

# The View from Congress

## *National Security and the Budget*

With Mac Thornberry, Moderated by John N. Rader

**JOHN N. RADER:** We couldn't have anybody better than the Honorable Mac Thornberry to speak to us today about the opportunities and the risk related to Congress and its role in budget and national security. So with that, I turn it over to you.

**MAC THORNBERRY:** Well, thank y'all. I appreciate not only being a part of this conference today, but I think really y'all have been more restrained than I expected. At the end of the day, I expected Congress would have taken a lot of hits, and there have been a few, most of them fair, but y'all have been more restrained than I expected, so I appreciate that.

Actually, all day I've been thinking of something I didn't say in the paper, but I want to say at the beginning, and that's what Ellen Lord just touched on. In a democracy, you can't sustain anything without public support or at least public acquiescence. And so whatever we think ought to happen with the defense budget or what our strategy ought to be is not going to count for anything unless there's enough public support or public acquiescence to actually make it happen. And I think the point, Admiral [Mike] Mullen actually made this earlier, it is up to the national leadership to help inform and remind us why this is important, and frankly, I don't think the last few presidents have done that very well. But it's not just presidents, it's Congress's responsibility as well. I finally figured this out late in my tenure, and I decided I was going to get out of Washington and go to chambers of commerce and community groups around the country and just give a little presentation with

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photographs, no PowerPoint, to connect to the local economy. So I went to Memphis, Tennessee, where cotton shipping is a big deal, and I reminded them about how it's the United States Navy that guarantees the freedom of the seas that enables them to ship their cotton. I went to talk to the New York Chamber and reminded them that every transaction on the New York Stock Exchange is linked to our GPS [Global Positioning System], now operated by the US Space Force and, previously, by the air force.

If you want to mess with the US economy like that, just start messing with our GPS system. And so my theory was, not only is it important for DoD to keep you safe, but it's connected to how you earn a living. Your ability to provide for and raise your family traces back to what the military does for us all. And I think that narrative needs to come from presidents and congresses, and we haven't done that very well.

The last thing on this point, and nobody's mentioned it today, we should never underestimate the disinformation campaign that is coming from foreign adversaries to undermine our will to fight. I can tell you stories about my town hall meetings where people were literally in tears because they thought the military was going to come and confiscate their guns. And then it turns out the *New York Times* writes a story, it's a couple years later, that however this rumor started, the Russian bot farms were sending it out far and wide. And so it doesn't really matter how many tanks, or ships, or whatever we've got if they can systematically undermine our will to fight. At that point, weapons are not going to be much use, and adversaries are working on that.

In my paper, I really just try to start with a simple point that money is what counts. We can write all sorts of things, and we can make all sorts of pontifications, but it's where the money goes that makes the difference. And just as a reminder, in the US Constitution, Congress is the one that decides where it goes. Now, the president can veto what they do, but you're not going to be able to implement a strategy or do much of anything else in defense without Congress having a role, because Congress is the one that approves the money.

As I think about money in defense, there are four issues. One is how much we spend. Two is what we spend it on. Three is the process that we use to spend it. And by the way, the process does not end at the appropriation. It's all the way through the contracting process. And then fourth, it's the time that all of that takes, given the time frame our adversaries are moving at, given the time frame that technology is refreshing. And obviously, all of that ought to cause us a lot of concern.

I suggest some reforms that I think are doable while the PPBE Commission figures out how to fix the whole thing. I do think there is a growing interest on the Hill and elsewhere for greater budget flexibility. The interest that the new House Defense Appropriations chair, Ken Calvert, has shown in greater flexibility is incredibly encouraging. He's the one who put into the last appropriations bill a small warfighter innovation fund with a lot of flexibility in how to spend it, and his intention is to grow it. Mike Gallagher is talking about a capability of record versus a program of record. There are folks on the Hill who are recognizing we're going to have to move faster, and that's going to require greater flexibility.

And by the way, the other part of that is greater transparency coming back to the Hill on how that money was spent. There's got to be a quid pro quo to some extent here, but I think that's doable while we're waiting on the PPBE Commission to give us a broader reform.

