possible, Non-Governmental and Private Voluntary Organizations (NGO/PVO) as part of U.S. government efforts to define roles and missions for the Comprehensive Approach. If successful, this effort could be expanded to include the development of improved unity of command and/or unity of effort arrangements and operating procedures among U.S. government and allied governments, international organizations and participating NGO/PVOs.
- Document and institutionalize training of U.S., allied governments, and NGO/PVO roles, missions, and operating procedures in support of the Comprehensive Approach.
- Coordinate and implement the development and acquisition of selected capabilities (e.g., communications, support, coordination, etc.) that support the Comprehensive Approach with

key allies and partners. Expand this effort to willing international organizations and NGO/PVOs.

- Seek authority to establish pooled funding mechanisms for selected national security missions that would benefit from the Comprehensive Approach, including security capacity building, stabilization, and conflict prevention.

- Develop a cost profile for different missions requiring a Comprehensive Approach that identifies the major cost elements and alternative funding arrangements (national, multinational, shared) for providing the needed resources. Seek authority for and conclude agreements to share selected mission costs with key allies and partners.

- Designate an Assistant Secretary-level official to oversee and standardize management of contractors in contingencies, increase the number and improve training of contracting officers, integrate contractors and contractor-provided tasks into contingency plans, and integrate contractor roles into pre-deployment training and exercises. Improve education and training requirements for contractors, particularly those supporting complex contingencies abroad. U.S. government departments and agencies should also improve their oversight and accountability of contractors who perform security-related tasks under their direction to ensure they are legally as accountable for their conduct as are deployed service or diplomatic members.

- Continue efforts at Building Partnership Capacity, recognizing that these efforts have several complementary aspects.

    - Low-end institution building in post-conflict/failing states

    - Developing high-end capacity of our traditional allies [which entails not only Security Assistance reform but also, as part of acquisition reform, to build in sharing our defense products with our allies from the outset (requiring export control reform and national disclosure policy reform)]. Put another way, we need a "build to share" policy from the outset.

    - Viewing rising powers as potential partners that offer us opportunities for collaboration as well as potential challenges.

- Ensure the integration of lessons learned from the current wars within the programs of instruction of Department of Defense education and training institutions.

3

Force Structure and Personnel

America has no choice but to play a strong international role. This requires a strong and vibrant economy, vigorous diplomacy rooted in our treaty alliances and partnerships with other nations, robust intelligence services, and the superb defense capabilities that have underpinned our nation's security since the end of the Cold War.

U.S. defense strategy for the near and long term must continue to shape the international environment to advance U.S. interests, maintain the capability to respond to the full spectrum of threats, and prepare for the threats and dangers of tomorrow. Underlying this strategy is the inescapable reality that, as a global power with global interests to protect, the United States must remain diplomatically, economically, and militarily engaged with the world. To do so requires confidence, both at home and abroad, that the United States can and will continue to play a leading role in world affairs and can and will defend its homeland; guarantee access to global commerce, freedom of the seas, international airspace, and space; and maintain a balance of power in Europe and Asia that protects America — all while preserving the peace and sustaining a climate conducive to global economic growth.

To do this our nation needs adequate military force levels. In the absence of a force planning construct indicating otherwise, the Panel recommends the force structure be sized, at a minimum, at the end strength outlined in the 1993 Bottom Up Review (BUR). We further recommend the Department's inventory be thoroughly recapitalized and modernized, and special emphasis be placed on continuing the improvements in cyber defense and the effective use of the reserve components in civil defense and to respond to an attack on the homeland.

21st Century strategy and force planning challenges

The Panel was assigned the responsibility of examining the force sizing construct used in the 2010 QDR to distinguish enhancements related to near-term threats, review the QDR process to determine necessary and enduring capability enhancements and the capacity of forces needed to meet long-term threats, and assess (against the current Department of Defense program) resource requirements for optional force-structure enhancements. In addition, the Panel was given the task of reviewing the All-Volunteer Force, including the cost growth in military personnel budget accounts, particularly military personnel elements, including accession, career progression, healthcare, family quality of life, and other entitlement benefits.

The panel conducted its work with the utmost respect for American military personnel serving around the world, particularly the members of the armed services who have been deployed in Iraq and Afghanistan over the course of almost 10 years. The professionalism of our military forces is a great resource to our country, and Secretary Gates is correct to focus all the necessary resources of American national security to the success of those forces in combat.

In performing this examination, the panel noted that, since World War II, a strong military has been necessary to secure America's safety and freedom. Although such a military benefits the rest of the world, its primary purpose is the protection of vital U.S. interests. These include the following:

- Defending the homeland. Protecting American lives and property is the most fundamental responsibility of the U.S. government. For most of its history, the United States has relied on the fact that it is girded by oceans and unthreatening neighbors to ensure threats would remain far from our shores. After World War II, we began stationing forces overseas to deter conflict and prevent threats from growing, but with the advent of intercontinental bombers, atomic weapons, and ballistic missiles, the United States faced dramatic new threats to the homeland. The September 11, 2001, attacks and subsequent terrorist plots demonstrated that foreign states no longer hold a monopoly on threats on the U.S. soil.
- Ensuring unimpeded access to the sea, air, space, and cyberspace. Since its founding, the U.S. military has acted to protect American lives and commerce abroad. Moreover, the

military has defended freedom of navigation across the globe, especially since the close of World War II. The continued global presence of the U.S. military underwrites stability and the free flow of travel, commerce, and ideas. Our military aircraft patrol the air and can dominate and protect airspace as needed. Together with the rest of the peaceful international community, the United States insists on the right to fly in international airspace to assure access and travel that is so important to our citizens and our commerce. In recent decades, space has become another indispensable venue for commerce and national security. The ability to use space for peaceful purposes provides us great benefit, and space is steadily increasing in importance to our military. To protect our citizens, our commerce, and our nation, we must continue to have unimpeded access to space, and to protect our assets in this most challenging area.

- Maintaining a favorable balance of power in Eurasia. For much of the past two decades, the center of gravity of American military activity has been in the Middle East and Southwest Asia. Since World War II, the United States has maintained a forward-stationed military to protect our nation and our allies from aggressors. During the Cold War, American leadership of NATO helped protect Western Europe against the Soviet Union and enabled Western Europe to recover from the ravages of war and grow in peace and prosperity. Similarly, our presence in the Pacific allowed the region to recover from war and stabilized it against historic regional rivalries. More recently, the United States has sought to prevent a single power from dominating the greater Middle East. For much of the past two decades, the center of gravity of American military activity has been in the Middle East and Southwest Asia.

- Providing for the common global good. The United States has acted as the nucleus of *international* action to support the global good. We have provided relief in the wake of natural disasters and alleviated human suffering in the face of genocide and starvation.

The possession of a strong military does not mean the United States should act in isolation. Although the United States faces governments and movements that are hostile to our vital interests, most of the world should be seen as potential allies, partners in particular initiatives, or peaceful competitors. For the foreseeable future, the ability of the United States to promote new alliances, assemble global support for its policies, and shape the international environment in

which rising powers will make strategic choices will depend on sustaining the umbrella of American national security leadership.

Of course, military power is but one of the tools of American foreign policy. That foreign policy cannot be successful unless the United States also maintains effective intelligence, an integrated homeland defense, vigorous diplomacy, constructive exchanges with other nations, the ability to communicate effectively about American intentions and actions, and the ability to assist other peoples in building economic and political institutions that are a bulwark against violence, aggression, and extremism. But without strong and modern military capabilities, these important instruments of national power are less likely to be effective in securing American interests in the world.

Today the United States faces the most diverse range of security challenges. Although no one can predict the future with any certainty, three long-term challenges to our ability to protect our interests stand out: violent Islamist movements, regional aggressors, and the rise of new great powers that threaten to upset the balance of power or promote instability. Although the 2010 QDR was correct in emphasizing the crucial importance of winning the wars in Iraq and Afghanistan, we face these other challenges now and will continue to face them over the next two decades.

- Violent Islamist movements. Al Qaeda, Hezbollah, and other radical, violent Islamist movements will continue to threaten U.S. security, even after our forces complete current operations in Iraq and Afghanistan. For many years to come, we may neither be at peace nor fully mobilized for war. Because the protracted struggle with these movements spans the globe, we will have to continue to fight them in different regions. Quite apart from Iraq and Afghanistan, this prolonged conflict will generate significant demands for resources over the long term. It is also possible that this protracted conflict will evolve in ways that we cannot currently envision as our adversaries seek to challenge us with new forms of attack and in new theaters.

- Regional aggressors. Although we must expend every effort to bring regimes like those in Pyongyang and Tehran into compliance with their international obligations, we must also hedge against the probability that North Korea and Iran will continue to operate

outside the norms of international behavior. These states, which possess (in the case of North Korea) or seek (in the case of Iran) nuclear weapons, have used terrorism as an instrument of their foreign policy. They threaten U.S. friends and allies as well as the stability of key regions. Also of concern are non-state actors such as Hezbollah, which increasingly possess state-like capabilities that include highly accurate weapons and sophisticated logistics.

- Asia-Pacific. Looking across the Pacific and to Asia, the emerging powers of the previous decade are now key players and global economic powers. Asia, led by a dynamic China and India, has emerged to lead the global economic recovery; it will be essential for America to engage with Asia in all areas—economic, security, and energy. These relationships will lead to collaboration and partnership, but also exceptional diplomatic and political complexity.

In this remarkable period of change, global security will still depend upon an American presence capable of unimpeded access to all international areas of the Pacific region. In an environment of "anti-access strategies," and assertions to create unique "economic and security zones of influence," America's rightful and historic presence will be critical. To preserve our interests, the United States will need to retain the ability to transit freely the areas of the Western Pacific for security and economic reasons. Our allies also depend on us to be fully present in the Asia-Pacific as a promoter of stability and to ensure the free flow of commerce. A robust U.S. force structure, largely rooted in maritime strategy but including other necessary capabilities, will be essential.

To compete effectively, the U.S. military must continue to develop new conceptual approaches to dealing with operational challenges, like the Capstone Concept for Joint Operations (CCJO). The Navy and Air Force's effort to develop an Air-Sea Battle concept is one example of an approach to deal with the growing anti-access challenge. It will be necessary to invest in modernized capabilities to make this happen. The Chief of Naval Operations and Chief of Staff of the Air Force deserve support in this effort, and the Panel recommends the other military services be brought into the concept when appropriate.

As a general rule more attention should be devoted to avoiding the circumstance in which the United States has all too often found itself in the past few years — on the losing side of cost-imposing strategies employed by our adversaries. The United States should be seeking ways to impose defense dilemmas on potential adversaries that cause them to invest in capabilities that do not threaten the United States or our allies and partners.

Force Structure

The Panel is concerned by what we see as a growing gap between our interests and our military capability to protect those interests in the face of a complex and challenging security environment.

Force structure trends

Over the last two decades, in the wake of the Cold War and the collapse of the Soviet Union, the size of the U.S. armed forces declined by roughly a third. In 1990, U.S. ground forces consisted of 28 active and reserve Army divisions and 4 active and reserve Marine Corps divisions. Today, the United States has 18 Army divisions, which are organized into brigade combat teams, and 4 Marine divisions. Similarly, in 1990 the Navy consisted of 566 ships and the Air Force comprised 37 tactical fighter wings. Today, the Navy consists of 282 ships, and the Air Force is organized into 10 air expeditionary forces. The ground forces have experienced some growth since September 11, 2001, due to the demands of current operations, but Navy and Air Force end strength has declined.

Each QDR has emphasized new missions for the U.S. armed forces. These missions include the need to counter the proliferation of weapons of mass destruction (WMD) and remediate their use, defend the homeland against a growing range of threats, respond to pandemics, and conduct stability operations. In some cases, these are genuinely new missions (such as the Bush and Obama administrations' emphasis on cyber defense issues). In other cases, they are a continuation or modification of an existing mission, and the QDRs have called for the fielding of new military organizations, ranging from the establishment of new Combatant Commands (such as U.S. Africa Command and U.S. Cyber Command) to the establishment of joint task forces (such as the 2010 QDR's call for a Joint Task Force headquarters to eliminate WMD) to new tactical formations. These new headquarters and specialized formations, while individually

reasonable, represent a considerable source of overhead that has limited military flexibility and versatility for the U.S. armed forces.

There is increased operational tempo for a force that is much smaller than it was during the years of the Cold War. In addition, the age of major military systems has increased within all the services, and that age has been magnified by wear and tear through intensified use. For example, the average age of Air Force tactical aircraft is more than 20 years, and the average for Navy and Marine Corps tactical aircraft is more than 15 years. Surface ships, bombers, and transport aircraft fleets are all aging, as are armored and mechanized forces. Notable exceptions to this overall trend include recent efforts to modernize some rotary wing aircraft and procure large numbers of UAVs. There are programs to replace these aging systems, but many programs have been delayed because of problems in the acquisition system. In addition, many systems and platforms have been used at an operational tempo that was never anticipated when they entered into service.

The Department of Defense now faces the urgent need to recapitalize large parts of the force. Although this is a long-standing problem, we believe the Department needs to come to grips with this requirement. The general trend has been to replace more with fewer more-capable systems. We are concerned that, beyond a certain point, quality cannot substitute for quantity.

The increased capability of our ground forces has not reduced the need for boots on the ground in combat zones, and the increased capability of our naval forces has not reduced the need for ships to demonstrate (in an unshrinking world) a U.S. presence abroad. We think it is time technology be used not to simply to increase performance (as important as that is), but to dramatically drive down cost so that we can increase quantity—perhaps even with more than a one-for-one replacement of some systems.

In still other areas, *the development of new systems and operational concepts has created new demands for personnel.* The increasing use of uninhabited systems, both for persistent surveillance and strike, has greatly improved military and intelligence capabilities. But the introduction of this new technology has also led to new and significant personnel requirements.

Evaluation of the 2010 QDR force structure

The 2010 QDR is a solid framework for current military activities. Secretary Gates has rightly emphasized the need for success in the wars in which we are currently engaged. As he has repeatedly noted, the costs of failing to do so would be considerable. He is also justifiably seeking a defense posture that strives for balance "between trying to prevail in current conflicts and preparing for other contingencies, between institutionalizing capabilities such as counterinsurgency and foreign military assistance and maintaining the United States' existing conventional and strategic technological edge against other military forces, and between retaining those cultural traits that have made the U.S. armed forces successful and shedding those that hamper their ability to do what needs to be done."[11]

The QDR should reflect current commitments, but it must also plan effectively for potential threats that could arise over the next 20 years. As described below in our alternative force structure, we believe the 2010 QDR did not accord sufficient priority to the need to counter anti-access challenges, strengthen homeland defense (including our defense against cyber threats), and conduct post-conflict stabilization missions.

In evaluating the QDR force structure, we were hampered by the lack of a clearly articulated force-planning construct that the military services and Congress can use to measure the adequacy of U.S. forces. Since the end of the Cold War, the United States has measured the adequacy of its force posture against the standard of defeating adversaries in two geographically separate theaters nearly simultaneously. Between 1993 and 2006, that requirement evolved from the desire to maintain the capability to defeat two conventionally armed aggressors to the need to conduct a campaign against a conventional adversary while also waging a long-duration irregular warfare campaign and protecting the homeland against attack. The 2010 QDR, however, did not endorse any metric for determining the size and shape of U.S. forces. Rather, it put diverse, overlapping scenarios, including long-duration stability operations and the defense of the homeland, on par with major regional conflicts when assessing the adequacy of U.S. forces.

[11] Robert M. Gates, "A Balanced Strategy: Reprogramming the Pentagon for a New Age," *Foreign Affairs* (January/February 2009), 28.

A force-planning construct is a powerful lever the Secretary of Defense can use to shape the Department of Defense. It also would help explain the defense program to Congress. The absence of a clear force-planning construct in the 2010 QDR represents a missed opportunity.

The challenges outlined above should serve as the basis of force planning over the period under consideration for the QDR — that is, the next two decades. The United States will need agile forces capable of operating against the full range of potential contingencies. However, the need to deal with irregular and hybrid threats will tend to drive the size and shape of ground forces for years to come, whereas the need to continue to be fully present in Asia and the Pacific and other areas of interest will do the same for naval and air forces.

Maintaining a fully modern force that is sized with a rotation base sufficient to meet operational tempo has been the hallmark of the post–Cold War era. The Panel feels strongly that the Department of Defense must be fully resourced if it is to continue to protect American interests against the range of challenges we have outlined. We also feel strongly that we need to fully modernize the force. To do this, we will have to spend money better—making tradeoffs, reducing the number of headquarters, insisting on more accountability from contractors, and then investing substantial additional resources into modernization. A fully resourced military must begin with making better use of the dollars that are currently available, followed by expending the resources necessary for strategic reinvestment.

The current end strength of the active duty ground forces is close enough to being correct that adjustment to that number is not a top priority. However, we have long been living off the capital accumulated during the equipment investment of 30 years ago. The useful life of that equipment is running out; and, as a result, the inventory is old and in need of recapitalization. Because military power is a function of quantity as well as quality, numbers do matter. As the force modernizes, we will need to replace inventory on at least a one-for-one basis, with an upward adjustment in the number of naval vessels and certain air and space assets.

Alternative force structure

Several principles should be borne in mind in the planning of forces. *First*, we cannot ignore or underrate a risk because it is inconvenient to plan for it. The risk we don't anticipate is precisely the one most likely to be realized. We will most likely be challenged where we are least

prepared. *Second*, where we do need a capability, we should plan for sustaining that capability at a level that creates a high confidence we can accomplish whatever mission is undertaken. Although overwhelming power may not be necessary, the Department should plan for a force structure that gives us a clear predominance of capability in a given situation. One purpose of force structure is to deter conflict, but that requires a level of capability that fosters a high confidence of success.

In the absence of a clear force-planning construct in the 2010 QDR, the Panel looked to past efforts to determine the minimum force structure needed to protect America's vital interests. These efforts included the 1993 Bottom Up Review and the 1997, 2001, and 2006 QDRs. In the end, we took as a baseline the force structure derived from the BUR. Although it may seem counterintuitive to look to a 17-year-old review for guidance for the future, the Panel decided to do so for two reasons. First, we take seriously the planning efforts of the past and the analytical work that underlay them. Second, given the stress on the force over the last 15 years and the increasing missions that the Department of Defense has assumed, it is unlikely that the United States can make do with less than it needed in the early 1990s, when Americans assumed the world would be much more peaceful post Cold War.

The Panel largely embraces the current *mix* of forces of all four services. We further believe both the current *size* and current *end strengths* of the Army and Marine Corps, should be retained. We do basically accept the BUR's *size* and *end strengths* for the Navy and Air Force, both of which are smaller than in the 1990s.

A comparison of the BUR force structure with that of the 2010 QDR appears in Figure 3-1, which shows the size of the Army and Marine Corps as roughly the same, but the projected size of the Navy and Air Force as smaller than was deemed wise in the 1990s. Moreover, the armed forces are operating at maximum operational tempo, wearing out people and equipment faster than expected, using the reserve component more than anticipated, and stressing active duty personnel in all the military services.