Stability—most members on the appropriations and authorizing committees oppose a two-year budget. But the argument on the other side is, "If y'all can't get your act together and get this done on time, we're going to have to go to a two-year budget funding," or something like that. I agree that a two-year budget plan has to be married with the flexibility on how you spend the money. Because if it's thirty months in a one-year budget plan, I can't even do the math on what it would be for a two-year.

I also think simplicity is key. Fewer regulations are needed in order to do something about the valley of death. Y'all know those issues. I won't repeat them. We tried. One of the things [Senator John] McCain and I created was the [Section] 809 Panel. So we put a number of acquisition reforms into place, and then we said, "When you get down to exactly which regulations need to change, we need a commission to figure it out." When they came back in their interim report, we adopted a number of the things they put forth. Their final report might have been overly ambitious. But I do think we could use another commission willing to get down in the weeds and that nitpicky stuff and figure out, okay, get rid of this regulation, these laws need to go away or change or so forth. And I think that would be useful.

Sidenote: one of my nerdish pursuits was to simplify all of the acquisition statutes. We first passed the outline and then we passed the first tranche, enlisting a guy who used to work at Office of Legislative Counsel to put all of these acquisition statutes in one place under one title so that you could see how they fit together—not trying to change the law but just trying to have it

in a digestible form and place as a step towards simplicity. And so I think there are some steps that hopefully set up for future reform.

I just want to emphasize the point that Eric [Fanning] made really well. There will never be enough taxpayer money to do everything that we need to do for defense. We have got to be able to attract investment into businesses, because private investment can multiply whatever the trillion dollars or whatever the taxpayers come up with tremendously. Now to do that, you've got to have the return on investment, the kinds of things that investors or shareholders are looking for. And I don't think that's a mindset at DoD. I didn't really focus on that when I was in Congress that much, and yet I think it is so crucially, crucially important.

Congress can help the culture get better or it can make the culture get worse, because of the hearings they hold and because of the laws they pass. I kept threatening my staff to hold a hearing with program managers who have programs that failed, and I wanted to pat them on the back and say, "Good, you learned what did not work." Now, we always got bumped by something else, some other topic for the hearing. So I never got to do it. But that's an example of where Congress can affect culture, in my opinion.

On the other hand, following David [Chu]'s lead, I know the blended retirement system didn't solve everything that needed to be solved, but I'll tell you from our end, we took a lot of incoming to get that done. Everybody who was invested in the system and their families and so forth didn't want any changes whatsoever. And so to say, "Okay, you can retire at six years and still get something for it. You're protected if you've been in it this long. You have a choice if you've been in it this long. If you're new, you're going to be in the new system." To me, that is a template for other pay and benefit reform and entitlement reform for the country as a whole. I know it didn't do everything, but in the face of the opposition we faced with all sorts of organizations, I think it's a fairly significant accomplishment.

On acquisition reform, I've got a quick list of fifteen things that we did to try to give more authorities. I think it is a fair point Mackenzie [Eaglen] made, that it's a lot easier to give authorities than to take them away. And we were giving authorities, sometimes they've been used—not always. Some services have used them more than others. But we tried to at least offer some more options. What people tell me is, "Okay, we've got the authority we need. It's the money and the culture that is yet to be changed." I focus on money and culture in my paper, because I think those are the two pillars that have yet to be done.

Sometimes it takes a crisis to get change done. I really think space force is an example of a crisis leading to change. Because a Republican and a Democrat, a chair and a ranking member of the Strategic Forces Subcommittee, had enough classified briefings that they got deeply concerned. And so we had it in the House bill, and it passed the House. We couldn't convince the Senate the first year. Then the House guys also got the president involved. And the second year, it got passed into law. And then on the other side, and Dr. [David] Chu has already talked about this, the National Security Personnel System is an example where reform didn't go well. I do think the government employee unions' strong opposition from the beginning made it a partisan issue. And frankly, they used a number of tactics to delay the implementation of it, so you didn't ever get to really see the benefits. And so when the administration changed, we lost it.