Force Structure Comparison
Bottom Up Review and Quadrennial Defense Review

Bottom Up Review, October 1993				Quadrennial Defense Review, February 2010		
U.S. Force Structure-1999			Personnel AC/RC	Main Elements of U.S. Force Structure FY 2011-15		Personnel AC/RC
		Comparable Aircraft	1999		Comparable Aircraft	2010
Army	10 divisions (active) 5+ divisions (reserve)		1,042K	• 4 Corps HQ • 18 Div HQ • 73 BCT • 21 CAB • 15 Patriot Bin		1,106K
Navy	11 aircraft carriers (active) 1 aircraft carrier (reserve/training) 45-55 attack submarines 346 ships		462K	• 10-11 Aircraft carriers • 126-171 ISR/EW land-based aircraft (manned & unmanned) • 53-55 attack submarines • 288-322 ships		399K
Air Force	13 fighter wings (active) 72 aircraft per 7 fighter wings (reserve) 72 aircraft per Up to 184 bombers (B-52H, B-1, B-2)	1440 184	539K	• 10-11 theater strike wing-equivalents (72 aircraft per wing) • 6 air superiority wing - equivalents (72 aircraft per wing) • 5 long range strike (bomber) wings with up to 96 aircraft • 8 ISR wing equivalents with up to 380 aircraft • 30-32 airlift/air refueling wing equivalents (33 aircraft per) • 3 command & control wings and 5 air & space operation centers with 27 total aircraft • 10 space and cyberspace wings	1152-1224 96	497K
Marine Corps	3 Marine Expeditionary Forces		216K	3 Marine Expeditionary Forces		243K
Strategic Nuclear Forces (by 2003)	500 Minuteman III ICBMs (single warhead) 18 ballistic missile submarines 20 B-2 bombers Up to 94 B-52H bombers	114		• Upper boundary of 1,550 deployed warheads • Up to 700 deployed ICBMs, deployed SLBMs and nuclear-capable heavy bombers • Up to 800 deployed/non-deployed ICBM & SLBM • Power and flexibility to determine composition of force. DoD baseline for planning is: --240 deployed SLBMs, distributed among 14 submarines, each with 20 launch tubes. --Up to 60 deployed heavy bombers, including all 18 operational B-2s. --Up to 420 deployed single-warhead Minuteman-3 ICBMs at current three missiles bases.	60	
Special Operations Forces	Not specifically listed			• 660 SOF Teams (SF, SEAL, Marine, Air Force, Opnl Avn Dets) • 3 Ranger Bns • 165 tilt-rotar/fixed wing mobility & fire spt aircraft		
	Totals	1738	2,259K	Totals	1308-1380	2,245K

Although we had neither the time nor the resources to conduct a detailed force-structure analysis, our assessment of America's vital interests leads us to the alternative force that is illustrated in Figure 3-2. This alternative comprises an Army and Marine Corps of the same size as today, but suggests the Navy expand substantially toward its size under the BUR force—the reason being the potential challenges in Asia. Air Force end strength, while less than the BUR force, may be at about the right level or require only a modest increase (especially to meet the requirements of increased use of "uninhabited" aerial vehicles) and the current force structure mix is generally superior to that of the BUR force. At the same time, the Air Force's need for an increased deep strike capability is a priority matter.

Alternative Force Structure
Army:
1,106,000 personnel
4 Corps HQ
18 Division HQ
• 73 total brigade combat teams (BCTs) (45 Active Component & 28 Reserve Component).
21 combat aviation brigades (CABs) (13 AC and 8 RC)
15 Patriot battalions; 7 Terminal High Altitude Area Defense (THAAD) batteries
• National Guard units for Homeland Defense
Navy:
~450,000 personnel
11 aircraft carriers and 10 carrier air wings
55 attack submarines and 4 guided missile submarines (Ohio-class SSGN follow-on)
346 ships
• Increased long-range strike capability
Marine Corps:
243,000 personnel
3 Marine Expeditionary Forces
Air Force:
~500,000 personnel
~1200 tactical aircraft
180 bombers
8 ISR wing equivalents with up to 380 aircraft
30-32 airlift/air refueling wing equivalents (33 aircraft per)
3 command & control wings and 5 air & space operations centers with 27 total aircraft
10 space and cyberspace wings
• Reserve/National Guard cyberspace wings
Special Operations Forces:
Approximately 660 special operations teams (includes Army Special Forces Operational Detachment-

Alpha[ODA] teams, Navy Sea, Air, and Land [SEAL] platoons, Marine special operations teams, Air Force special tactics teams, and operational aviation detachments [OADs])
3 Ranger battalions
165 tilt-rotor/fixed-wing mobility and fire support primary mission aircraft
Strategic Forces:
Upper boundary of 1,550 deployed warheads
Up to 700 deployed ICBMs, deployed SLBMs and nuclear-capable heavy bombers
Up to 800 deployed/non-deployed ICBM & SLBM launchers & heavy bombers equipped for nuclear armaments.
Power and flexibility to determine composition of force. DoD base line for planning is:
• 240 deployed SLBMs, distributed among 14 submarines, each with 20 launch tubes.
• Up to 60 deployed heavy bombers, including all 18 operational B-2s.
• Up to 420 deployed single-warhead Minuteman 3 ICBMs at current three missiles bases.

Figure 3-2

The greater difference between the QDR force and the force recommend by the Panel is more qualitative. First, the force we recommend is a fully modernized force. This includes current modernization programs as well as modernization in areas where modernization is needed but not currently planned for the short term — submarines, a next generation cruiser, a tanker and lift capability, and new ground combat vehicles. Second, the recommended force emphasizes long-range platforms to a greater extent than the current force. We believe this will allow the United States to protect its vital interests at low to moderate risk over the coming two decades. We emphasize that the current operational tempo will likely continue at least until 2015 and the force structure we recommend is vital for the Department to stabilize force rotations and dwell times at home in support of our troops and their families.

Strengthening the force

Force structure must be strengthened in a number of areas to address the need to counter anti-access challenges, strengthen homeland defense (including defense against cyber threats), and conduct post-conflict stabilization missions:

- First, as a Pacific power, the U.S. presence in Asia has underwritten the regional stability that has enabled India and China to emerge as rising economic powers. The United States should plan on continuing that role for the indefinite future. The Panel remains concerned that the QDR force structure may not be sufficient to assure others that the United States can meet its treaty commitments in the face of China's increased military

capabilities. Therefore, we recommend an increased priority on defeating anti-access and area-denial threats. This will involve acquiring new capabilities, and, as Secretary Gates has urged, developing innovative concepts for their use. Specifically, we believe the United States must fully fund the modernization of its surface fleet. We also believe the United States must be able to deny an adversary sanctuary by providing persistent surveillance, tracking, and rapid engagement with high-volume precision strike. That is why the Panel supports an increase in investment in long-range strike systems and their associated sensors. In addition, U.S. forces must develop and demonstrate the ability to operate in an information-denied environment.

- Second, the Panel is concerned the QDR force structure provides insufficient capacity to defend the homeland during a period of ongoing contingency operations abroad. The Department of Defense must sustain a robust participation in the coordinated response with state and local officials in the event of a WMD attack against the homeland. We would also urge a timely review of reserve component roles and missions with an eye to ensuring that a portion of the National Guard be dedicated to and resourced for the homeland defense mission.

  The Department of Defense must plan for contingencies in which it may be asked to perform a more expansive homeland defense mission on short notice. The Department needs to plan for and exercise a response to a major natural disaster or a catastrophic attack (such as a nuclear attack) in the United States that causes major loss of life. In such circumstances, the Department of Defense would almost inevitably move from a support role (following the lead of the Department of Homeland Security) to being in charge. The Department of Defense needs to be given the appropriate legal authority to assume this role and lead the planning and exercise effort. Whereas "whole-of-government" solutions are highly desirable, the Department of Defense is often the only agency with the mission, structure, organization, experience, and capability necessary to meet the challenges associated with a catastrophe.

- Third, as discussed above, the Panel applauds efforts to strengthen the non-military elements of the national security community. Nevertheless, we believe the Department of Defense must hedge against the possibility that it will remain the exclusive agent for

post-conflict stabilization. Absent improved capabilities from "whole of government" Executive Branch departments and agencies, U.S. ground forces will continue to fulfill major responsibilities for post-conflict stability operations, consuming critical force structure resources.

Modernizing the force

Modernization has suffered in the interest of sustaining readiness and carrying the cost of current operations; however, the modernization bill is coming due. The Department must fix its acquisition process to regain credibility, to be able to produce necessary platforms in a timely manner, and to be able to adjust more nimbly to changing technology. If those processes are fixed, there will be real savings, which should be captured and applied to the modernization effort. However, those savings will be insufficient for comprehensive modernization. We cannot reverse the decline of shipbuilding, buy enough naval aircraft, recapitalize Army equipment, modernize tactical aircraft (TACAIR), purchase a new aerial tanker, increase our deep-strike capability, and recapitalize the bomber fleet just by saving the $10 billion–$15 billion the Department hopes to save through acquisition reform — even if those savings can be achieved and even if they are left in the defense budget. Meeting the crucial requirements of modernization will require a substantial and immediate additional investment that is sustained through the long term.

A fully resourced military must begin with making better use of the available dollars, followed by expending the resources necessary for strategic reinvestment. Although there is a cost to recapitalizing the military, there is also a potential price associated with not recapitalizing—and in the long run, that cost is much greater.

Confronting the threat to Cyberspace

Cyber threats against the United States are increasing. The Panel is particularly concerned that the U.S. government remains poorly organized and prepared to defend against those threats. The United States lacks legal authorities for the information age, and capabilities and responsibilities are misaligned within the U.S. government. The United States must have the ability to actively prevent cyber attacks on critical national networks, including our military information infrastructure.

In addition, more than 80 percent of the Department's logistics are transported by private companies; mission-critical systems are designed, built, and often maintained by our defense industrial base. The majority of our military's requirements are not neatly bounded by the .mil (dot mil) domain; they rely on private sector networks and capabilities. That is why the Panel believes it is vital that the Department of Defense ensure the networks of our private sector partners are secured.

Moreover, the Department of Defense faces a tension between supporting the warfighter in overseas contingencies and protecting the homeland with limited cyber resources. The Panel believes the Department's role in cyberspace must be fully resourced. Indeed, an increase in resources to the cyber mission is warranted. We also believe the Department of Defense should explore innovative ways to harness the enormous intellectual capital in the information realm in the service of the nation. The military services, for example, should explore standing up reserve component units for cyber missions in areas of the country where those skills are particularly plentiful, such as California's Silicon Valley, and perhaps even establish some form of mobilization capacity in this skill area.

Today, the U.S. military can defend its networks within and at their perimeter, yet it is less able to prevent attacks before they occur. The military is essentially limited to a reactive and forensic posture as opposed to a dynamic and preventive one. The Panel believes the United States must have the ability to defend its critical networks beyond the boundaries of its own infrastructure to forestall catastrophic cyber threats before our networks or the information they contain are damaged or destroyed. We need an active "immune system" with the capacity and authority to shut down an attack instantaneously at the point of origin. However, this defensive footing is more a matter of the proper authorities than of technology. We need to identify the kinds of attacks we can treat diplomatically as acts of war, and eliminate them.

An active immune system — an automatic, self-healing network — that protects our networks is in some ways a whole new paradigm. The capability should be predicated on a set of standing rules of engagement (SROE) that is sufficiently flexible to respond to myriad threats. These SROEs must account for the expanded event horizon and compressed timeline that characterize operations in cyberspace. The mechanisms, means, and modes the Department uses to render assistance to other departments, agencies, or branches of government are unclear. The

Department of Defense should be responsible for cyber security of the .mil domain, and it should be given clear authority to support the DHS for cyber security of both the .gov and .com domains so that DHS does not have to replicate the capabilities now resident in U.S. Cyber Command (USCYBERCOM) and the National Security Agency (NSA).

The Department of Defense needs to identify the networks that are essential for our military forces and ensure we have assured access to those networks. But the Department must also have the capability (in terms of training and equipment) to operate without access to either the .gov or .com domains, and actually exercise that capability. Indeed, we need to equip and train our troops to operate in the wake of a massive and successful cyber attack or C3I (command, control, communications, and intelligence) failure when

- the "radio is turned off" (and local units cannot communicate with headquarters)
- we lose the intelligence and communications we need for precision weapons
- we lose precision dominance (and have to rely on small units that can mass and disperse quickly)
- we lose our C3I systems as a result of a cyber attack (even with the most robust C3I systems as we can develop).

The establishment of USCYBERCOM is a significant step toward unifying and strengthening the Department's ability to defend military networks and ensure effective integration of cyber operations; however, the key to achieving this capability will be the ability to recruit, train, and retain the right people in our military service cyber components. The National Initiative for Cybersecurity Education (NICE), which was designed by the Administration to enhance the recruitment, training and retention of cybersecurity professionals, is a good start. Currently, there is neither a holistic career management strategy for these cyber professionals in any military service or across the joint force, nor an adequate system of incentives to hold on to these critical individuals given the incredibly competitive marketplace for cyber expertise. To rectify this gap, the Department of Defense should develop a joint career path for cyber professionals that enables effective recruitment and retention. In doing so, the Department should consider the Special Operations Command (SOCOM) model for developing special operations forces within

each of the military services or other force-shaping models, like aviation or nuclear incentive and continuation pay programs.

Cyber communications is a critical enabler for all the instruments of national power, and one for which combined equities exist among various extant congressional committees, including Armed Services, Intelligence, Judiciary, and Homeland Security. Moreover the current oversight structure that separates the Title 10 warfighting activities and the Title 50 intelligence activities may not be optimal for a domain in which operational and intelligence activities are so integrally linked. Accordingly, Congress should consider forming a Joint Cybersecurity and Operations Committee to oversee whole-of-government cyberspace operations.

Additional force structure concerns

During the course of the Panel's investigation, we discovered a number of areas that are not receiving the necessary degree of attention. These include the need to think more seriously about the issues associated with mobilization and the loss of U.S. dominance in precision warfare.

- Mobilization. We are concerned in three areas specific to mobilization: (1) the ability to quickly and seamlessly activate and mobilize our existing National Guard and Reserve forces, (2) the ability to expand our forces if necessary to meet an unexpected requirement for a vastly larger force, and (3) the ability of our industrial base to support sudden increases in consumption or an increase in forces. The mobilization of the Guard and Reserve was not without issues in training and process, including equitable pay and benefits. This as an area in which the military has become more proficient due to the experience of mobilization of large numbers of reserve component personnel for service in Iraq and Afghanistan, but we want to ensure progress continues to be made. While a remote possibility, the Panel is concerned that an expansion of the force might be necessary in response to an unexpected attack; to support a longer term, more intensive combat circumstance than Iraq and Afghanistan; or perhaps operations on a third front. While the nation has a Selective Service System, we don't see that it has a matching plan even in concept to train and equip an expansion of either conscripts or volunteers and recommend that such a concept plan be prepared. The industrial base has long been a concern and while we should not prop up businesses that cannot survive on their own,

neither should we be without the ability to ramp up production in response to crisis. We believe that all three areas warrant further exploration.

- The Loss of Precision Dominance. The United States has been the leader in precision-guided weaponry for several decades. That competitive advantage has yielded benefits on the battlefield since the Vietnam War, but particularly beginning with the 1991 Gulf War. The ability to conduct precision warfare is rapidly diffusing, however, and it seems likely that the next adversary that the United States faces will be armed with precision weaponry, whether that adversary is a state or not. The Panel believes the Department of Defense has not sufficiently integrated this likelihood into its operational concepts and plans.

- Nuclear Infrastructure: The Nuclear Posture Review (NPR) states that the major threat from nuclear weapons today comes from nuclear proliferation and nuclear terrorism. That has led the Administration to work to secure international support for the steps needed to reduce nuclear dangers, while in the long term moving towards a world free of nuclear weapons. The Administration recognizes this objective cannot be achieved for many decades; it also has the objective of maintaining a reliable and effective nuclear deterrent for the foreseeable future. The NPR correctly defines the need to refurbish and renew the nuclear infrastructure and professional personnel, modernize our nuclear delivery systems, refurbish and (if necessary) replace our nuclear warheads so that we have confidence they are safe, secure, and effective.

Force structure findings and recommendations

Secretary Gates is correct to focus all the necessary resources of American national security on the success of U.S. forces in Iraq and Afghanistan. The QDR should reflect that, but it must also plan effectively for threats that are likely to arise over the next 20 years.

The legal mandate to the Panel is to submit to Congress "an assessment of the [QDR], including the recommendations of the review, the stated and implied assumptions incorporated in the review, and the vulnerabilities of the strategy and force structure underlying the review." Consistent with its mandate, the Panel found the following:

- A force-planning construct is a powerful lever that the Secretary of Defense can use to shape the Defense Department. It also represents a useful tool for explaining the defense program to Congress. The absence of a clear force-planning construct in the 2010 QDR represents a missed opportunity.

- The force structure in the Asia-Pacific needs to be increased. In order to preserve U.S. interests, the United States will need to retain the ability to transit freely the areas of the Western Pacific for security and economic reasons. The United States must be fully present in the Asia-Pacific region to protect American lives and territory, ensure the free flow of commerce, maintain stability, and defend our allies in the region. A robust U.S. force structure, one that is largely rooted in maritime strategy and includes other necessary capabilities, will be essential.

- Absent improved capabilities from "whole of government" Executive branch departments and agencies, U.S. ground forces will continue with post-conflict stability operations, consuming critical force structure resources. Civilian agencies that are properly resourced and staffed can contribute significantly in stability operations, and they may be able to enhance military readiness by removing tasks more appropriately performed by civilian professionals.

- The QDR force structure will not provide sufficient capacity to respond to a catastrophe that might occur during a period of ongoing contingency operations abroad. The role of reserve components needs to be reviewed, with an eye to ensuring a portion of the National Guard is dedicated to and funded for homeland defense.

- The expanding cyber mission also needs to be examined. The Department of Defense should be prepared to assist civil authorities in defending cyberspace—beyond the Department's current role.

- The force structure needs to be increased in a number of areas to counter anti-access challenges, strengthen homeland defense (including defense against cyber threats), and conduct post-conflict stabilization missions. It must also be modernized. The Department can achieve cost savings on acquisition and overhead, but substantial additional resources

will be required to modernize the force. Although there is a cost to recapitalizing the military, there is also a potential price to be paid for not re-capitalizing, one that in the long run would be much greater.

- To compete effectively, the U.S. military must continue to develop new conceptual approaches to dealing with the operational challenges we face. A prime example of such an approach is the Capstone Concept for Joint Operations (CCJO). The Secretary of Defense has directed the Navy and Air Force to develop an Air-Sea Battle concept. This is one example of a joint approach to deal with the growing anti-access challenge. We believe the Chief of Naval Operations and the Chief of Staff of the Air Force deserve support in this effort and recommend that the other services be brought into the concept as soon as appropriate.

- Meeting the force structure challenges of the next 20 years, and creating the financial wherewithal for these capabilities, will not happen if the Department of Defense and Congress maintain the status quo on managing fiscal resources. To reap savings that may be reinvested within defense, and to justify additional resources for force structure and equipment modernization, the Department and Congress should reestablish tools that were lost when balanced budget rules were abandoned and restore fiscal responsibility to the budget process.

Personnel

The men and women serving in America's military are without peer and comprise an indispensable element of American power. Our armed forces personnel and their families have borne a burden of protracted conflict few expected when the All-Volunteer Force (AVF) was established in 1973. The AVF has consistently filled the ranks with high-quality recruits, even during sustained periods of strong economic growth and low unemployment, and recruiting and retention has remained remarkably robust. This is more notable considering less than 1 percent of Americans serve so that the entire population may be secure. However, there is reason to believe the All-Volunteer Force, including the families of those serving, are under stress from

repeated deployments, inadequate time at home, and the character of combat in wars among civilian populations.

The military personnel system

A central goal of the 2010 QDR is to preserve and enhance the All-Volunteer Force. We pay tribute to the success of the AVF (reenlistment rates are highest among the deployed forces today, all four services are meeting their numbers and quality standards, and military medical care has never been better); however, there is no question the AVF is under stress, as are the families of those who serve. We applaud the QDR for making the sustainment and enhancement of the All-Volunteer Force one of its four major objectives.

To relieve heavy strains on the force caused by current operations, the QDR focuses almost exclusively on increasing at-home dwell time for service members between deployments, thus achieving sustainable rotation rates. While the Panel endorses this focus, there is reason to doubt that the military can attract and maintain the requisite numbers of recruits and maintain its high quality as the economy continues to improve and unemployment declines. It is a fact that over the past decade, despite limited job creation, the force has survived only through extraordinary efforts and at substantial additional costs[12] — and the cost per service member is growing much more than historical norms. While end strength levels have generally declined since 1991, personnel costs have grown drastically on a per capita basis, as shown in Figures 3-3 and 3-4.

[12] Efforts include raising the maximum enlistment age to 42; accepting more recruits without high school diplomas, with criminal records, and in Category IV on the Armed Forces Qualification Test; relying on increasing percentages of high reenlistment and retention rates; increasing the numbers of non-citizens serving; raising military pay to unprecedented levels; offering extraordinary enlistment and reenlistment bonuses with the former rising from $594.1 billion in 2005 to $1,159 billion in 2008; enacting a new GI Bill with substantial education and other benefits; tripling of growth in advertising costs since 1997 to roughly $600 million annually; and increasing the numbers of military recruiters.

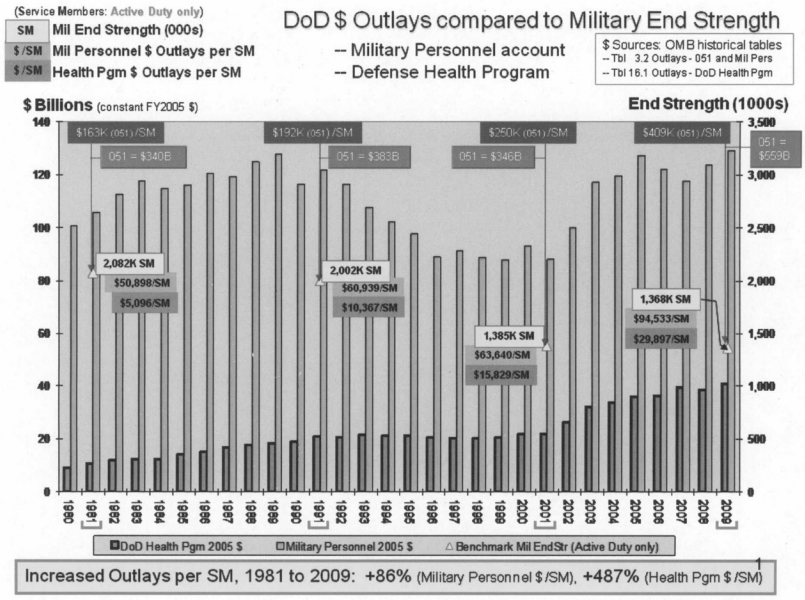
(Service Members: Active Duty only)
SM Mil End Strength (000s)
$/SM Mil Personnel $ Outlays per SM
$/SM Health Pgm $ Outlays per SM
DoD $ Outlays compared to Military End Strength
-- Military Personnel account
-- Defense Health Program
$ Sources: OMB historical tables
-- Tbl 3.2 Outlays - 051 and Mil Pers
-- Tbl 16.1 Outlays - DoD Health Pgm
$ Billions (constant FY2005 $)
End Strength (1000s)
$163K (051)/SM
051 = $340B
$192K (051)/SM
051 = $383B
$250K (051)/SM
051 = $346B
$409K (051)/SM
051 = $559B
2,082K SM
$50,898/SM
$5,096/SM
2,002K SM
$60,939/SM
$10,367/SM
1,385K SM
$63,640/SM
$15,829/SM
1,368K SM
$94,533/SM
$29,897/SM
DoD Health Pgm 2005 $
Military Personnel 2005 $
Benchmark Mil End Str (Active Duty only)
Increased Outlays per SM, 1981 to 2009: +86% (Military Personnel $/SM), +487% (Health Pgm $/SM)

Figure 3-3

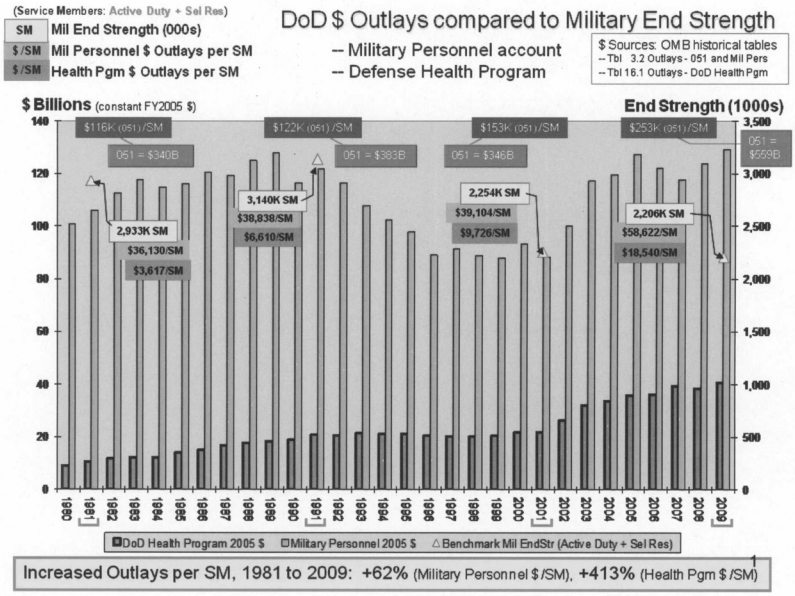

Figure 3-4

Recruiting and retention in some areas of the country and for some military specialties have become more challenging, and this is expected to continue. While the number of prime military-age youth will rise in the next four decades, more are choosing to attend college within a year of high school graduation. Those planning to continue education beyond high school already include 85 percent of youth today. In addition, numerous surveys reveal a decline in the propensity of youth to serve. More than 75 percent are ineligible for physical, mental, or educational reasons, or due to criminal records. The numbers of service "influencers"—people who influence our youth to enlist, which are overwhelmingly family members who are veterans—are also declining in the American population. The rising incidence of traumatic brain injuries, post-traumatic stress disorder, and associated behavioral problems may also lower the ability of the services to deploy soldiers repeatedly into combat zones, and even affect their

retention in uniform. The cost of medical care for these casualties, both to the Department of Defense and to the Veterans Administration, may far exceed present estimates.

A healthy force must maintain high standards. Recent analyses emphasize the need for officers who are even more agile, flexible, educated, skilled, and professional. Yet barely half of service academy graduates in recent years remain in service past 10 years. Thus, while the investment in academy and ROTC educational programs has substantially increased, the costs of the All-Volunteer Force in general are rising even more rapidly.

Medical expenses have greatly increased in recent years in part because they include costs for retirees and dependents as well as service members and their families, all of which are part of the Department's budget. Little or no contribution has been required from certain groups, including retirees, for the past 15 years. The Defense Health Program base budget (which includes retiree health care costs) has grown 151 percent in the past decade, increasing from $16.6 billion in 2001 to $41.7 billion in 2011 in constant dollars. Meanwhile, private sector benefits have decreased, leading many military retirees who are working to leave their civilian health care program in favor of TriCare.[13]

Improving personnel and compensation

To address these and other challenges facing the All-Volunteer Force, Congress, and the Department of Defense must consider major changes to the existing personnel and compensation systems. Managing the costs of updating the military compensation system to better meet the needs of today's highly mobile youth and their changing expectations of work and profession will be indispensible. Today, compensating young people in direct cash payments has proven more attractive than benefits and other non-cash compensation, the value of which is often less to the service member than its cost to the government.

[13] TriCare is a health care program that provides health insurance for military personnel, military retirees, and their dependents, including some members of the reserve components. The program has a number of levels of care, ranging from zero enrollment fees for the lowest level (the patient pays annual deductible, coinsurance payments, and certain other out-of-pocket expenses) to higher level programs with enrollment fees for retirees and reservists, but not for active duty members and their dependents. The TriCare program includes pharmacy benefits and is used by many retirees for that reason, in addition to it being a zero or low fee program. TriCare for Life is a program instituted in 2001 to benefit Medicare-eligible recipients (retirees) that previously lost TriCare benefits once they qualified for Medicare and had to purchase Medicare supplemental benefit programs or pay the increased cost on their own. TriCare for Life is a free supplemental program designed to reimburse costs beyond Medicare payments, but in some cases it is the primary insurance. TriCare for Life participants are required to purchase Medicare Part B.

The QDR force structure, not including the additional increments the Panel believes necessary, will be unsustainable unless growth in defense entitlements, increases in overhead costs, and cost overruns of major acquisition programs are all brought under control. Bold solutions will be required in these areas to sustain the health and affordability of the All-Volunteer Force. Major changes must also be made in the personnel management policies governing the All-Volunteer Force.

Updating military compensation and redesigning some benefits does not necessitate cuts in pay or benefits for current service members. Moving toward more flexible compensation packages for future officers and enlisted would instead allow Congress to pay troops with more cash up front while grandfathering in those who are serving today. The compensation system should be dual-tracked: one path for those who serve one or two terms of enlistment, and another for those who intend or decide on a career in uniform. Compensation would be adjusted to meet the different needs of recruiting or retaining each group, and redistributed as required. Cash payments would make up a higher percentage of overall compensation for those seeking shorter lengths of service, when compared to deferred and in-kind benefits. For those who seek to serve longer terms of service , careers could be lengthened and the "up or out" system could be modified to extend the period of active service, reduce retirement costs, and gain the full benefit of investments in training, education, and experience.

The Department of Defense should also consider raising the bonus ceiling and offering an annual bonus for those with skills in high demand, regardless of rank or assignment. There should be bonuses for top achievers, greater choice for deployment or assignment for the service member (when such a choice is consistent with mission requirements), additional opportunities for professional development through broadening assignments outside of core positions including in the private sector, and opportunities for further higher education sponsored and financed by the services.

The AVF must move toward a continuum-of-service model that allows military members to move fluidly between the active and reserve components and between the military, private sector, civil service, and other employment. Such changes would make military service and its compensation system more flexible and offer intangible benefits that would be attractive.

- For career progression. Officer careers need to be lengthened by 10 years to accommodate increased education, joint assignments, and longer command tours; to take advantage of better health, increased longevity, and vastly more military specialties that lack the physical demands that necessitate youth; and to achieve the savings in retirement pay and leverage the investments in officer experience, training, and education.

- For retirement. The up-or-out personnel policy should be modified to allow service members the option of full working lives in the military and to provide the same enhanced return on the investment in training, education, experience, and demonstrated excellence. Modifications might include a competitive up-or-out system, with relatively high selection rates in the junior grades and increasing competition as careers progress; stringent selection into a more elite career force; severance pay and a retirement annuity that would start in the 60s age group for those who are not selected or who choose not to join the career force; longer tenure, more challenging jobs, and higher remuneration for those selected to join the career force; the opportunity for officers to serve longer in each assignment, and the opportunity to command more than once at the same level; more flexible compensation packages designed to motivate the best to stay; and pensions that reflect additional years of service, both through their size and through the age at which they start.

- For medical care. The rising cost of medical care is taking an ever increasing portion of the Defense Department budget. The nation must care for its service men and women, especially those who have been wounded, for whom no expense can be too great. However, the military must provide health care in an efficient and economical manner. Between 2000 and 2015 the Department's health care budget will increase by 179 percent ($48.5 billion), with cost inflation amounting to 37 percent of that total increase and medical care to retirees amounting to 31 percent. These total costs, projected to exceed $65 billion in 2015, show retirees as the fastest growing portion of the military medical budget since 2001, when the TriCare for Life program began. Unless retirees contribute more for their TriCare insurance, medical costs will not be brought under control and the national defense they served and for which they fought and sacrificed will be harmed.

- For force balance. The Defense Department must also look at the balance between the active and Guard/reserve forces. One consideration is whether more requirements and missions could be met by a mobilization model, because Guard and reserve forces — until brought in to active service — are dramatically less expensive than active duty forces. Our military has transitioned from a Cold War force designed to deter and prevent war (a large active duty contingency backed up by strategic reserve mobilization component) to a "force in being" that uses reserve components interchangeably with a smaller regular force on a more-or-less continuous basis. Whether the military establishment can revert to a force with an active component that relies more heavily on the Guard and reserve, and that rethinks the frequency of call-ups for their use appropriate to 21st century challenges, remains unclear. More importantly, the Panel believes the reserves are, in their own way, overstretched today. It seems unlikely they can function simultaneously as the primary military force for homeland defense and incidence management, as a strategic reserve for major war, and as an operational reserve to be rotated into overseas deployments on a regular and ongoing basis. Further attacks on the American homeland would stress the reserve force structure even more.

- For fiscal responsibility. To reap savings that may be reinvested within defense, Congress must restore the fiscal responsibility to the budget process that was lost after 2001. Operating under balanced budget rules helps prod policymakers to find offsets for unfunded entitlements and programs and avoid the lack of prioritization and budget dilemma facing defense leaders today. There are many innovative ideas which could dramatically reduce out-year costs yet and significantly bolster recruiting and targeted retention. But incremental change cannot accomplish what is needed. It is time for Congress to create a new National Commission on Military Personnel (one that is of the same stature, expertise, and comprehensiveness of the 1970 Gates Commission) to develop the changes needed in military personnel policy from recruiting to assignments, promotion, and career progression, and including military pay, benefits, other compensation, and medical care insurance for retired military members. The commission must also study and make recommendations for the force mix between active and reserve components, mobilization beyond those components, and the numbers and composition of the headquarters and staffs that have proliferated in the armed forces and the

Department of Defense since the end of the Cold War. This commission will want to consult with men and women in uniform to learn firsthand what attracts Americans to uniformed service and keeps them in the ranks.

Professional military education

The Panel commends the QDR for placing special emphasis on professional military education (PME). A repeated objective of the Secretary of Defense is to firmly institutionalize the lessons the U.S. armed forces have so painfully learned in our engagements in Iraq and Afghanistan over the past near decade. In a section on "developing future military leaders," the QDR promises "to ensure that America's cadre of commissioned and noncommissioned officers are prepared for the full range of complex missions that the future security environment will likely demand," particularly by putting "stability operations, counterinsurgency, and building partner capacity skill sets in [the Defense Department's] professional military education and career development policies."

The Panel applauds this focus, but believes that larger, more structural changes in the officer personnel system will be required. Officers today must be prepared to wage war among civilian populations, to partner with contractors and civilian experts from our own and other societies in rebuilding shattered neighborhoods, to segregate local populations with confusing ethnic or religious rivalries, and to advise senior political leaders about how to avoid — as well as win — wars in ambiguous settings against unconventional and uncertain enemies. Yet the preparation and education for these likelihoods — the need for agility, innovation, originality beyond the operational — cannot be gained at the expense of training in regular military duties or proficiency in core military competencies. Senior leaders must be outstanding in operations and in strategy, management, and leadership.

An expanded, strengthened, and more diverse set of professional educational and assignment experiences is now required. The length of a military career must be stretched out to accommodate more diverse preparation and experience, and to gain the return on the investment in education and experience that officers must have to succeed in these new environments. Fortunately, thanks to gains in the last two generations in overall health and fitness, officers can serve for longer careers at the same or even increased levels of excellence.

- To attract more youth to military careers and recruit from the nation's top colleges, the services should offer full scholarships on a competitive basis, usable anywhere a student chooses to attend, in exchange for enlisted service in the reserves (and summer officer training) during schooling, and 5 years of service after graduation, to include officer training school.

- To attract and retain officers, and to broaden their experience, successful company grade or junior field grade officers should be offered fully funded civilian graduate degrees to study in residence military affairs and foreign cultures and languages, without specific connection to a follow-on assignment. In addition, all officers selected for advanced promotion to O-4 should be required and funded to earn a graduate degree in residence at a top-tier civilian graduate school in a war-related discipline in the humanities and social sciences. Finally, qualified career officers at these ranks should have available sabbatical assignments in the private sector, voluntary sector, or elsewhere in government, with the opportunity to drop back into their year group so as not to fall behind their peers in the opportunity for promotion.

- Attendance at intermediate and senior service schools should be by application, and require entrance examinations administered by the schools in cooperation with the service personnel offices. Too many officers are poorly prepared or motivated for post-graduate PME, many treating it largely as a requirement for promotion. The quality of the instruction, and the depth and rigor of staff and war colleges would be strengthened if students possessed the motivation and skills needed to make maximum use of the educational opportunity provided.

- Officers selected for senior service school should be obligated for at least 5 years of additional service after graduation.

- Service on the teaching faculty somewhere in PME should be a requirement for promotion to flag rank. Such service should be considered equivalent to joint duty for the purposes of meeting the 4 year requirement for service in a joint billet. To facilitate this requirement, active duty officers should fill all ROTC instructor billets and a larger percentage of faculty billets at the service academies.

- Foreign language proficiency should be a requirement for commissioning from ROTC and the service academies.
- To strengthen the education of the officer corps in the profession of arms, the service academies and ROTC should expand and strengthen instruction in ethics, American history, military history, security studies, and related subjects, including the responsibilities of military officers under the Constitution of the United States. Changes to the curricula of these institutions in these subjects must be reported to Congress annually. To ensure pre-commissioning education provides the necessary introduction to the art of war, there can be no disciplinary or subject matter quotas or limits on cadet/midshipmen majors at the service academies or in ROTC.
- To align the military with best practices in the private sector and to strengthen the officer corps at every level, as well as identify officers for higher command early in their careers, Congress should mandate 360-degree officer evaluation systems for all of the armed services.
- To provide PME the requisite proponency and influence in the Department of Defense, there should be a Chief Learning Officer at the assistant secretary level in the Office of the Undersecretary of Defense for Personnel and Readiness. In addition, a senior flag officer, perhaps most appropriately the Commander, U.S. Joint Forces Command, should be designated as "Chancellor" for all service PME institutions.

Personnel Findings and Recommendations

The All-Volunteer Force

Although the pay and benefits afforded to U.S. military personnel can never adequately compensate for their sacrifice and the burdens placed upon their families, the recent and dramatic growth in the cost of the All-Volunteer Force cannot be sustained for the long term. A failure to address the increasing costs of the AVF will likely result in a reduction in the force structure, a reduction in benefits, or a compromised All-Volunteer Force.

To accomplish the QDR's goal of preserving and enhancing the All-Volunteer Force and to develop future military leaders, major changes will be necessary in the military personnel system:

- Greater differentiation in assignments and compensation between one or two terms of service and a career
- A change in military compensation, emphasizing cash in hand instead of deferred or in-kind benefits to enhance recruiting for those serving less than an entire career
- The use of bonuses and credential pay to attract, retain, and reward critical specialties and outstanding performance
- Instituting a continuum-of-service model that allows service members to move fluidly between the active and reserve components and between the military, private sector, civil service, and other employment.

Current limitations on the length of service provide insufficient time for the education, training, and experiences necessary for 21st century warfare. To gain the best return on investment and experience, and because of improvements in health and longevity, it is necessary to modify career paths to permit the educational and assignment experiences required to meet the challenges the military faces in the 21st century.

To ensure a healthy All-Volunteer Force for the next two decades, the military's personnel management system should be revised to include modifying the up-or-out career progression, a lengthening of career opportunities to 40 years, instituting 360-degree officer evaluations, and broadening educational experiences both in formal schooling and career experiences for officers heading toward flag rank. Modify TriCare for Life to identify solutions that make it more affordable over the long term, including phasing in higher contributions while ensuring these remain below market rates, and adjusting contributions on the basis of ability to pay.

The Department of Defense and Congress should establish a new National Commission on Military Personnel of the quality and stature of the 1970 Gates Commission, which formulated policies to end military conscription and replace it with an all-volunteer force. The purpose of

this commission would be to develop political momentum and a roadmap for implementation of the changes proposed here, including recommendations to:

- Modernize the military personnel system and compensation system
- Adjust military career progression to allow for longer and more flexible military careers
- Rebalance the mix between active, Guard and reserve, and mobilization capacity
- Reduce overhead and staff duplication
- Reform active, reserve, and retired military health care and retirement benefits to put their financing on a sustainable basis consistent with other national priorities.

A proposed TOR for the Commission is at Appendix 3.

Professional military education

- In order to attract more youth to military careers and recruit from the nation's top colleges, the services should offer full scholarships on a competitive basis, usable anywhere a student chooses to attend, in exchange for enlisted service in the reserves (and summer officer training) during schooling, and five years of service after graduation to include officer training school.
- To attract and retain officers, and to broaden their experience, successful company grade or junior field grade officers should be offered fully funded civilian graduate degree programs in residence to study military affairs and foreign cultures and languages, without specific connection to a follow-on assignment.
- Additionally, all officers selected for advanced promotion to O-4 should be required and funded to earn a graduate degree in residence at a top-tier civilian graduate school in a war-related discipline in the humanities and social sciences. Qualified career officers at these ranks should have available sabbatical assignments in the private sector, voluntary sector, or elsewhere in government, with the opportunity to drop back in year group so as not to fall behind their peers in the opportunity for promotion.

- Attendance at intermediate and senior service school should be by application, and require entrance examinations administered by the schools in cooperation with the service personnel offices. Too many officers are poorly prepared and/or motivated for post-graduate PME, many treating it largely as a requirement for promotion. The quality of the instruction, and the depth and rigor of staff and war colleges would be strengthened if students possessed the motivation and skills needed to make maximum use of the educational opportunity provided.