The last point I want to make—somebody I think said this earlier, I think—truly the last vestige of bipartisan cooperation on the Hill is with the Armed Services Committees. And I hope everybody will encourage, applaud, and pat those folks on the back, because it's harder and harder to work across the aisle, and they need to be appreciated. I think we're up to, what, the sixty-third straight year of having a National Defense Authorization Act become law, and I think they will be able to get it through again this year. There are always some differences, but not very many that are partisan. They mainly try to work their way through problems to find acceptable solutions. And I think that's encouraging, but it's got to be rewarded in some way.

In politics, you get more of whatever you reward, depending on what your currency is—if it's votes, if it's Twitter clicks, if it's whatever. There's got to be some way for people who are willing to put the country ahead of partisan interest to be rewarded. And I hope that they can be in whatever fashion makes sense because then you'll get more of it. And that's good for the country.

On the other hand, I hope I'm wrong, but I think we're in for a year-long CR [continuing resolution] because I don't see how they work out the appropriations deals this year. I hope that's not the case. But if we really have a yearlong CR, that's the time to really hit them with the budget flexibility arguments and say, "Okay, if we're going to have a yearlong CR, give us this authority to be more flexible in spending this money as a way to compensate for the damage that the CR does." As Rahm Emanuel said, "Never let a crisis go to waste." If we're going to have one, we need to be ready with some ideas about how to take advantage of it. Thanks.

**RADER:** Open for questions. Mike?

**MICHAEL BROWN:** You and I had a quick conversation before dinner last night about the power of appropriations committees and the staffers. What do you think would be the reform? Picking up on your last point about flexibility, which, of course, I completely agree with, what would be the best way to try and take a step there? Because I would imagine if I'm an appropriations committee staffer, everything is losing power and control, so I fight that like hell. What do you think could get done there, and how to do it?

**THORNBERRY:** Well, the first thing that comes to most people's minds is expanded reprogramming authority, and that's probably useful. Reprogramming can be painful, because if a relevant party says "no," then that usually stops it. So, there are lots of vetoes. I really think you probably can't do portfolio management at a broad level, but you might pick a few areas like software or something where it's so obvious that the technology is moving so fast, you've got to have a different way to do it. The National Commission on AI suggested this for AI applications and some areas like that. I think it really could be the nose under the tent to show it can be effective. But to repeat myself, I think they need to be ready to go.

**RADER:** David?

**DAVID S. C. CHU:** In terms of issues that were raised today, I'm curious for your reaction, especially your assessment of the Hill's acceptance of two older possibilities that have been pushed forward. First, on the budget front, could there be something that resembles what the VA [Department of Veterans Affairs] has had for medical care, a number of cycles, which is an advance appropriation for the next year? In other words, it's subject to change again when the budget year is executed, but it gives DoD the money and the flexibility at the start of October to act if Congress has not acted. It's done for the VA because the medical situation requires the money. So there's a precedent for it. It's in the national security space, and I think it has been reasonably successful.

The other is a much bigger idea, which the economists would push. I wonder if there is a way to reframe the defense budget debate by separating the capital needs of the department from the operating needs. Could DoD have a separate capital budget? Could we size that budget off the established

[Department of] Commerce estimates for the size of the defense capital stock? In other words, we would have to keep this stock replenished over time. We draw it down and use it every year, just like any corporation depreciates its assets. But that gets the investment account debate separated from the annual budget deficit focus. States do this with their budgets, as you know, and they have separate capital budgets. Those are debated separately, and they're not thought about in the same parlance that characterizes the main budget.

That would be a major change. Not trivial. It would probably take years to explain it, although economists have pushed this idea before without any success. But I wonder if such an idea could eventually gain traction.

**THORNBERRY:** I would say on advance appropriations for particular purposes that could be articulated, I think that's a possibility. We've already decided that we can't afford to fund aircraft carriers in a single year. We need to have multiyear procurement. They just did this for munitions, multiyear procurement for munitions is in this last bill. So if you can make the case that there is a particular need that will extend over more than one year, and we need to be able to have this authority, I think that is a doable thing within those categories, not widespread, but within those categories.