- Officers selected for senior service school should be obligated for at least 5 years of additional service after graduation.

- Service on the teaching faculty somewhere in PME should be a requirement for promotion to flag rank. Such service should be considered equivalent to joint duty for the purposes of meeting the 4 year requirement for service in a joint billet. To facilitate this requirement, active duty officers should fill all ROTC instructor billets and a larger percentage of faculty billets at the service academies.

- Foreign language proficiency should be a requirement for commissioning from ROTC and the service academies, and the service academies.

- To strengthen the education of the officers corps in the profession of arms, the service academies and ROTC programs should expand and strengthen instruction in ethics, American history, military history, security studies, and related subjects, including the responsibilities of military officers under the Constitution of the United States. Changes to the curricula of these institutions in these subjects must be reported to Congress annually. To insure that pre-commissioning education provides the necessary introduction to the art of war, there can be no disciplinary or subject matter quotas or limits on cadet/midshipmen majors at the service academies or in ROTC.

- To align the military with best practices in the private sector and to strengthen the officer corps at every level and identify officers for higher command early in their careers, Congress should mandate 360-degree officer evaluation systems for all of the armed services.

- To provide PME the requisite proponency and influence in the Defense Department, there should be a Chief Learning Officer at the Assistant Secretary level in the office of the Undersecretary of Defense for Personnel and Readiness. In addition, a senior flag officer, perhaps most appropriately the Commander, U.S. Joint Forces Command, should be designated as "Chancellor" for all service PME institutions.

Force Structure and Personnel conclusions

The budget pressures facing the Department of Defense in the future are certain to be severe. If the long-term cost trends in the areas of personnel, operations and maintenance, and acquisition cannot be reversed or modified, the outcome will be stark and the consequences for U.S. national security will be enormous.

The Panel believes its recommendations on force structure and manpower levels are prudent and measured considering the variety and criticality of global challenges and threats. At the strategic level, it seems certain the Department of Defense will be called upon to respond to an increased number and variety of missions in the future.

The Panel agrees with the QDR that counterinsurgency, stability, and counterterrorist operations will constitute a major share of the actual "work" of the Department in the future. As the QDR points out, helping to build the capacities of partner nations, both in the security dimension and in more effective governance, will be a primary emphasis of U.S. forces and the "whole of government" in this century. The 2010 QDR makes a particularly valuable contribution by describing the diverse assortment of operations short of a major regional contingency that will likely be as demanding, and as important, as major conventional combat for sizing the American armed forces.

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Acquisition and Contracting

A major foundational theme of the QDR is reforming the way the Pentagon does business, and the QDR makes several timely and sensible recommendations to bring important elements of defense business practices into line with today's rapidly changing, even fluid, security situation. The QDR rightly criticizes several areas as hidebound in their bureaucratic servitude to the mechanisms of the Cold War that remain unresponsive and outmoded in countering today's highly flexible and adaptive threats. Suggested reforms in Security Assistance, the antiquated export control system, and, in particular, the doddering and hugely costly acquisition process are both timely and responsible. We applaud the Department of Defense for calling out the need for reform in these pivotal areas. We also applaud Secretary Gates' recent initiative to overhaul costs by eliminating unneeded or redundant programs and activities and by conducting needed programs and activities more efficiently. In what follows we point to areas where we think the QDR and this most recent initiative do not go far enough in reforming the system.

The core issue

The Panel's examination of the QDR found that the Department of Defense has been in a near constant state of acquisition reform since the implementation of Goldwater-Nichols in 1986. These efforts have generally produced more structure and more process but have not produced notable improvement in delivering required capabilities when needed at the expected cost. Instead:

- Major acquisition programs deliver years late at far beyond the original cost estimates, sometimes at multiples of the original estimates.
- Urgent needs of the warfighting forces are often met only with the personal intervention of the most senior leadership in the Department of Defense.

- Foreign Military Sales programs are often unable to respond to the needs of allies in a timely fashion, especially those of less-developed partners confronting immediate security challenges.

The QDR assessment of current acquisition and contracting performance

The material in the QDR on *Reforming How We Buy* identified a number of root causes of the disappointing past performance of the Department of Defense in acquiring major systems. Among the causes identified are: pushing the limits of technology; the atrophy of the acquisition community in both numbers and expertise; overly optimistic cost and schedule estimates; and the increase in requirements during execution. Implied, but not explicitly identified, is the additional issue of reaching too far in defining the increment of increased military capability to be provided in a single step forward in a major acquisition program. The identified result of these attributes is that significant cost and schedule overruns have become the norm in major acquisition programs.

The QDR also describes a set of constructive actions to remedy identified deficiencies in existing acquisition activity. The Panel applauds the QDR for its attention to the issue. However, the actions suggested in the QDR, although praiseworthy in the abstract, will be effective only if they are implemented with accountability through a line management process as we urge in this report. In fact, if the QDR proposals are implemented by adding more process without accountability, they will be counterproductive.

Additional overarching issues from the independent review panel

The causes and consequences described in the QDR address ***what*** has happened, but they do not adequately address ***why***.

The implementation of corrective action suggested in the QDR retains the current complex set of processes and activities to oversee the acquisition process from capability need to delivery. In fact, some of the corrective actions suggested would add more process and structure. Further, the first emphasis in providing a more adequate acquisition work force is on increasing its size, with early emphasis on contracts expertise. Increasing the size of the acquisition work force is no guarantee of increased competence. More people without increased competence could,

instead, be counterproductive. More pertinent would be emphasis on systems engineering education, experience, and stability to produce effective program managers and support, with particular attention to rebuilding the competence of those in the military departments and defense agencies (the force providers) who manage acquisition. Adding more people to oversee and monitor acquisition activities is not likely to be productive. The emphasis on contracts expertise could imply that more attention to writing contracts is at the top of the acquisition expertise priorities. More attention to contracts is useful but is not at the root of the problem in acquisition.

Meeting the twin goals of responsiveness to today's war needs and tomorrow's challenges

The QDR describes the need for both more responsiveness to support today's wars and better performance in defining and delivering capabilities to meet tomorrow's challenges. Neither of these goals can be met effectively with the current system. The Panel believes that the fundamental reason for the continued underperformance in acquisition activities is ***fragmentation of authority and accountability for performance***, or lack of clarity regarding such authority and accountability. Fragmented authority and accountability exists at all levels of the process, including identifying needs, defining alternative solutions to meeting the need, choosing and resourcing the solution, and delivering the defined capability with discipline on the agreed schedule and within the agreed cost. In the current system, the complex set of processes and authorities so diffuses the accountability for defining executable programs intended to provide the needed increment of capability that neither objective is achievable—either rapid response to the demands of today's wars or meeting tomorrow's challenges.

Consequences of the current decision structure and process

An additional consequence of the current long, complex, process-driven approach is that, once a program runs the gauntlet of committees, boards, and reviews to become a "program of record," it becomes nearly immortal. We treat system performance as a given once approved by the Joint Requirements Oversight Committee (JROC). Subsequent increases in cost and schedule, due to all the causes identified in the QDR, are accepted. Performance is rarely traded off. Only the most egregious cases are candidates for cancellation.

As programs are stretched to accommodate poorly conceived front-end assessment and program formulation, the relevance of the program as defined can be adversely affected by subsequent technology development, experience in ongoing operations, and changes in the international environment and defense policy. As a result, in an attempt to maintain program relevance, requirements are added with further adverse impact on cost, schedule, and relevance to the changing operational environment.

Additional steps suggested by the independent review panel

As suggested earlier in these comments, the QDR describes a set of corrective actions that include developing our acquisition people, ensuring integrity in the acquisition process, bolstering cost analysis, and improving program execution. The Panel agrees with these recommendations provided they are implemented in a manner that is consistent with the spirit of our recommendations.

To address the most fundamental cause of disappointing acquisition performance, it will be necessary to replace the current diffused, fragmented assignment of responsibilities without accountability with authority and accountability vested in identified, authoritative individuals in line management. *To repeat: the emphasis must be on individuals in line management.* Although more competence in writing and negotiating contracts is desirable, the key to effective execution of any contract is not the quality of the contract, it is the quality of the program management responding to clear assignment of authority and accountability for each program.

Some experiences from the past may be useful examples. For the F-15, the Deputy Secretary of Defense made it clear that if the aircraft flyaway cost exceeded the established ceiling price, he would withdraw all support for the program. The F-15A was delivered at below the ceiling flyaway cost. Later, the Under Secretary of Defense for Research and Engineering [the predecessor to USD (AT&L)] made the F-117 a special-interest program to ensure that the Air Force management chain accorded the program the resources and other support needed to deliver this unique capability with the agreed performance on the agreed schedule. The aircraft was delivered on schedule at the forecast cost. For the B-1B, the intervention of Congress was instrumental in the Department of Defense meeting its announced plan to deliver 100 aircraft for a program cost of $20.4 billion with an initial operating capability date of September 1986.

Planning for responsiveness supporting current operations and preparing for the future

Past experience indicates that, with proper management authority and accountability, it is possible to deliver relevant military capabilities for current operations in weeks and months, and to deliver longer-term and broader increments of military capability in 5 to 7 years. The 5-to-7-year time span is consistent with the march of technology, changes in the operational environment, and changes in operational needs to shape and respond to that environment. For example, in the technology area, significantly longer delivery times produce three equally undesirable choices. Either the program must bet on immature technologies at the outset, the system must be delivered with technology in danger of rapid obsolescence, or the program must be restructured during execution to incorporate new technologies leading to delays and cost growth.

The F-15 and F-22 programs provide a useful contrast in approaches to providing needed capability. From source selection to first squadron initial operational capability (IOC) for the F-15A was 6 years. It is instructive that from source selection for the F-15A to IOC for the later model F-15E was almost 20 years. But for 14 of those years, the forces were employing the F-15, gaining operational knowledge of further needs that could be satisfied by added increments, and taking advantage of new technologies to meet those needs. The system had clear operational relevance to well beyond the 20-year span.

In contrast, from source selection to the first squadron IOC for the F-22A was more than 14 years. In effect, we did not field a true F-22A. Instead, we insisted that the first operational increment of the F-22 provide the full capability expected only in later models of the F-15 program. As a result, the schedule slipped, the cost ballooned, and the operational relevance was challenged soon after the F-22 was fielded. Further, some systems in the F-22 were approaching obsolescence on the first day of operation. So there will be no F-22C or E, and we will not reap the benefits of leveraging the investment in the initial increment of capability.

Permitting delivery times longer than a reasonably achievable standard is counterproductive to both the demand for responsiveness to current needs and tomorrow's challenges. For major programs for future forces, useful increments of military capability should be defined as what

can be delivered within 5 to 7 years with no more than moderate risk. Although there are exceptions, reasons for each deviation should be well understood. Insisting on the shortest practical times to deliver a useful increment of capability would go far to reduce the appetite for pushing the limits of technology, overly optimistic cost and schedule estimates, and requirements increases during execution.

To meet urgent force needs, the same principles apply, but special organizations and processes are appropriate in wartime to ensure that capabilities can be delivered in weeks, not years. Further, the system should be somewhat more forgiving of cost estimates for urgent needs since the front-end work needed to establish confidence in cost may preclude timely delivery. Some ongoing activities in support of current combat operations illustrate special organizations and processes. All four services have instituted acquisition solutions to address urgent needs. One such example is the U.S. Army Rapid Equipping Force (REF), which was established to rapidly provide capabilities to Army forces through current and emerging technologies in order to improve operational effectiveness. The REF has successfully taken projects from requirement to delivery to the warfighter in 30 to 180 days. Another is the Joint Rapid Acquisition Cell (JRAC). The Under Secretary of Defense (AT&L) signed a memorandum addressing Acquisition Actions in Support of Joint Urgent Operational Needs (JUON) on 29 March 2010. The JRAC objective is to facilitate meeting the urgent needs of the Combatant Commanders. Its goal is a time frame from generation to sustainment between 2 to 24 months. In order to accomplish that objective, it balances operational and programmatic risks to provide a "good enough" capability.

Similar concepts should apply to Foreign Military Sales programs. That is, the increment of capability to be delivered should be well defined, agreed to, and accountability assigned. For these programs, special attention to logistics support is required for at least two reasons. Some recipients' normal logistics system may not be adequate to support the provided defense system. Further, export control rules and other limitations may create special obstacles to responsive logistics support. The Department of Defense needs to pay special attention to these limitations and seek to remove obstacles to effective coalition partnerships.

With the practices and experiences of the past two decades, there may be skepticism over delivering an increment of capability in 5 to 7 years. It is true that providing the full set of

potential capabilities with any platform will take longer than that time period. That is not the issue. The issue is how to progress to the full set of capabilities. The options are a giant leap or manageable increments. The F-16 provides a particularly powerful illustration of manageable increments. Source selection for the F-16A was in 1975. The aircraft entered operational service in 1980. The latest increment of capability embodied in the F-16 platform began delivery in 2005. The F-16 is to be in service in the U.S. Air Force through at least 2025; so the time frame to deliver the full set of capabilities for that platform has been some 30 years. But valuable increments of capability have been in operational service for 25 of those 30 years, and it is expected to remain operationally relevant for at least another 15 years. This approach provides for adaptability to the lessons of current operational experience, the march of technology, and the emerging operational environment. It would have been impossible to foresee either the possibility of or the need for an F-16 Block 50/52/60 when the Air Force embarked on development of the F-16A. Although the increment times vary, the same pattern of building new increments of capability into the platform applies to the DDG-51, Aegis cruiser, F-15, F-18, B-52, M-1 Tank, and, indeed, most of the cost-effective weapons systems that have contributed to combat operations in Iraq and Afghanistan.

Adjusting to real-world realities in program execution

Finally, in spite of the best organization, people, and processes to define, assess, and implement programs, there will be program challenges demanding program adjustments. There are two legitimate categories for trade-offs — schedule and cost, or performance. Note that schedule and cost is treated as a single category of trade-offs because an increase in cost is virtually an automatic companion of any increase in schedule. It is possible to provide increased funding, raising the cost, without stretching the schedule, although, in practice, that is rare because throwing money at a technological problem during the span of development of a defined increment of military capability is not likely to be the solution.

In an era of constrained resources, trading off performance in the defined increment of capability to contain cost and schedule, thus deferring that category of performance to the next increment, may be the preferable trade. Trading off performance requires operational and domain credibility. The only reliable sources of such credibility are the force providers. This is another compelling reason to vest authority and accountability for program execution in line

management to and through the military services and defense agencies, with appropriate oversight from the Office of the Secretary of Defense.

Current practice sometimes accepts a third area for trade-off — increased program risk. Given that there is no need for trade-offs unless the program is experiencing challenges, accepting added risk as a trade-off is an egregious avoidance of responsibility.

Competition in production

History has shown that the only reliable source of price reduction through the life of a program is competition between dual sources.

In the 1980s, the U.S. Air Force and Navy worked together to qualify second sources for Sidewinder, Sparrow, Amraam, Maverick, Standard, Tomahawk, and Harm missiles. In all cases, the annual split buy brought the prices of every missile down dramatically. The same strategy was used for FFG-7 frigates, DDG-51 destroyers, Aegis cruisers, and attack submarines, with annual buys as low as one or two. In every case, the savings brought every ship in under budget.

An essential enabler of continuing competition in production through dual sourcing and in major weapons system development is a competitive industrial base. With the end of the Cold War and the decrease in procurement spending, the Department of Defense rightly encouraged consolidation in an industrial base with considerable excess capacity. Some 50 prime contractors were merged into only 6, resulting in material shrinkage of the industrial base. An unintended consequence of the extent of consolidation was the loss of competition in many procurement initiatives. With the continuing pace of modernization, the Department should encourage a return to an industrial base sized and structured to provide for the benefits of competition. The cost savings from competition should far outweigh any added cost in what may, at times, be some excess capacity.

If the Panel recommendations to restore line authority and accountability are adopted along with the recommendation for adoption of a block upgrade approach to capability improvements, many, if not most, procurement programs will also benefit from dual-source competition.

Findings and Recommendations

Finding: Accountability and authority for establishing need, and formulating, approving, and executing programs have become confused within the Department of Defense.

Recommendation: The Secretary of Defense should clearly establish lead acquisition roles as follows:

- For identifying gaps in capability — Combatant Commands supported by the force providers (services and defense agencies) and the Joint Staff
- For defining executable solutions to capability needs — the force providers
- For choosing and resourcing solutions — the Office of the Secretary of Defense supported by the force providers and the Joint Staff representing the Combatant Commands
- For delivering defined capabilities on schedule and within cost ceilings — the selected force provider. For multi-service/agency programs, there should be a lead service/agency clearly accountable.

Finding: Accountability and authority have been widely diffused in increasingly complex decision structures and processes.

Recommendation: For each program, the Secretary of Defense or delegated authority should assign accountability and authority for defining and executing each program to an unbroken chain of line management within the force provider community. The Under Secretary of Defense (AT&L) and the Secretary/Deputy Secretary of Defense are in the line management chain. The service Secretary/Defense Agency head can then hold the military line chain, the Program Executive Officer (PEO), and the program manager and the commensurate defense contractor line management accountable for defining executable programs and, when the program is approved, delivering the defined increment of capability on schedule and within the cost ceiling. The roles of all other acquisition participants can be neither authoritative nor

accountable and should be limited to such roles as advisory, assessment, and oversight of processes.

Finding: Major programs to provide future capability are often formulated with a set of requirements and optimistic schedule and cost estimates that lead to delivery times of a decade or more. Programs with these long delivery times typically depend on the promise of technologies still immature at the outset of the program. The long delivery times also imply ability to forecast the demands of the future operating environment that are well beyond a reasonable expectation of accurate foresight. Examples of this are in the current acquisition program.

Recommendation: With rare exceptions, increments of military capability should be defined and designed for delivery within 5 to 7 years with no more than moderate risk.

Finding: There is no defined regular process within the acquisition structure and process to address urgent needs in support of current combat operations.

Recommendation: Urgent needs should be met using the same principles and processes as for programs to provide future capabilities. Adjustments to the formal process, including special processes and organizations, are appropriate for wartime response to urgent needs to ensure that an increment of capability can be delivered in weeks or months rather than years. The warfighter commander should have a seat at the table in defining and choosing the solution. The force provider remains accountable for ensuring that the proposed program is executable in cost, schedule, and performance.

Finding: Even with the most competent front-end planning and assessment, complex programs are likely to experience unforeseen technological, engineering, or production challenges.

Recommendation: When such challenges place the schedule or cost at risk, performance must also be within the trade space. The force provider, to include the service component serving the

Combatant Commander, is the proper source of credible operational experience and judgment to generate recommendations to USD (AT&L) for performance tradeoffs.

Finding: During the dramatic post-Cold War defense cuts, most dual sources were dropped in favor of sole-source contracting. But, as defense funding has returned and exceeded levels that supported dual sourcing, the contracting strategy has remained sole-source.

Recommendation: OSD should return to a strategy requiring dual-source competition for production programs in circumstances where this will produce real competition.

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The QDR and Beyond

The QDR was designed by Congress to be a fundamental and comprehensive examination of America's defense needs every four years to ensure defense programs are congruent with the intent of policy. The QDR is also intended to provide assessments of potential threats, strategy, force structure, readiness posture, military modernization programs, defense infrastructure, and other elements of the defense program. The Review is intended to be a blueprint for a balanced, affordable, and strategy-based defense program for the next 20 years.

The 2010 Quadrennial Defense Review (QDR) is the seventh comprehensive review of the U.S. military since the end of the Cold War, and the fourth QDR completed. The 1991 Base Force Review, the 1993 Bottom-Up Review (BUR), and the 1995 Commission on Roles and Missions of the Armed Forces (CORM) preceded the 1997, 2001, and 2006 QDRs. Congress created a continuing requirement for the Department of Defense to conduct a QDR every four years in the National Defense Authorization Act for FY 2000.

The 2010 QDR

The 2010 QDR report, released in February 2010, used the 2008 National Defense Strategy as its starting point and was completed without the benefit of the latest National Security Strategy. The current Administration published the 2010 National Security Strategy in May of this year. The 2010 QDR has two foundational themes. The first is *rebalancing* American defense priorities to better support U.S. forces engaged in today's wars while building the capabilities needed to deal with future threats. The second theme is *reforming* the way the Pentagon does business, fixing the Defense institutions and processes to enable better support for the urgent needs of the warfighter. This means buying weapons that are usable, affordable, and truly needed, and ensuring that taxpayer dollars are spent wisely and responsibly.

The QDR also provided four objectives:

- Prevail in today's wars
- Prevent and deter conflict
- Prepare to defeat adversaries and succeed in a wide range of contingencies
- Preserve and enhance the All-Volunteer Force.

Executive Branch implementation

From a validation point of view, the 2010 QDR did not meet the intent of the Congress because the document did not provide a long-range, 20-year assessment with a supporting force structure. Although this QDR did have a relatively short-term focus, it also identified some long-term issues, and, since completing the QDR, Secretary Gates has commissioned work as a priority matter on eight such issues, several of which are identified in our Panel report as needing further attention. Nonetheless, the priorities of the report were to prevail in today's wars, and future planning was based on scenarios set 5 to 7 years in the future. The Panel's assessment is that the budget process and current operational requirements, driven by the staff process and service priorities, most likely shaped the QDR far more than the QDR will now shape processes and drive future budgets and program agendas.

Many of the issues facing the Department of Defense are driven by the fact that the United States is involved in active campaigns in Iraq and Afghanistan. At the same time, the Department remains prepared to handle large missions in support of Homeland Defense and disaster relief, both domestically and abroad. The U.S. military remains prepared as well for large nation-state conflicts that, in the past, have been the top priority of the Department of Defense.

With such large demands, the Department needs guidance to prioritize risk in its primary missions and in those other missions where it could accept more risk. A more specific, measurable strategic guidance is also required to make the force structure and budgetary decisions required of the QDR.

Balance between medium- and longer-term perspectives

Congressional direction was very specific that the QDR "establish a defense program for the next 20 years." A review of past QDRs suggests that such reviews do not in fact present a consistent 20-year vision. They do, however, chronicle major changes in U.S. defense priorities. Department of Defense reviews since the late 1990s have directed U.S. strategic planning away from the large-scale conventional conflict anticipated during the Cold War, and actually fought in the Persian Gulf in 1991. By the 2006 QDR, and now further developed in the 2010 QDR, it had become clear that the United States faces a much wider array of security challenges than in the past and should no longer size its forces based on fighting two major regional contingencies. Beyond this general trend, and faced with the uncertainty of a wide diversity of threats, consistency of strategic vision is difficult at best. In fact, there appears to be a trend culminating in the 2010 QDR for these reports to become a mirror of the current budget process rather than a strategic guide to the future that drives the budget process.

Further evidence that the current budget and programming staff processes actually dominate the QDR rather than the other way around is revealed by the force structures envisioned in each successive QDR. With the exception of the 2006 QDR, which did not specify a force structure (nor did it change it), the other three QDRs simply validated the existing force structure.

Although the strategic nuclear strike capability has been continuously reduced, the rest of the force structure changed through internal tactical adaptations required by current operations, force employment, and the technology used. The net result has been a force structure that has not changed dramatically even though vision and missions have.

The Panel finds this paradoxical, for it means either that the basic force structure will always be able to manage risk for all future situations, or that the QDR process is simply incapable of formulating an alternative 20-year defense program.

If, in fact, the current force structure is always the right answer for risk management despite changes in technology, mission, and threat, then a Congressionally mandated QDR is

unnecessary — at least in its current form. The Department of Defense's requirements to face current and emerging threats, justify its budget, and improve its technological base would then become paramount and could most responsively be handled through the regular budgeting and programming system. A QDR-like review would still be useful to validate the Department's force structure but only in response to a major shift in the national security environment, such as the fall of the Soviet Union or 9/11.

If, on the other hand, the current process cannot inform and describe a force structure 20 years hence, then Congressional guidance to the Department of Defense should be revised. Understanding what forces are necessary in the world described in, for instance, the National Intelligence Council's 2025 assessment is important because the Department is procuring much of that force structure today. The nation cannot fail to procure or retain the right force, nor can it afford to retain forces that are irrelevant for future challenges. Congress only need ask: What should be the force structure in 2032, why, and how should it be phased in beginning in 2012? But that question should be asked when Congress reviews the FY 2011 budget request and other future budget requests and need not wait for the four-year QDR cycle.

Balance between strategy and programs

The challenge for both Congress and the Department of Defense is lack of meaningful strategic guidance. Past and current National Security Strategies have been so broad in their focus, so general in their approaches, and consider so many issues as equal priorities that the document cannot provide a basis for priorities in defense missions and capabilities. Both Congress and the Department of Defense must base their respective prioritization and investment decisions on appropriate risk guidance derived from realistic future intelligence assessments and presidential guidance. Because a national security strategy with both proactive ("what do I want to accomplish?") and risk acceptance ("what am I willing to risk?") guidance does not exist (and perhaps cannot be expected), one cannot clearly assess the balance of the Department's programs except against reality as it unfolds — which adds to the possibility of strategic surprise facing the military and the nation.

Timelines for developing the QDR

The original intent of the quadrennial review was to couple a long-range strategy with a change in presidential administration, for a change of administration produces turbulence exceeded only by significant shifts in the international environment. Accordingly, and to improve long-range planning within the Department of Defense, the Congress recommended a comprehensive strategy and force review at the start of each new administration. Specific timing is critical, because, to institute change, a review must occur early in an administration. This fact also reduces the utility of a QDR prepared for the second term of a two-term president.

Integration with related reviews

The Department of Defense has tried to work cooperatively with such other department reviews as the Quadrennial Homeland Security Review (QHSR) and the State Department's Quadrennial Diplomatic and Development Review (QDDR). The Department of Defense has also aligned both the Nuclear Posture Review and Ballistic Missile Defense Review to coincide with the QDR cycle to ensure consistency. What is lacking from today's process is a "whole of government" national security planning process similar to what the Commission on Roles and Missions of the Armed Forces (CORM) recommended in 1995: "... a comprehensive strategy and force review at the start of each new administration—a Quadrennial Strategy Review (QSR)." The framers of the CORM recognized that the uncertain security situation that began at the end of the Cold War rendered the normal defense planning process, and special ad hoc efforts in that regard, inadequate, confused, and disjointed. In recommending a Quadrennial Strategy Review, the CORM stipulated that "this review should be an interagency activity directed by the National Security Council. The Office of the Secretary of Defense and the Joint Staff should lead the Defense Department effort."

Today's security challenges have turned out to be as diverse and fragmented as the CORM framers predicted. Today we need a new National Security Strategic Planning Process more than ever. The concept of using "all elements of national power" and "whole of government" approaches to support national security objectives dictates that development and resourcing

of national security budgets and military force structures should be approached in the holistic manner recommended nearly 15 years ago by the CORM.

Key Findings and Recommendations:

Establishment of a new National Security Strategic Planning Process

Finding: The QDR process as presently constituted is not well suited to the holistic planning process needed.

- Sufficient strategic guidance does not exist at the national level to allow the Department of Defense to provide to the military departments required missions, force structure, and risk assessment guidance. This is especially true for long-term planning.

- Such guidance documents as are produced are often unavailable in time and do not provide sufficient, detailed guidance and prioritization for the Department of Defense to use effectively.

- The QDR's contemporary focus on current conflicts, parochial ownership of programs, daily requirements of current issues, and an increasingly staff and service-dominated process as opposed to a senior leadership run process are roadblocks to an unbiased, long-term strategic review.

- The QDR process as presently constituted should be discontinued in favor of the normal Department of Defense planning, programming, budgeting, and execution process and the new National Security Strategic Planning Process recommended below.

Recommendation: The United States needs a truly comprehensive National Security Strategic Planning Process that begins at the top and provides the requisite guidance, not only to the Department of Defense but to the other departments and agencies of the U.S.

government that must work together to address the range of global threats confronting our nation.

- The Executive and Legislative branches should jointly establish a standing Independent Strategic Review Panel of experienced and senior experts to review the strategic environment over the next 20 years and provide prioritized, goal and risk assessment recommendations for use by the U.S. government.

    - Convene the panel in the fall of a presidential election year to enable the panel to begin work the following January, the month in which the new President takes office, so that the international strategic environment would be reviewed every four years beginning in the January immediately following any presidential election (or more frequently on the panel's own initiative in response to a major national security development that the panel believes calls into question the results of the most recent review).

    - Charge the panel to:
        - Review and assess the existing national security environment, including challenges and opportunities
        - Review and assess the existing National Security Strategy and policies
        - Review and assess national security roles, missions, and organizations of the departments and agencies
        - Assess the broad array of risks to the country and how they affect the national security challenges and opportunities
        - Provide recommendations and input to the National Security Strategic Planning Process and the national security department and agency planning and review processes.

    - Six months after initiating its review, the panel would provide to the Congress and the President its assessment of the strategic environment (including in particular developments since its last review) and recommend to the President

whether, in its view, those developments warrant significant changes in the National Security Strategy.

- In its report, the panel would offer its assessment of the national security challenges and opportunities facing the nation and also offer any innovative ideas or recommendations for meeting those challenges/opportunities. A proposed TOR for the Independent Strategic Review Panel is included at Appendix 4.

- As the coordinating and oversight body of the Executive branch, the National Security Council in its new formulation as the National Security Staff should take steps to increase its capabilities to fulfill its role and responsibilities in achieving a more comprehensive, "whole of government" approach. The NSC should prepare for the President's signature an Executive Order or Presidential directive that at a minimum mandates the following:

  - Using the assessment of the strategic environment prepared by the standing Independent Strategic Review Panel, develop a "grand strategy" for the United States that would be formalized as the National Security Strategy.

  - It is vital that strategy at this level be the President's own strategy, constituting his direction to the government. The strategy is signed by the President, albeit developed for him by his National Security Advisor and Cabinet in what is a top down rather than a staff-driven process.

  - This strategy document would in turn drive reviews by the Executive branch departments involved primarily in national security (such as the State Department, State/AID, the Department of Defense, Homeland Security, the Intelligence Community, etc.), as directed by the President and with the goal of deconflicting and integrating the results of these various reviews.

- This strategy development process would identify and assess strategic requirements and U.S. government capabilities to plan, prepare, organize, and implement a clear and concise strategy for deploying limited resources—money, personnel, materiel—in pursuit of specific highest priority objectives.

- The resulting strategy would identify the "mission critical" elements which if ignored would endanger the United States.

- The National Security Advisor will accomplish these tasks using his or her NSC staff and, if appropriate, could appoint a small panel of outside advisors and obtain such other assistance as required.

- A draft of the Executive Order or directive establishing the new National Security Strategic Planning Process is attached at Appendix 5.

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Appendix 1

Joint Committee on the Organization of Congress

I. BACKGROUND AND DEFINITION

Following the end of World War II, members of Congress concluded the committee structure of the time was outdated with over-lapping jurisdiction, inefficient, and ill-equipped to meet the challenges facing the country. As such, Congress passed S. Con. Res. 23, 78th Congress, which created the Joint Committee on the Organization of Congress to study and make proposals to improve the organization and the effectiveness of Congress.[14]

The Joint Committee on the Organization of Congress has convened two other times, most recently in 1993. The following is a historical overview of the Joint Committee on the Organization of Congress from the 1993 Final Report:

> The initial congressional response to the changing environment of the 1930s was to defer to presidential leadership; vast delegations of authority were made to the executive agencies. Yet when the country became fully engaged in World War II and a massive government apparatus was put in place, the Congress began to rethink this executive deference, and question its future place in the constitutional scheme. As California Democrat Jerry Voorhis asserted in 1942, ``I believe Congress must realize that only Congress can restore Congress to its proper place." At the same time, a chorus of criticism of the Congress by scholars, reporters, commentators, and Members themselves arose. The critics saw a tradition-bound institution incapable of governing in the second half of the 20th century.
>
> These external and internal pressures caused Congress to take an introspective look at itself. A host of reform proposals were introduced; ultimately the Congress passed legislation that established in 1945 the Joint Committee on the Organization of Congress. Subsequently, the Congress enacted the Legislative Reorganization Act of 1946, which is widely regarded as the blueprint of the contemporary Congress. The most far-reaching organizational restructuring since the First Congress, the Act systematized and reorganized the committee system in the House and Senate, as well as increased congressional access to technical information, increased staffing (including authorizing, for the first time, permanent professional and clerical staff for all standing committees), removed certain categories of activities from the workload of Congress, improved control over the budget, increased Members' pay, and required lobbyists to register with the House and Senate. The massive institutional changes wrought by the 1946 Act heralded the modern era of Congress.

[14] U.S. Congress. Joint Committee on the Organization of Congress. *Final Report of the Joint Committee on the Organization of Congress.* 103rd Cong. 1st sess. 1993

> The 1946 Act was the first, and still the most ambitious, effort to restructure the standing committee system. Since the origin of the system, committees were established, dissolved, or consolidated in a nonsystematic fashion, and were retained long after their need. The 1946 Act changed this haphazard system into a simple, rational design; in this transformational process, the number of standing committees in the Housedecreased from 48 to 19, and in the Senate they likewise decreased from 33 to 15. Jurisdictions were for the first time codified and made part of Chamber rules. Committees were eliminated, others were consolidated, and jurisdictional conflicts were minimized.[15]

One of the first major pieces of legislation passed after Legislative Reorganization Act of 1946 was the National Security Act of 1947, which was landmark legislation that reorganized and modernized the Armed Forces and the intelligence community and restructured the U.S. foreign policy apparatus to adjust to the looming threat of the Soviet Union and the ensuing Cold War.

Similar action is needed today.

II. QDR INDEPENDENT PANEL RECOMMENDATION

The QDR Independent Panel recommends that to address the national security and homeland defense challenges of the 21st century, the Joint Committee on the Organization of Congress should reconvene to examine the current organization of Congress, including the committee structure, the structure of national security and homeland defense authorities, appropriations, and oversight, with the intent of recommending changes to make Congress a more effective body in performing its role to "provide for the common defense."

The Joint Committee on the Organization of Congress may want to consider the following:

- Establish for, at a minimum Defense, State, State/AID, Homeland Security, and the Intelligence Community, a single national security appropriations subcommittee,
- In parallel, establish an authorization process that allows for considering a mechanism to coordinate Congressional authorization actions on national security across these departments and agencies

[15] U.S. Congress. Joint Committee on the Organization of Congress. *Final Report of the Joint Committee on the Organization of Congress.* 103rd Cong. 1st sess. 1993

Appendix 2

NATIONAL COMMISSION ON

BUILDING THE CIVIL FORCE OF THE FUTURE

I. BACKGROUND AND DEFINITION

As part of the Quadrennial Defense Review (QDR) Independent Panel review process, a sub-panel on the comprehensive approach to national security examined how those U.S. government departments and agencies involved in issues of national and international security currently approach the task of working together in an integrated way (the so-called "*whole of government*" challenge).

When discussing "whole of government" issues, the panel observed that the term was limiting in that it did not connote the full range of capabilities, which may be required to address today's domestic and international security challenges. These capabilities include those of our allies and partners, indigenous governments and associated forces, non-governmental organizations, and international organizations, as well as U.S. government agencies. Accordingly, the panel agreed to use the term Comprehensive Approach to refer to efforts that also involve participation of these non-governmental or non-U.S. actors.

Our civilian departments and agencies lack the needed capability and capacity to adequately support needed "whole of government" and Comprehensive Approach strategies and this poses a major problem to the nation's ability to protect and secure its interests. The key challenge is how to create and expand our civilian capacity and capability to provide the array of capabilities required for effective civil activity, working alongside military forces in stability, reconstruction, and other operations in unstable overseas situations.

II. QDR INDEPENDENT PANEL FINDINGS

WHEREAS, the QDR Independent Panel finds that the U.S. military is the only government institution with both the resources and personnel policies to plan, execute, and support mass deployments of personnel overseas;

WHEREAS, the QDR Independent Panel notes that the QDR states, "a strong and adequately resourced cadre of civilians organized and trained to operate alongside or in lieu of U.S. military personnel ... is an important investment in the nation's security;"[16] and;

WHEREAS, the QDR Independent Panel finds that creating a deployment capability for civilian departments, agencies, and institutions to prevent or respond to overseas crises would likely involve the development of a deployment mindset and more flexible personnel policies, among other things,

III. MISSION STATEMENT

THEREFORE, the QDR Independent Panel proposes that the President and Congress establish a commission to develop recommendations and a blueprint for increasing the capability and capacity of our civilian departments and agencies to move promptly overseas and cooperate effectively with military forces in insecure security environments.

IV. TERMS OF REFERENCE

The Commission's product should address ways to improve U.S. civil government capabilities that support the Comprehensive Approach. The commission should address, among other things, the following proposals:

a. Identify changes to existing statutory authorities to enhance cooperation and integration of roles and missions among State, State/AID, the intelligence community (IC), and the Department of Defense; and to enhance the ability of other government departments, agencies, and institutions (particularly Treasury, Justice, Department of Homeland Security, Energy, Agriculture, Health and Human Services and Transportation) to support "whole of government" missions abroad.

b. Develop personnel, pay, and other policies and procedures that promote and support a more mobile, deployable, and flexible civilian workforce for civil departments, agencies, and institutions (particularly State, State/AID, Treasury,

[16] QDR 2010, p. 69.

Justice, Department of Homeland Security, Agriculture, Energy, Health and Human Services, and Transportation);

c. Develop measures to encourage and facilitate training and exercising these civilian elements with our military forces so that they will be able to operate effectively together.

V. MEMBERS

The Commission shall be an expert panel composed of not more than 18 members who shall be selected as follows:

a. 10 members appointed by the President,

b. 2 members selected by the Majority Leader of the Senate,

c. 2 members selected by the Speaker of the House of Representatives,

d. 2 members selected by the Minority Leader of the Senate,

e. 2 members selected by the Minority Leader of the House of Representatives,

f. Co-Chairs. From among the appointees, the President shall designate two members, who shall not be of the same political party, to serve as Co-Chairs of the Commission.

VI. REPORTS

a. No later than 9 months from the start of the Commission, the members shall vote on the approval of a final report containing a set of recommendations to achieve the mission.

b. The issuance of a final report of the Commission shall require the approval of not less than 14 of the 18 members of the Commission, although the Commission should strive for a unanimous report.

VII. ADMINISTRATION

a. Members of the Commission shall serve without any additional compensation, but shall be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law for persons serving intermittently in Government service (5 U.S.C. 5701-5707), consistent with the availability of funds.

b. The Commission shall have a staff headed by an Executive Director.

c. The Commission shall be provided $1 million for operational and administrative costs.

VIII. GENERAL

a. The Commission shall terminate 30 days after submitting its final report.

Appendix 3

NATIONAL COMMISSION ON MILITARY PERSONNEL

I. BACKGROUND AND DEFINITION

As part of the 2010 Quadrennial Defense Review (QDR) Independent Panel review process, a sub-panel on Force Structure and Personnel examined the future of the All-Volunteer Force. The obstacles to sustaining the force are far greater than the QDR expressed.

Given the size and scope of the varied challenges confronting the All-Volunteer Force, the Independent Panel recommends that a National Commission on Military Personnel comprised of former legislators, former senior national security and military officials, and subject matter experts be assembled to develop a roadmap for implementing the recommendations made by the Panel on this subject (and such additional recommendations as the Commission may make) in order to modernize the U.S. military personnel management policies, laws, and systems, including by addressing:

- Compensation reform, including military pay and deferred and in-kind benefits;
- "Continuum-of-service" model allowing service members to move fluidly between the active and reserve components and between the military, the private sector, civil service, and other employment, thereby offering varied levels of participation over the course of a military career;
- Military career progression adjustment including promotion rates, officer development timelines, length and flexibility of careers, and retirement ages;
- Active-Reserve force mix rebalancing, and mobilization beyond those components;
- Active, reserve and retired military health care, and retiree benefits to put their financing on a sustainable basis consistent with other national priorities; and
- The reduction of the numbers and composition of the headquarters and staffs.

The purpose of this Commission would be to assure that in the future, during times of a strong domestic economy and low unemployment as well during downturns, the armed forces may recruit and retain the required number of high quality men and women at an affordable price.

The Commission should consult with the men and women in uniform in order to learn firsthand what will make military service more attractive to them and their families.

II. QDR INDEPENDENT PANEL FINDINGS

WHEREAS, the QDR recognizes the need to preserve and enhance the All-Volunteer Force as one of four priorities of defense planning for the next two decades, and the QDR Independent Panel believes that it will be essential that the Department of Defense be able to recruit and retain high quality personnel in numbers equal to those today, even when unemployment falls in the coming years as the domestic economy continues to recover;

WHEREAS, while the pay and benefits afforded to U.S. military personnel can never adequately compensate for their sacrifice and those of their families, the QDR Independent Panel has reason to doubt that the military can attract and maintain the requisite numbers and maintain high quality as the economy improves and unemployment rates decline, and under the stresses of continuous deployments and a high operational tempo for the foreseeable future, growth in the cost of the All-Volunteer Force cannot be sustained for the long-term;

WHEREAS, in spite of limited job creation over the last decade, the force has maintained sufficient numbers of personnel at high quality only through extraordinary efforts and at substantial costs, that both these challenges and costs will continue into the indefinite future, and while the number of prime military age youth will rise in the next four decades, more are choosing to attend college within a year of high school graduation than in the past, and those planning to continue education beyond high school includes 85 percent of youth today;

WHEREAS, numerous surveys reveal a declining propensity of youth to serve, over 75 percent of American youth today are ineligible for serve due to physical, mental, or educational reasons or due to criminal records, and the numbers who "influence" youth to serve--mostly family members who are veterans--are decreasing in the United States;

WHEREAS, the cost per service member is growing much more quickly than historical norms, and while the overall end strength levels have declined since 1991 as a result of the end of the Cold War, personnel costs have grown dramatically; medical care expenses per servicemember are growing alongside the beneficiary pool (which includes retirees), but contributions are not keeping pace; and the Defense Health Program base budget, including retiree health care costs, has grown 151 percent in the past decade alone, increasing from $16.6 billion in 2001 to $41.7 billion in 2011 in constant dollars;

WHEREAS, to accomplish the QDR's goal of preserving and enhancing the All-Volunteer Force, major changes will be necessary in the military personnel system, including:

- Greater differentiation between service for one or two terms versus a career in pay, benefits, other compensation, and assignments;
- Restructuring military compensation to emphasize cash in-hand instead of deferred or in-kind benefits to enhance recruiting for those likely to serve less than an entire career;
- The abandonment of a "one size fits all" approach in favor of varied pay for different duty, training, performance, and skills, including the use of credential pay and bonuses to attract, retain, and reward critical specialties and outstanding performance;
- Instituting a continuum-of-service model that allows servicemembers to move fluidly between the active and reserve components, and between the military, civil service, and private sector;
- Changing the officer personnel system to modify "up-or-out" career progression, lengthening career opportunities to forty years, instituting 360-degree officer evaluations, and broadening educational and professional experiences both in formal schooling and outside career experiences for officers on track for promotion to flag and general officer; and

WHEREAS, the QDR Independent Panel recognizes that overall compensation, pay, retirement benefits, medical care, educational and professional opportunities, assignments, career progression, bonuses, and the overall conditions of service are all intimately linked to recruiting and retention of uniformed personnel, and the Panel believes a distinguished Commission will be necessary to develop a roadmap for implementing the Panel's recommendations (and such additional recommendations as the Commission might have) so as to enhance and stabilize the All-Volunteer Force;

III. MISSION STATEMENT

NOW, THEREFORE, the QDR Independent Panel proposes that the President and Congress establish a Commission to develop a roadmap for implementing the Panel's recommendations (and such additional recommendations as the Commission might have) as will best assure the recruitment and retention of the necessary numbers of high quality personnel under all foreseeable conditions domestic and foreign in the next two decades.

IV. TERMS OF REFERENCE

The National Commission on Military Personnel will conduct a comprehensive review of personnel issues and challenges confronting members of the armed forces and develop an implementation roadmap for the policy and legislative changes required to maintain a healthy, robust, and affordable force for the 21st century.

V. OBJECTIVES AND SCOPE

In developing its implementation roadmap, the Commission should:

A. Review and update where possible the studies and recommendations of the commission chaired by Thomas S. Gates, Jr., in 1969-1970 in light of recruiting and retention trends since the introduction of the All-Volunteer Force in 1973.

B. Reconsider all legislation since 1945 pertaining to military personnel with recommendations for modernization, change, or elimination of policies, as well as the need for new initiatives.

C. Identify any methods in addition to those recommended by the QDR Independent Panel to enhance recruiting and retention of enlisted and officer personnel during times of economic prosperity and low unemployment, and in all circumstances to attract youth from all sections of the country and demographic groups to maximize the congruence of the armed forces with the geographic, economic, religious, racial, ethnic, and cultural heterogeneity of the American people.

D. Examine ways to extend the length of productive military careers for enlisted and officer personnel, as well as assignments, career progression, and preparation of officers for flag rank.

E. Investigate the personnel utilization implications of traumatic brain injury, post traumatic stress disorders, and associated behavioral problems, particularly their possible impact on deployability and retention.

F. Create procedures to implement a continuum-of-service model that allows military personnel to move fluidly between the active and reserve components and between the military, private sector, and civil service with a more flexible compensation system and in keeping with the needs of a highly-mobile 21st century workforce.

G. Consider updating the military health care system to allow a shift to a defined-contribution plan allowing all employers to contribute to health care for serving and retired members of the armed forces.

H. Recommend to the Congress changes that will maintain and strengthen both the numbers and quality of personnel attracted to the All-Volunteer Force, to include the Reserve Components, both for short-term service and careers, while at the same time containing personnel costs.

I. Develop appropriate recommendations for the active/reserve force mix and mobilization beyond those components.

J. Review and propose reductions to the numbers and size of headquarters and staffs.

VI. MEMBERS

The Commission shall be a panel composed of former members of Congress, senior national security and military officials, and subject matter experts, of not more than 16 members who shall be selected as follows:

- Eight Members appointed by the President, not more than half of whom shall be affiliated with the same political party;
- Two Members selected by the Majority Leader of the Senate;
- Two Members selected by the Speaker of the House of Representatives;
- Two Members selected by the Minority Leader of the Senate; and
- Two Members selected by the Minority Leader of the House of Representatives.
- Co-Chairs. From among the presidential appointees, the President shall designate two members, who shall not be of the same political party, to serve as Co-Chairs of the Commission.

VII. REPORTS

No later than 12 months from the start of the Commission, the members shall vote on the approval of a final report containing a set of recommendations to achieve the Commission's mission.

The issuance of a final report of the Commission shall require the approval of not less than 12 of the 16 members of the Commission. The Commission should strive for a unanimous report, including findings and recommendations, as the previous President's Commission on an All-Volunteer Armed Force achieved.

VIII. ADMINISTRATION

Members of the Commission shall serve on a volunteer basis but shall be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law for persons serving intermittently in government service (5 U.S.C. 5701-5707), consistent with the availability of funds.

The Commission shall have a staff headed by an Executive Director.

The Commission shall be provided $10 million to address costs, including visits to active and reserve installations around the world; hearings to examine issues and allow witness testimony; and research studies undertaken by staff or commissioned from Federally Funded Research and Development Centers, private research organizations, and/or the academic community.

IX. GENERAL

The Commission shall terminate no later than one year after submitting their report to the President and Congress.

Appendix 4

INDEPENDENT STRATEGIC REVIEW PANEL

I. BACKGROUND AND DEFINITION

The Quadrennial Defense Review (QDR) Independent Panel assessed the QDR's guidance for integrating policy and strategy into the plans and activities of the Department of Defense, to include how the Department of Defense would integrate and coordinate its efforts with other national security departments and agencies.

The Panel reviewed relevant national security strategy documents to see if they provided sufficient guidance to the Department for it to make the required mission, structure, and resource decisions.

Overall, the Panel finds that not enough top down guidance on priorities, roles, and missions has been issued to allow the Defense Department to effectively plan its missions, structure, or resources, or to develop integration and coordination with other departments and agencies.

II. QDR INDEPENDENT PANEL FINDINGS

The Panel assesses that the National Security Strategic Planning Process, of which the Quadrennial Review process is a part, is not designed to provide the holistic planning process needed by the nation or to address the issues and requirements necessary to create a "whole of government" capability.

The Panel finds that the United States needs a truly comprehensive National Security Strategic Planning Process that begins at the top and provides the requisite guidance not only to the Department of Defense but to other departments and agencies of the U.S. government that must work together to address the range of threats confronting our nation.

The Panel finds that as an input to that comprehensive National Security Strategic Planning Process there is a need for an independent outside assessment of the strategic environment of the next 20 years to provide prioritized goals and risk assessment recommendations to the U.S. government.

III. MISSION STATEMENT

THEREFORE, the QDR Independent Panel proposes the executive and legislative branches should jointly establish a standing, Independent Strategic Review Panel of experienced and senior experts to review the national security strategic environment of the next twenty (20) years and provide prioritized goal and risk assessment guidance for use by the United States Government.

IV. TERMS OF REFERENCE

a. Recommend via legislative action:

b. Establish a bipartisan, standing Executive and Legislative branch panel to review the national security strategic environment every four years or as required by significant changes in that environment.

c. This Panel's work would include to:
   i. Review and assess the existing national security environment, including challenges and opportunities
   ii. Review and assess the existing national security strategy and policy
   iii. Review and assess national security roles, missions, and organizations of the departments and agencies
   iv. Assess the broad array of risks to the country and how they affect the national security challenges and opportunities
   v. Provide recommendations and input to the National Security Strategic Planning Process and the national security department and agency planning and review processes

V. MEMBERS

The Panel shall be a senior and experienced expert panel composed of not more than 18 members who shall be selected as set out below. Members shall be reappointed or changed when any of the entities below has a new member assume the duties of the office.

a. Ten members appointed by the President, of whom two not from the same political party, shall serve as Co-Chairs of the Panel;
b. Two members selected by the Majority Leader of the Senate;
c. Two members selected by the Speaker of the House of Representatives;
d. Two members selected by the Minority Leader of the Senate; and
e. Two members selected by the Minority Leader of the House of Representatives.

VI. REPORTS

a. No later than six months from the January in which a new President assumes office, the Panel shall submit its report to the Congress and the President on matters specified in section IV of this Term of Reference. The report shall also include such recommendations on such other matters as the Panel considers appropriate.

b. The Panel shall submit additional reports as requested by the Congress or the President, or when the Panel feels a significant change in the national security environment has occurred that would warrant new recommendations.

VII. ADMINISTRATION

a. Members of the Panel shall serve without any additional compensation, but shall be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law for persons serving intermittently in Government service (5 U.S.C. 5701-5707), consistent with the availability of funds.

b. The Panel shall have a staff headed by an Executive Director. The staff shall not exceed ten (10) members in addition to the Executive Director.

c. Congress shall annually appropriate $1 million to the Panel for its operations and administration.

VIII. GENERAL

a. The Panel shall be a standing panel unless appropriate legislation is rescinded.

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Appendix 5

NATIONAL SECURITY STRATEGIC PLANNING PROCESS

SUBJECT: National Security Strategic Planning Process

Since the end of the Cold War, the United States has struggled with developing a truly comprehensive National Security Strategy. A strategy that provides sufficient guidance to enable the Executive branch and the Congress to efficiently plan and develop resources and capabilities, and make hard – yet well guided – decisions, is essential to the protection and security of the United States. A sound national security strategy should provide an analysis of our national security strategic environment, the goals we must achieve, the necessary resources, and guidance as to our methods to achieve those goals.

To facilitate the development of this strategy I hereby direct the following:

The National Security Advisor will take steps to increase the capabilities of the National Security Staff to achieve a comprehensive, whole-of-government approach to strategic planning. The National Security Advisor will accomplish this using the National Security Staff, and, if appropriate, may appoint a small panel of outside advisors to advise him and obtain other necessary resources. Departments and agencies will provide briefings, information, and assign personnel, as required, to this effort. The effort will use such other information as it deems appropriate, including such sources as the Independent Strategic Review Panel proposed by the 2010 Quadrennial Defense Review Independent Panel.

This strategy development will identify the interests of the United States, its strategic goals relative to those interests, the actions required to achieve them, and necessary resources. This strategy will be as forward-looking as possible but not less than 20 years. It will consider the attainment of these strategic goals in both a budget unconstrained and budget constrained environment. Additionally, the strategy will provide clear priorities and identify the lead federal department or agency for each priority. The strategy will provide enough detail for federal departments and agencies to understand their assigned missions, both as a lead actor and as a supporting actor, so that they may make the resource and personnel decisions necessary to ensure success. Where appropriate, the strategy shall also provide options for the attainment of our strategic goals and any follow-on steps once the goals have been attained.

The strategy will be submitted for my review and approval by _____, and when signed by me will set out strategic guidance for my administration.

This document, classified as appropriate to protect the United States' interests, will direct how it is to be used in the internal planning processes of relevant departments and agencies. Interagency leads and missions should be clearly identified to enable proper planning.

Appendix 6

Glossary

AC	Active Component
APS	Africa Partnership Station
AT&L	Acquisition, Technology, and Logistics
AVF	All-Volunteer Force
BCT	brigade combat team
BUR	Bottom-Up Review
CAB	combat aviation brigade
CCJO	Capstone Concept for Joint Operations
COIN	counter-insurgency
CORM	Commission on Roles and Missions of the Armed Forces
DHS	Department of Homeland Security
DOD	Department of Defense
FMS	Foreign Military Sales
IO	international organization
IOC	initial operational capability
ISR	intelligence, surveillance, and reconnaissance
JRAC	Joint Rapid Acquisition Cell
JROC	Joint Requirements Oversight Committee
JUON	Joint Urgent Operational Needs
NATO	North Atlantic Treaty Organization
NGO	non-governmental organization
NICE	National Initiative for Cybersecurity Education

NPR	Nuclear Posture Review
NSA	National Security Agency
NSC	National Security Council
NSS	National Security Strategy
OAD	operational aviation detachment
ODA	Operational Detachment-Alpha
OMB	Office of Management and Budget
OSD	Office of the Secretary of Defense
PEO	program executive officer
PME	professional military education
PRT	Provincial Reconstruction Team
PVO	private voluntary organization
QDDR	Quadrennial Diplomacy and Development Review
QDR	Quadrennial Defense Review
QHSR	Quadrennial Homeland Security Review
QICR	Quadrennial Intelligence Community Review
QSR	Quadrennial Strategy Review
REF	Rapid Equipping Force
RC	Reserve Component
ROTC	Reserve Officers' Training Corps
SOCOM	Special Operations Command
SROE	Standing Rules of Engagement
SSGN	nuclear-powered guided missile submarine
TACAIR	tactical air forces
THAAD	Terminal High Altitude Area Defense

TOR	terms of reference
UAV	Unmanned Aerial Vehicle
USCYBERCOM	U.S. Cyber Command
USAID	U.S. Agency for International Development
WMD	weapons of mass destruction

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Appendix 7

Enabling Legislation

10 U.S.C. § 118 : US Code - Section 118: Quadrennial Defense Review

(a) Review Required. - The Secretary of Defense shall every four years, during a year following a year evenly divisible by four, conduct a comprehensive examination (to be known as a "quadrennial defense review") of the national defense strategy, force structure, force modernization plans, infrastructure, budget plan, and other elements of the defense program and policies of the United States with a view toward determining and expressing the defense strategy of the United States and establishing a defense program for the next 20 years. Each such quadrennial defense review shall be conducted in consultation with the Chairman of the Joint Chiefs of Staff.

(b) Conduct of Review. - Each quadrennial defense review shall be conducted so as -

(1) to delineate a national defense strategy consistent with the most recent National Security Strategy prescribed by the President pursuant to section 108 of the National Security Act of 1947 (50 U.S.C. 404a);

(2) to define sufficient force structure, force modernization plans, infrastructure, budget plan, and other elements of the defense program of the United States associated with that national defense strategy that would be required to execute successfully the full range of missions called for in that national defense strategy;

(3) to identify

(A) the budget plan that would be required to provide sufficient resources to execute successfully the full range of missions called for in that national defense strategy at a low-to-moderate level of risk, and

(B) any additional resources (beyond those programmed in the current future-years defense program) required to achieve such a level of risk; and

(4) to make recommendations that are not constrained to comply with the budget submitted to Congress by the President pursuant to section 1105 of title 31.

(c) Assessment of Risk. - The assessment of risk for the purposes of subsection (b) shall be undertaken by the Secretary of Defense in consultation with the Chairman of the Joint Chiefs of Staff. That assessment shall define the nature and magnitude of the political, strategic, and military risks associated with executing the missions called for under the national defense strategy.

(d) Submission of QDR to Congressional Committees. – The Secretary shall submit a report on each quadrennial defense review to the Committees on Armed Services of the Senate and the House of Representatives. The report shall be submitted in the year following the year in which the review is conducted, but not later than the date on which the President submits the budget for the next fiscal year to Congress under section 1105(a) of title 31. The report shall include the following:

(1) The results of the review, including a comprehensive discussion of the national defense strategy of the United States the strategic planning guidance, and the force structure best suited to implement that strategy at a low-to-moderate level of risk.

(2) The assumed or defined national security interests of the United States that inform the national defense strategy defined in the review.

(3) The threats to the assumed or defined national security interests of the United States that were examined for the purposes of the review and the scenarios developed in the examination of those threats.

(4) The assumptions used in the review, including assumptions relating to -

(A) the status of readiness of United States forces;

(B) the cooperation of allies, mission-sharing and additional benefits to and burdens on United States forces resulting from coalition operations;

(C) warning times;

(D) levels of engagement in operations other than war and smaller-scale contingencies and withdrawal from such operations and contingencies; and

(E) the intensity, duration, and military and political end-states of conflicts and smaller-scale contingencies.

(5) The effect on the force structure and on readiness for high-intensity combat of preparations for and participation in operations other than war and smaller-scale contingencies.

(6) The manpower and sustainment policies required under the national defense strategy to support engagement in conflicts lasting longer than 120 days.

(7) The anticipated roles and missions of the reserve components in the national defense strategy and the strength, capabilities, and equipment necessary to assure that the reserve components can capably discharge those roles and missions.

(8) The appropriate ratio of combat forces to support force (commonly referred to as the "tooth-to-tail" ratio) under the national defense strategy, including, in particular, the appropriate number and size of headquarters units and Defense Agencies for that purpose.

(9) The specific capabilities, including the general number and type of specific military platforms, needed to achieve the strategic and warfighting objectives identified in the review.

(10) The strategic and tactical air-lift, sea-lift, and ground transportation capabilities required to support the national defense strategy.

(11) The forward presence, pre-positioning, and other anticipatory deployments necessary under the national defense strategy for conflict deterrence and adequate military response to anticipated conflicts.

(12) The extent to which resources must be shifted among two or more theaters under the national defense strategy in the event of conflict in such theaters.

(13) The advisability of revisions to the Unified Command Plan as a result of the national defense strategy.

(14) The effect on force structure of the use by the armed forces of technologies anticipated to be available for the ensuing 20 years.

(15) The national defense mission of the Coast Guard.

(16) The homeland defense and support to civil authority missions of the active and reserve components, including the organization and capabilities required for the active and reserve components to discharge each such mission.

(17) Any other matter the Secretary considers appropriate.

(e) *CJCS Review.* –

(1) Upon the completion of each review under subsection (a), the Chairman of the Joint Chiefs of Staff shall prepare and submit to the Secretary of Defense the Chairman's assessment of the review, including the Chairman's assessment of risk and a description of the capabilities needed to address such risk.

(2) The Chairman shall include as part of that assessment the Chairman's assessment of the assignment of functions (or roles and missions) to the armed forces, together with any recommendations for changes in assignment that the Chairman considers necessary to achieve maximum efficiency of the armed forces. In preparing the assessment under this paragraph, the Chairman shall consider (among other matters) the following:

(A) Unnecessary duplication of effort among the armed forces.
(B) Changes in technology that can be applied effectively to warfare.
(3) The Chairman's assessment shall be submitted to the Secretary in time for the inclusion of the assessment in the report. The Secretary shall include the Chairman's assessment, together with the Secretary's comments, in the report in its entirety.

(f) *Independent Panel Assessment.* –
(1) Not later than six months before the date on which the report on a Quadrennial Defense Review is to be submitted under subsection (d), the Secretary of Defense shall establish a panel to conduct an assessment of the quadrennial defense review.
(2) Not later than three months after the date on which the report on a quadrennial defense review is submitted under subsection (d) to the congressional committees named in that subsection, the panel appointed under paragraph (1) shall submit to those committees an assessment of the review, including the recommendations of the review, the stated and implied assumptions incorporated in the review, and the vulnerabilities of the strategy and force structure underlying the review. The assessment of the panel shall include analyses of the trends, asymmetries, and concepts of operations that characterize the military balance with potential adversaries, focusing on the strategic approaches of possible opposing forces.

H.R. 2647, SEC. 1061. Additional Members and Duties for the Independent Panel to Assess the Quadrennial Defense Review

(a) *Additional Members.*—

(1) *In General.*—For purposes of conducting the assessment of the 2009 quadrennial defense review under section 118 of title 10, United States Code (in this section referred to as the ''2009 QDR''), the independent panel established under subsection (f) of such section (in this section referred to as the ''Panel'') shall include eight additional members as follows:

(A) Two appointed by the chairman of the Committee on Armed Services of the House of Representatives.

(B) Two appointed by the chairman of the Committee on Armed Services of the Senate.

(C) Two appointed by the ranking member of the Committee on Armed Services of the House of Representatives.

(D) Two appointed by the ranking member of the Committee on Armed Services of the Senate.

(2) *Period of Appointment*; *Vacancies.*—Members of the Panel appointed under paragraph (1) shall be appointed for the life of the Panel. Any vacancy in an appointment to the

H. R. 2647—279 Panel under paragraph (1) shall be filled in the same manner as the original appointment.

(b) *Additional Duties.*—In addition to the duties of the Panel under section 118(f) of title 10, United States Code, the Panel shall, with respect to the 2009 QDR— (1) review the Secretary of Defense's terms of reference, and any other materials providing the basis for, or substantial inputs to, the work of the Department of Defense on the 2009 QDR;

(2) conduct an assessment of the assumptions, strategy, findings, and risks in the report of the Secretary of Defense on the 2009 QDR, with particular attention paid to the risks described in that report; (3) conduct an independent assessment of a variety of possible force structures for the Armed Forces, including the force structure identified in the report of the Secretary of Defense on the 2009 QDR; and (4) review the resource requirements identified in the 2009

QDR pursuant to section 118(b)(3) of title 10, United States Code, and, to the extent practicable, make a general comparison of such resource requirements with the resource requirements to support the forces contemplated under the force structures assessed under paragraph (3).

(c) *Reports.*—

(1) *Initial Report of Panel.*—The report on the 2009 QDR that is submitted to Congress pursuant to section 118(f)(2) of title 10, United States Code, shall include, in addition to any other matters required by such section, the interim findings of the Panel with respect to the matters specified in subsection (b).

(2) *Final Report of Panel.*—Not later than July 15, 2010, the Panel shall submit to the Secretary of Defense, and to the congressional defense committees, the final report of the

Panel on the matters specified in subsection (b). The report shall include such recommendations on such matters as the Panel considers appropriate.

(3) *Report of Secretary of Defense.*—Not later than August 15, 2010, the Secretary of Defense shall, after consultation with the Chairman of the Joint Chiefs of Staff, submit to the congressional defense committees a report setting forth the Secretary's response to the final report of the Panel under paragraph (2).

(d) *Termination of Panel.*—The Panel shall terminate 45 days after the date on which the Panel submits its final report under subsection (c)(2).

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Appendix 8

QDR Independent Panel

Plenary Sessions Schedule

February 18, 2010

March 17, 2010

April 16, 2010

May 25, 2010

June 16, 2010

July 14, 2010

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Appendix 9

Consultations

Current U.S. Administration Officials

Department of Defense/Military

Civilian:

Robert Gates	*Secretary of Defense*
William J. Lynn	*Deputy Secretary of Defense*
Michele Flournoy	*Under Secretary of Defense for Policy*
Ashton Carter	*Under Secretary of Defense for Acquisition, Technology and Logistics*
Clifford L. Stanley	*Under Secretary of Defense for Personnel and Readiness*
Robert J. Butler	*Deputy Assistant Secretary of Defense for Cyber Policy*
Katherine H. Canavan	*Civilian Deputy to the Commander and Foreign Policy Advisor, U.S. European Command*
Janine Davidson	*Deputy Assistant Secretary of Defense for Plans*
Thomas P. Dee	*Director, Joint Rapid Acquisition Cell and Director, Defense Biometrics, Office of the Under Secretary of Defense (AT&L)*
Amanda J. Dory	*Deputy Assistant Secretary of Defense for Strategy*
William A. Garland	*Deputy Project Manager, Rapid Equipping Force*
Richard Ginman	*Principal Deputy Director, Defense Procurement and Acquisition Policy, Office of the Under Secretary of Defense (AT&L)*
Skip Hawthorne	*Defense Procurement and Acquisition Policy, Office of the Under*

	Secretary of Defense (AT&L)
Kathleen Hicks	*Deputy Under Secretary of Defense for Strategy, Plans, and Forces*
Andrew Marshall	*Director of Net Assessment*
Mike McCord	*Principal Deputy Under Secretary of Defense (Comptroller)*
David A. Ochmanek	*Deputy Assistant Secretary of Defense for Force Development*
Garry Reid	*Deputy Assistant Secretary of Defense for Special Operations and Combating Terrorism*
Christine E. Wormuth	*Principal Deputy Assistant Secretary of Defense for Homeland Defense and Americas' Security Affairs*

Military:

General James Cartwright	*Vice Chairman, Joint Chiefs of Staff*
General George Casey	*United States Army Chief of Staff*
Admiral Gary Roughead	*Chief of Naval Operations*
General Norton Schwartz	*Chief of Staff, U.S. Air Force*
General James N. Mattis	*Commander, U.S. Joint Forces Command*
Admiral Robert Willard	*Commander, U.S. Pacific Command*
General Keith B. Alexander	*Commander, U.S. Cyber Command*
Captain Michael Ford	*Chief, Requirements Management Division, Joint Staff, J-8*

Department of Homeland Security

Alan Cohn	*Deputy Assistant Secretary for Policy (Strategic Plans)*

Department of State

Anne-Marie Slaughter	*Director of Policy Planning*

National Intelligence Council

John Landry	*National Intelligence Officer for Military Issues*

National Security Council

Ben Rhodes	*Deputy National Security Advisor for Strategic Communications*

Other Experts

Gordon Adams	*Stimson Center*
James Dobbins	*RAND Corporation*

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Appendix 10

QDR Independent Panel

Member Biographies

William J. Perry – *Co-Chairman*

William J. Perry is the Michael and Barbara Berberian Professor at Stanford University, with a joint appointment at FSI and the School of Engineering. He is a senior fellow at FSI and serves as co-director of the Preventive Defense Project, a research collaboration of Stanford and Harvard Universities. He is an expert in U.S. foreign policy, national security and arms control. He was the co-director of CISAC from 1988 to 1993, during which time he was also a professor (half time) at Stanford. He was a part-time lecturer in the Department of Mathematics at Santa Clara University from 1971 to 1977.

Perry was the 19th secretary of defense for the United States, serving from February 1994 to January 1997. He previously served as deputy secretary of defense (1993-1994) and as under secretary of defense for research and engineering (1977-1981). He is on the board of directors of LGS Bell Labs Innovations and several emerging high-tech companies and is chairman of Global Technology Partners. His previous business experience includes serving as a laboratory director for General Telephone and Electronics (1954-1964); founder and president of ESL Inc. (1964-1977); executive vice-president of Hambrecht & Quist Inc. (1981-1985); and founder and chairman of Technology Strategies & Alliances (1985-1993). He is a member of the National Academy of Engineering and a fellow of the American Academy of Arts and Sciences.

From 1946 to 1947, Perry was an enlisted man in the Army Corps of Engineers, and served in the Army of Occupation in Japan. He joined the Reserve Officer Training Corps in 1948 and was a second lieutenant in the Army Reserves from 1950 to 1955. He has received a number of awards, including the Presidential Medal of Freedom (1997), the Department of Defense Distinguished Service Medal (1980 and 1981), and Outstanding Civilian Service Medals from the Army (1962 and 1997), the Air Force (1997), the Navy (1997), the Defense Intelligence Agency (1977 and 1997), NASA (1981) and the Coast Guard (1997). He received the American Electronic Association's Medal of Achievement (1980), the Eisenhower Award (1996), the Marshall Award (1997), the Forrestal Medal (1994), and the Henry Stimson Medal (1994). The National Academy of Engineering selected him for the Arthur Bueche Medal in 1996. He has received awards from the enlisted personnel of the Army, Navy, and the Air Force. He has received decorations from the governments of Albania, Bahrain, France, Germany, Hungary, Japan, Korea, Poland, Slovenia, Ukraine, and the United Kingdom. He received a BS and MS from Stanford University and a PhD from Penn State, all in mathematics.

Stephen J. Hadley – *Co-Chairman*

Stephen J. Hadley completed four years as the Assistant to the President for National Security Affairs on January 20, 2009. In that capacity he was the principal White House foreign policy advisor to then President George W. Bush, directed the National Security Council staff, and ran the interagency national security policy development and execution process.

From January 20, 2001 to January 20, 2005, Hadley was the Assistant to the President and Deputy National Security Advisor, serving under then National Security Advisor Condoleezza Rice. In addition to covering the full range of national security issues, Hadley had special responsibilities in several specific areas including U.S. relations with Russia, the Israeli disengagement from Gaza, developing a strategic relationship with India, and ballistic missile defense.

From 1993 to 2001, Hadley was both a partner in the Washington D.C. law firm of Shea and Gardner (now part of Goodwin Proctor) and a principal in The Scowcroft Group (a strategic consulting firm headed by former National Security Advisor Brent Scowcroft). In his law practice, he was administrative partner of the firm. Hadley represented a range of corporate clients in transactional matters and in certain of the international aspects of their business – including export controls, foreign investment in U.S. national security companies, and the national security responsibilities of U.S. information technology companies. In his consulting practice, Hadley represented U.S. corporate clients seeking to invest and do business overseas.

From 1989 to 1993, Hadley served as the Assistant Secretary of Defense for International Security Policy under then Secretary of Defense Dick Cheney. He represented the Defense Department on arms control matters, including negotiations with the Soviet Union and then Russia, on matters involving NATO and Western Europe, on ballistic missile defense, and on export and technology control matters. Prior to this position, Hadley alternated between government service and law practice with Shea & Gardner. He was counsel to the Tower Commission in 1987, as it investigated U.S. arms sales to Iran, and served on the National Security Council under President Ford from 1974 to 1977.

During his professional career, Hadley has served on a number of corporate and advisory boards, including: the National Security Advisory Panel to the Director of Central Intelligence, the Department of Defense Policy Board, the Board of Directors of the U.S. Institute of Peace, as a trustee of the Carnegie Endowment for International Peace, and as a trustee of ANSER (Analytical Services, Inc.), a public service research corporation.

Hadley graduated magna cum laude and Phi Beta Kappa from Cornell University in Ithaca, New York, in 1969. In 1972, he received his J.D. degree from Yale Law School in New Haven, Connecticut, where he was Note and Comment Editor of the Yale Law Journal.

Richard L. Armitage – *Member*

Richard L. Armitage is currently the President of Armitage International. Previously, Armitage served as Deputy Secretary of State from March 2001 until February 2005. From May 1993 until March 2001, he served as President of Armitage Associates L.C.

From March 1992 until his departure from public service in May 1993, Armitage directed U.S. assistance to the new independent states (NIS) of the former Soviet Union. Between 1989 through 1992, he filled key diplomatic positions as Presidential Special Negotiator for the Philippines Military Bases Agreement and Special Mediator for Water in the Middle East. During the 1991 Gulf War, President Bush sent him as a Special Emissary to Jordan's King Hussein.

From June 1983 to May 1989, Armitage served as Assistant Secretary of Defense for International Security Affairs and from 1981 until June 1983 he was Deputy Assistant Secretary of Defense for East Asia and Pacific Affairs in the Office of the Secretary of Defense. In the 1980 Reagan campaign, he was senior advisor to the Interim Foreign Policy Advisory board, which prepared the President-Elect for major international policy issues confronting the new administration. Following two years in the private sector, he took the position as Administrative Assistant to Senator Robert Dole of Kansas in 1978. Between 1975 and 1976, Armitage was posted in Tehran, Iran as a Pentagon consultant.

Armitage graduated in 1967 from the U.S. Naval Academy and completed three combat tours in Vietnam.

J.D. Crouch – *Member*

J.D. Crouch is currently the President of Technology Solutions Group at QinetiQ North America. Previously, Crouch served as Assistant to the President and Deputy National Security Advisor from 2005 until 2007 and as the U.S. Ambassador to Romania from 2003 to 2004.

Prior to becoming Ambassador to Romania, Crouch served as Assistant Secretary of Defense for International Security Policy from August 2001 until October 2003. He was the principal advisor to the Secretary of Defense on the formulation and coordination of policy for NATO, Europe, Russia, the Central Asian Republics, the Caucasus and the Balkans, nuclear forces, missile defense, technology security policy, counterproliferation, and arms control. Prior to serving in the Bush Administration in these capacities, Crouch was an associate professor of Defense and Strategic Studies at Southwest Missouri State University.

From 1990 to 1992, Crouch was the principal deputy assistant secretary of defense for international security policy in the first Bush Administration. From 1986 to 1990, he was the military legislative assistant to Senator Malcolm Wallop (R-Wyoming) and served as the

senator's staff designee on the Senate Armed Services Committee. From 1984 to 1986, he worked for the Assistant Director for Strategic Programs in the U.S. Arms Control and Disarmament Agency and was an advisor to the U.S. Delegation on Nuclear and Space Arms Talks with the former Soviet Union.

Crouch received his bachelor's degree, master's degree, and his Ph.D. in International Relations from the University of Southern California.

Charles B. Curtis – *Member*

Charles B. Curtis is currently President Emeritus and Board Member of the Nuclear Threat Initiative (NTI). Previously, Curtis served for nine years as President and Chief Executive Officer of NTI. Before joining NTI, Curtis served as the Executive Vice President and Chief Operating Officer of the United Nations Foundation (UNF) and was a partner in Hogan & Hartson, a Washington-based law firm with domestic and international offices.

Curtis served as Under Secretary and, later, Deputy Secretary of the U.S. Department of Energy from February 1994 to May 1997. He was Chief Operating Officer of the Department and, among other duties, had direct programmatic responsibility for all of the Department's energy, science, technology and national security programs.

Curtis is a lawyer with over 15 years' practice experience and more than 18 years in government service. He was a founding partner of the Washington law firm Van Ness Feldman. Curtis served as Chairman of the Federal Energy Regulatory Commission from 1977 to 1981 and has held positions on the staff of the U.S. House of Representatives, the U.S. Treasury Department, and the Securities and Exchange Commission. He is a current member of the Council on Foreign Relations.

Rudy F. deLeon – *Member*

Rudy F. deLeon is the Senior Vice President of National Security and International Policy at the Center for American Progress in Washington, D.C. He serves on several nonprofit boards and is a part-time college instructor. deLeon is also a former senior U.S. Department of Defense official, staff director on Capitol Hill, and retired corporate executive.

Mr. deLeon's government career concluded in 2001 after his tenure as deputy secretary of defense, where he was a member of the Deputies Committee of the National Security Council and the National Partnership Council. In earlier Pentagon assignments, deLeon served as undersecretary of defense for personnel and readiness from 1997 to 2000, and as undersecretary of the Air Force from 1994 to 1997. From November 1985 through 1993, deLeon served on the

Committee on Armed Services in the U.S. House of Representatives as a member of the professional staff and as staff director. In 1986, deLeon participated in the debate and passage of the 1986 Goldwater-Nichols Act. Mr. deLeon began his career in the federal government in 1975, holding various staff positions in the U.S. Senate and U.S. House of Representatives. For five years, beginning in 2001, he served as a senior vice president for the Boeing Company.

Mr. deLeon earned a bachelor's degree from Loyola Marymount University in 1974, and in 1984, he completed the executive program in national and international security at the John F. Kennedy School of Government at Harvard University.

Joan A. Dempsey – *Member*

Joan A. Dempsey is a senior Vice President at Booz Allen Hamilton where she leads the firm's intelligence business in Central Maryland. Previously, she led the firm's intelligence business in the Department of Homeland Security and the Office of the Director of National Intelligence.

During her 25 years in the federal government, Dempsey held two political appointments: she served as the Deputy Director of Central Intelligence for Community Management during the Clinton Administration and as the Executive Director of the President's Foreign Intelligence Advisory Board in the Bush Administration.

Dempsey also spent 17 years as a senior civilian in the Department of Defense as Deputy Director of Intelligence at the Defense Intelligence Agency, as Director of the General Defense Intelligence Program, and as the Deputy Assistant Secretary of Defense for Intelligence and Security. She began her federal civilian service in 1983 as a Presidential Management Intern in the Office of Naval Intelligence. She also served for 25 years as a naval reserve intelligence officer and was on active duty as a U.S. Navy cryptologic technician.

Dempsey is a Special Advisor to the U.S. Strategic Command and chairs the Intelligence, Reconnaissance and Surveillance Panel of the Command's Strategic Advisory Committee.

Eric S. Edelman – *Member*

Eric S. Edelman is currently a Distinguished Fellow at the Center for Strategic and Budgetary Assessments. He retired as a Career Minister from the U.S. Foreign Service on May 1, 2009.

Edelman has served in senior positions at the Departments of State and Defense as well as the White House where he led organizations providing analysis, strategy, policy development, security services, trade advocacy, public outreach, citizen services and congressional relations. As the Under Secretary of Defense for Policy (August 2005-January 2009) he oversaw strategy development as the Department's senior policy official with global responsibility for bilateral

defense relations, war plans, special operations forces, homeland defense, missile defense, nuclear weapons and arms control policies, counter-proliferation, counter-narcotics, counter-terrorism, arms sales, and defense trade controls.

Edelman served as U.S. Ambassador to the Republics of Finland and Turkey in the Clinton and Bush Administrations and was Principal Deputy Assistant to the Vice President for National Security Affairs. In other assignments, he has been Chief of Staff to Deputy Secretary of State Strobe Talbott, special assistant to Under Secretary of State for Political Affairs Robert Kimmitt and special assistant to Secretary of State George Shultz. His other assignments include the State Department Operations Center, Prague, Moscow, and Tel Aviv, where he was a member of the U.S. Middle East Delegation to the West Bank/Gaza Autonomy Talks.

Edelman is a visiting scholar at the Philip Merrill Center for Strategic Studies at the Johns Hopkins University and a senior associate of the International Security Program at the Belfer Center for Science and International Affairs at Harvard University. He received a B.A. in History and Government from Cornell University and a Ph.D. in U.S. Diplomatic History from Yale University.

Sherri Goodman – ***Member***

Sherri Goodman is Senior Vice President, General Counsel and Corporate Secretary of CNA. Goodman has been recognized for her work creating and overseeing a landmark project in her role as Executive Director of the CNA Military Advisory Board for projects on *National Security and the Threat of Climate Change* and *Powering America's Defense: Energy & the Risks to National Security.*

From 1993 to 2001, Goodman served as Deputy Undersecretary of Defense (Environmental Security). As the chief environmental, safety, and occupational health officer for the Department of Defense (DoD), she was responsible for over $5 billion in annual defense spending. She established the first environmental, safety and health performance metrics for the department and, as the nation's largest energy user, directed its energy efficiency and climate change efforts. Overseeing the President's plan for revitalizing base closure communities, she ensured that 80% of base closure property became available for transfer and reuse. Goodman twice received the DoD medal for Distinguished Public Service, the Gold Medal from the National Defense Industrial Association, and the EPA's Climate Change Award.

Goodman served on the staff of the Senate Armed Services Committee for Committee Chairman Senator Sam Nunn. She has practiced law at Goodwin Procter, and has worked at RAND and SAIC.

Goodman serves on the boards of the Atlantic Council of the U.S., including its Executive Committee, Blue Star Families, Marshall Legacy Institute, National Academy of Sciences' Energy and Environmental Systems Board, and the Woods Hole Oceanographic Institution. She is a life member of the Council on Foreign Relations and serves anon the Board of its *Center for Preventive Action.* Goodman also serves on the *Joint Ocean Commission Leadership Council*, and the Task Force on *Stabilizing Fragile States: Building Partnership Security Capacity* at the Bipartisan Policy Center.

Goodman has testified before numerous committees of the U.S. Congress, and conducted many interviews with print, television, radio and online media. She has published widely in various print and on line media and in legal and scholarly journals on national security, energy, and environmental security. She has been an Adjunct Lecturer in International Affairs and Security at the Kennedy School of Government and was an Adjunct Research Fellow at the School's Center for Science and International Affairs.

Goodman received a J.D. from the Harvard Law School and a Masters in Public Policy from Harvard's John F. Kennedy School of Government. She received her Bachelor of Arts from Amherst College.

David E. Jeremiah – *Member*

Prior to retiring from the Navy in February 1994, David E. Jeremiah served four years as Vice Chairman of the Joint Chiefs of Staff under Generals Powell and Shalikashvili and in that capacity served as a member of the Deputies Committee of the National Security Council. Previously, he was Commander in Chief of the Pacific Fleet, commanded a three carrier task force in combat operations off Libya, directed the capture of the Achille Lauro hijackers and commanded a battle group, destroyer squadron and guided missile destroyer. Ashore, he earned a reputation as an authority on strategic planning, financial management and the policy implications of advanced technology.

In his subsequent civilian career, Jeremiah was President, CEO and later Chairman of Technology Strategies and Alliances; chair or member of a number of public, private and not-for-profit boards; and a member of a number of national security commissions, panels and boards including the President's Intelligence Advisory Board. He is currently Chairman of the WSI board of directors and a member of the ManTech International and In-Q-Tel boards.

Jeremiah earned a number of U.S. and foreign awards including the Presidential Citizens Awards presented by President George H. W. Bush for service during the first Gulf War, the Defense Distinguished Service Medal, five Navy Distinguished Service Medals, the Grand Cordon of the Rising Sun (Japan), the first Order of Australia (Military Division) awarded to a foreign recipient and the University of Oregon Pioneer Award for distinguished graduates.

Jeremiah earned a bachelor's degree in Business Administration from the University of Oregon and a master's degree in Financial Management from George Washington University. He completed the Program for Management Development at Harvard University.

George A. Joulwan – *Member*

George A. Joulwan retired from the Army in 1997 after having served as Supreme Allied Commander Europe (SACEUR) for four years. While in the Army, Joulwan served as the Commander-in-Chief for the United States European Command and held a variety of command and staff positions during two combat tours in Vietnam, two tours in Washington, D.C, and five tours in Europe.

Prior to his appointment as Commander-in-Chief for U.S. European Command, Joulwan served as Commander-in-Chief of the U.S. Southern Command (Panama) until October 1993. From 1988 until 1990, he commanded the 3rd Armored Division and V Corps during the collapse of the Berlin Wall and the fall of the Iron Curtain. During his 17 years in Europe, Joulwan commanded U.S. forces at every level in Germany to include platoon leader, company commander, battalion commander, brigade commander, division commander and corps commander. Between 1973 and 1975 he served in Washington as Special Assistant to the President of the United States and to the Supreme Allied Commander, Europe at Supreme Headquarters Allied Powers, Europe.

In Vietnam, Joulwan was a company commander and the operations officer in the 1st Battalion, 26th Infantry, 1st Infantry Division. He also served as a brigade operations officer and deputy division operations officer of the 101st Airborne Division (Air Assault).

During his Washington assignment, Joulwan was the Executive Officer to the chairman of the Joint Chiefs of Staff. Prior to this, he served as Director of Force Requirements in the Office of the Deputy Chief of Staff for Operations and Plans in the Department of the Army.

Joulwan graduated from the U.S. Military Academy at West Pont in 1961 and was commissioned a second lieutenant in the Infantry. He received a Master of Arts degree in political science form Loyola University in Chicago. Joulwan's military education includes the Infantry Officer Basic Course, the Armor officer Advanced Course, the Command and General Staff College and the Army War College.

John Keane – *Member*

John Keane is a senior partner at SCP Partners, (venture capital). He is president, GSI, LLC (consulting). He is a director of several public corporations and an advisor or board member to numerous nonprofit organizations, foundations and charities to include two organizations assisting our veterans: Welcome Back Veterans and American Corporate Partners. He is also a member of the Secretary of Defense's Policy Board.

Keane, a four-star general, completed 37 years in public service in December 2003, culminating as acting Chief of Staff and Vice Chief of Staff of the US Army. As the chief operating officer of the Army, Keane was in the Pentagon on 9/11 and provided oversight and support for the wars in Afghanistan and Iraq. Since 2004, Keane conducted frequent trips to Iraq for senior defense officials having completed multiple visits during the surge period. He played a key role in recommending the surge strategy in Iraq. Still active in national security, Keane continues to advise senior government officials on the war in Iraq and Afghanistan and on national security in general.

Keane is a career paratrooper, a combat veteran of Vietnam, decorated for valor, who spent much of his military life in operational commands where his units were employed in Somalia, Haiti, Bosnia and Kosovo. He commanded the famed 101st Airborne Division (Air Assault) and the legendary 18th Airborne Corps, the Army's largest war fighting organization. Keane graduated from Fordham University with a Bachelor of Science degree in Accounting and a Master of Arts degree in Philosophy from Western Kentucky University. He is a graduate of the Army War College and the Command and General Staff College. Keane and his wife Theresa, who have been married for over 45 years, have two adult sons Matthew and Daniel.

Richard H. Kohn – *Member*

Richard H. Kohn is currently Professor of History and Adjunct Professor of Peace, War, and Defense at the University of North Carolina (UNC) at Chapel Hill. He has served on the faculties of the City College of New York, Rutgers University-New Brunswick, and the Army and National War Colleges. From 1981 to 1991, he was Chief of Air Force History and Chief Historian of the USAF. Kohn headed the Triangle Institute of Security Studies at UNC from 1992 until 2000 and chaired the Curriculum in Peace, War, and Defense from 1992 until 2006.

In 2003 and 2004, Kohn was a consultant for the Smithsonian's National Museum of American History on its "Price of Freedom" permanent exhibit on the American military experience. Prior to this, he has been a two term president of the Society for Military History (1989-1993), served on the Advisory Board of the US Air Force's Gulf War Air Power Survey and the Air University Board of Visitors, chaired the research and collections management advisory committee of the Smithsonian's National Air and Space Museum and the Board of Directors of the National

Coordinating Committee for the Promotion of History, and was a member of the National Security Study Group (the Hart-Rudman Commission).

Kohn's most recent book is an edited volume with Peter D. Feaver, *Soldiers and Civilians: The Civil-Military Gap and American National Security* (2001). His recent writings have focused on contemporary civil-military relations, including "The Erosion of Civilian Control of the Military in the United States Today," which won the 2002 Edward S. Miller History Prize of the *Naval War College Review*, "The Danger of Militarization in an Endless 'War' on Terrorism," *Journal of Military History*, 73(Jan. 2009): 177-208, "Tarnished Brass: Is the U.S. Military Profession in Decline?" *World Affairs*, 171(Spring 2009):73-83, and "Building Trust: Civil-Military Behaviors for Effective National Security," chapter 13 in Suzanne Nielsen and Don Snider, eds., *American Civil-Military Relations: Realities and Challenges in the New Era* (Baltimore: Johns Hopkins University Press, 2009), 264-289.

Born and raised in Chicago, Kohn was educated at Harvard (A.B. magna cum laude, 1962) and the University of Wisconsin (M.S. 1964, Ph.D. 1968).

John F. Lehman, Jr. – *Member*

John F. Lehman, Jr. is a founding partner and chairman of J.F. Lehman & Company. Before forming the firm, Lehman spent three years as a Managing Director in Corporate Finance at PaineWebber, Inc. where he led the firm's aerospace and defense advisory practice. Lehman is also a director of Ball Corporation, ISO Inc. and EnerSys, Inc. He is also Chairman of the Princess Grace Foundation and an Overseer of the School of Engineering at the University of Pennsylvania.

Lehman served 25 years as a reserve naval aviator including temporary active duty in Vietnam, the Middle East and Europe.

From 1981 to 1987, Lehman served as Secretary of the United States Navy. As the chief executive of the U.S. Navy, Lehman was responsible for the management of 1.2 million people, an annual budget of approximately $100 billion and total assets equivalent to those of the seven largest Fortune 500 corporations combined. Prior to serving as Secretary of the Navy, Lehman was President of the aerospace consulting firm Abington Corporation and served as a delegate to the Mutual Balanced Force Reductions negotiations.

Lehman has served as staff member to Dr. Henry Kissinger on the National Security Council and as Deputy Director of the U.S. Arms Control and Disarmament Agency. He is a member of the National Commission on Terrorist Attacks Upon the United States (the "9/11 Commission).

Lehman holds a B.S. degree from St. Joseph's University, B.A. and M.A. degrees from Cambridge University and a Ph.D. from the University of Pennsylvania.

Alice C. Maroni – *Member*

Alice C. Maroni is the Chief Financial Officer of the Smithsonian Institution, a position she has held since November 2000. She has authority and responsibility for the financial integrity of the Institution, including budgeting, accounting, financial reporting, contracting, and treasury functions. She has more than 30 years of experience in budgeting and public and non-profit finance.

Maroni came to the Smithsonian from the Department of Defense, where she served as the Principal Deputy Under Secretary of Defense (Comptroller) since 1993. She twice served as the acting Under Secretary of Defense (Comptroller) prior to the appointment of the Department of Defense Comptroller. Before moving to the Pentagon in November 1992, Maroni was a professional staff member of the House Armed Services Committee.

Maroni is the author of "The Economic and Budgetary Implications of a U.S. Troop Withdrawal from Europe," a chapter in the 1989 SIPRI publication *Europe without America;* "The Defense Budget," a chapter in *Presidential Leadership and National Security: Style, Institutions, and Politics*, edited by Sam C. Sarkesian, Westview Press, Boulder, Colorado, 1984; and numerous issue briefs on the national defense budget debate printed by the Congressional Research Service at the Library of Congress.

Maroni was the 2001 recipient of the Distinguished Federal Leadership Award awarded by Association of Government Accountants, a three-time recipient of the DOD Distinguished Public Service Award awarded by Secretary of Defense, and a recipient of the Joint Distinguished Civilian Service Award awarded by Chairman of the Joint Chiefs of Staff.

Born in Washington, D.C., Maroni graduated Phi Beta Kappa from Mount Holyoke College in 1975 and was awarded a master's degree from the Fletcher School of Law and Diplomacy at Tufts University in 1978. She is a graduate of the National War College (1989) and Harvard University's Program for Senior Executives in National and International Security (1991).

John Nagl – *Member*

John Nagl is the President of the Center for a New American Security. He is also a member of the Defense Policy Board, a Visiting Professor in the War Studies Department at Kings College of London, a life member of the Council on Foreign Relations and the Veterans of Foreign Wars, and a member of the International Institute of Strategic Studies. He is a member of the *Joint*

Force Quarterly Advisory Committee and of the Advisory Board of the *Journal of the Royal United Services Institute*, a former Young Leader of the French-American Foundation and the American Council on Germany, and a member of the American Association of Rhodes Scholars.

Nagl's last military assignment was as commander of the 1st Battalion, 34th Armor at Fort Riley, Kansas, training Transition Teams that embed with Iraqi and Afghan units. He led a tank platoon in Operation Desert Storm and served as the operations officer of a tank battalion task force in Operation Iraqi Freedom. He was awarded the Combat Action Badge by General James Mattis of the United States Marine Corps, under whose leadership he fought in Al Anbar in 2004.

Nagl has taught national security studies at West Point's Department of Social Sciences and in Georgetown University's Security Studies Program. He served as a Military Assistant to two Deputy Secretaries of Defense and later worked as a Senior Fellow at the Center for a New American Security.

Nagl is the author of Learning to *Eat Soup with a Knife: Counterinsurgency Lessons from Malaya and Vietnam* and was on the writing team that produced the U.S. Army/Marine Corps *Counterinsurgency Field Manual*. His writings have also been published in *The New York Times*, *Washington Post*, *The Wall Street Journal*, *Foreign Policy*, *Parameters*, *Military Review*, *Joint Force Quarterly*, *Armed Forces Journal*, *The Washington Quarterly*, and *Democracy*, among others. He was also profiled in the *Wall Street Journal* and *The New York Times Magazine*. He has appeared on *The Jim Lehrer News Hour*, *National Public Radio*, *60 Minutes*, *Washington Journal*, and *The Daily Show with Jon Stewart*.

Nagl was a Distinguished Graduate of the United States Military Academy Class of 1988 and served as an armor officer in the U.S. Army for 20 years, retiring with the rank of Lieutenant Colonel. He earned a Master of the Military Arts and Sciences Degree from the Command and General Staff College, where he received the George C. Marshall Award as the top graduate. Nagl earned his doctorate from Oxford University as a Rhodes Scholar.

Robert H. Scales, Jr. – *Member*

Robert H. Scales is currently president of Colgen, LP, a consulting firm specializing in issues relating to landpower, wargaming and strategic leadership. Prior to joining the private sector, Scales served over thirty years in the Army, retiring as a Major General. He commanded two units in Vietnam, winning the Silver Star for action during the battles around Dong Ap Bia (Hamburger Hill) during the summer of 1969. Subsequently, he served in command and staff positions in the United States, Germany, and Korea and ended his military career as Commandant of the United States Army War College. In 1995 he created the Army After Next program, which was the Army's first attempt to build a strategic game and operational concept for future land warfare.

Scales has written and lectured on warfare to academic, government, military, and business groups in the United States, Australia, Asia, the Middle East, Europe, and South America. He is the author of two books on military history: *Certain Victory*, the official account of the Army in the Gulf War and *Firepower in Limited War*, a history of the evolution of firepower doctrine since the end of the Korean War. Scales has written two books on the theory of warfare: *Future Warfare*, a strategic anthology on America's wars to come and *Yellow Smoke: the Future of Land Warfare for America's Military*. His latest work, *The Iraq War: a Military History*, written with Williamson Murray, has been reviewed very favorably by the New York Times, Atlantic and Foreign Affairs.

Scales is a frequent consultant with the senior leadership of every service in the Department of Defense as well as many allied militaries. He is senior military analyst for The BBC, National Public Radio and Fox News Network. He has appeared as a commentator on The History Channel, The Discovery Channel, PBS, TLC and Star Television. His commentary is carried frequently on all major television outlets in the Peoples Republic of China. Scales has written for and been frequently quoted in The New York Post, The Wall Street Journal, The Washington Times, Time Magazine, Newsweek, Roll Call and virtually every service defense periodical and media network on issues relating to military history and defense policy.

Scales is a graduate of West Point and earned his PhD in history from Duke University.

James Talent – *Member*

James Talent is a Distinguished Fellow at The Heritage Foundation, where he specializes in military readiness and welfare reform issues. Talent also recently served as the vice-chairman of the WMD Commission.

Talent's political career began in 1984, when he was elected to the Missouri House of Representatives. In 1988, he was chosen unanimously by colleagues to be the Minority Leader, the highest-ranking Republican position in the Missouri House. He served in that role until 1992, when he was elected to Congress representing Missouri's 2nd District. While serving in the U.S. House of Representatives, Talent served on the House Armed Services Committee. In 1993, he formed a special congressional panel in the U.S. House of Representatives to address the decline in the readiness of the armed forces. In 1994, he introduced the Real Welfare Reform Act of 1994. This proposal subsequently became the basis for the bipartisan reforms enacted as the Personal Responsibility and Work Opportunity Act of 1996.

As a senator, Talent introduced the Compassion and Personal Responsibility Act of 2003 to build on the success of the 1996 welfare reform package. Talent also was Chairman of the House Committee on Small Business and served as a member of the Senate Armed Services Committee and chaired the Sea Power Subcommittee for four years.

Talent was born and raised in Des Peres, Mo. He is a 1978 graduate of Washington University in St. Louis, where he received the Arnold J. Lien Prize for most outstanding political science student. He graduated Order of the Coif from University of Chicago Law School in 1981 and then clerked for Judge Richard Posner of the U.S. Court of Appeals for two years.

Paul K. Van Riper – *Member*

Paul K. Van Riper retired from the United States Marine Corps on 1 October 1997 after more than 41 years of commissioned and enlisted service. In those years, he served in a variety of command and staff billets at posts and stations around the world. In the course of seven tours in the Fleet Marine Force, he saw duty in each of the three active divisions, commanding at every level from infantry platoon to division. He experienced combat during five of these tours.

Van Riper participated in or observed combat operations during five tours. As a second lieutenant, he commanded a platoon in Santo Domingo during the Dominican Republic crisis. As a first lieutenant, he was an advisor to the Republic of Vietnam's Marine Corps. As a captain, he led a rifle company in Vietnam. As a major, he was a United Nations Observer in the Sinai Desert and southern Lebanon. As a brigadier general, he served with I Marine Expeditionary Force in Operation Desert Storm.

Van Riper also commanded a Marine Barracks, was Director of Marine Corps Command and Staff College, served as the first President of Marine Corps University, was Assistant Chief of Staff for Command and Control and Director of Intelligence at Headquarters Marine Corps, and in his last tour was Commanding General of Marine Corps Combat Development Command at Quantico.

Van Riper is a graduate of Marine Corps Amphibious Warfare School, College of Naval Command and Staff, Army War College, and Army Airborne and Ranger Schools. His personal decorations include the Distinguished Service Medal, Silver Star Medal with gold star in lieu of a second award, Legion of Merit, Bronze Star Medal with Combat "V," Purple Heart, Meritorious Service Medal, Joint Service Commendation Medal, Army Commendation Medal, Navy Achievement Medal, and the Combat Action Ribbon with gold star.

Since retirement, Van Riper has served at various times as a member of a number of defense and service advisory boards and panels, including the National Defense University Board of Visitors, the National Research Council's Naval Studies Board, and the Army Science Board. He served as the Chairman of the Board of Directors for the Marine Corps Heritage Foundation from 2001 to 2007. He has held the Bren Chair at Marine Corps University since 2005.

Van Riper continues to participate in an array of defense and security related war games, seminars and conferences, both in the United States and overseas, and he lectures frequently at military colleges. He also consults on national security issues for several U.S. Government

organizations and agencies as well as commercial firms. A student of military history, he spends his leisure hours reading and visiting battlefields. In addition, he writes for pleasure and publication.

Larry D. Welch – *Member*

Larry D. Welch most recently served as the President and CEO of the Institute for Defense Analyses (IDA) from September 2006 until late 2008. Previously, Welch served as a senior fellow at IDA after serving as its President and CEO for a decade beginning after his retirement from the U.S. Air Force in 1990.

Welch is the former Chief of Staff of the U.S. Air Force. During his thirty-nine years in the Air Force, Welch served in operational and staff assignments in training organizations and tactical fighter units worldwide, including in Vietnam in combat. Within USAF, he was the Commander of the Tactical Air Command within the Air Force Central command and 9th Air Force, the Deputy Chief of Staff of Programs & Resources, the Vice Chief of Staff, and the Commander of the Strategic Air Command, prior to becoming Chief of Staff. As Chief of Staff, he was responsible for organizing, equipping, and executive direction of the U.S. Air Force. He was a member of the Joint Chiefs of Staff and served as military advisor to the Secretary of Defense and the President of the U.S. on national security matters.

Welch is also a Director of the Aerospace Education Foundation, the Air Force Academy Foundation, the Sandia National Laboratory, and the CACI International Corporation. He is Chairman of the Joint Committee on Nuclear Weapons Surety, the AF Space Command Independent Strategic Advisory Group, the US Strategic Command Strategic Advisory Group, and the Missile Defense White Team.

Welch received a Bachelor of Science in Business Administration from the University of Maryland and an MS in International Relations from George Washington University. He is also a graduate of the Armed Forces Staff College within the National War College.

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Appendix 11

QDR Independent Panel Support Staff

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Kevin McCarty

John Vitacca

CNA Support Staff to the Panel

Henry H. Gaffney Jr.

William Kratz

Catherine Lea

[Whereupon, at 12:02 p.m., the committee adjourned.]

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