On the capital budget, I think that's too complicated and too hard to see the benefits. Economists might like it, but most members of Congress will see it as an effort to try to take part of defense spending off budget, in effect, and they don't want you to do that. They want to keep all of defense in the game because it's part of the political negotiation that happens every year, which is how we figure out domestic spending as well as defense spending. I think that's a bridge too far. The other one, I think, is a possibility.

**RADER:** Mackenzie?

**MACKENZIE EAGLEN:** I really enjoyed that a lot. I appreciate you being our closing speaker today. Two questions. Can you reflect on—Elaine [McCusker] and I both referenced it differently—the growth of the NDAA, which I think the first one was one page, and we're now, depending on how you count it, we're at somewhere between 4,000 and 5,500 pages for defense bills. Can you talk about the absurdity of that, when you, of course, were chairman? Are we going to be at 10,000 pages in three years, and when does that stop? When does it become too much paper, too many directives? As Elaine said, for every

report you require, you have to take three away. I want to sort of turn the telescope on Congress for a minute and talk about the growth in the number and types of overseers to executors, basically is what I'm getting at.

And that could be through staffers or reports or whatever. So be a little hard on yourself because I think we've hit the absurd point. And then secondly, correct me if I'm wrong on the point Eric made. But if this is true, nowhere in the PM/PEO [program manager/program executive officer] world, in my understanding, are they charged with caring about the defense industrial base. So they have to meet the compliance, they have to check the boxes, they have to follow the rules. But the concern around this, the theme from today is—well, there's a couple of things. We're really lousy at history. We're lousy at geography. And the third is no one has cared enough about the industrial base, and now there's no arsenal of democracy. But should that be part of the portfolio of people who are charged with contracting and overseeing that to actually care?

Wait a minute, flagging it for you, civilian overseer, whether that's the DoD or on the Hill, this is a permanent production line shut down. The bomber plant here in California is now a Walmart. I know Congress weighed in to save the army's last tank plant, but in the president's 2023 budget, permanent production line closures are littered throughout the budget that are going to shut down other lines forever. Congress thankfully said, "Um, not a great idea." But why should it have to get to that level? Should it sort of be a part of the defense acquisition processes ahead of time?

**THORNBERRY:** On the growth of the NDAA, yes. One of my greatest failures as chairman is when I went in there, I said, "We're going to reduce the number of reports, and the ones that are left are going to be ones we follow up on, that really count. We're going to say fewer things, but we're going to really mean what we say." And it completely fell apart, partly because if Roger [Zakheim] has an amendment that is a terrible idea, one way I buy him off is to give him a report in exchange. And so it just multiplies, in essence.

But the other thing is there are fewer and fewer opportunities to legislate in Congress. Fewer and fewer bills go through. So if you're a freshman who's just been elected and you've got to go home in less than two years and talk about what you've accomplished, you've got to figure out something that gets signed into law. And a lot of times, it's an amendment to the NDAA, even if it's added on the floor and if it's added by unanimous consent. "I did something.



I got it signed into law.” There are so few opportunities to do that anymore that more and more stuff just gets added on to the defense authorization bill.

This happens to the extent that you have whole other bills that get clumped on because they can’t pass on their own, but they figure, “Well, that’ll pass.” And so financial services, health care, it doesn’t matter. They’re coming out of the woodwork, and it’s stuff that the Armed Services Committees don’t know about it. It’s basically up to the committee of jurisdiction and the leadership to say, “Yeah, y’all got to take that.” And so as a result, the NDAA is this big. And so I think it is a reflection of the dysfunction of the institution as much as it is a considered judgment on managing DoD.

On the defense industrial base, you’re right. If it’s clear to Congress that shutting this down means we lose this capability, like in the case of the tanks, we’ll give them some money and keep them open. I think your point is, or at least my opinion is, that the Department of Defense needs to have a business intelligence unit such as private industry has to know what the state of the defense industrial base is, writ large. It’s not just tanks, planes, and ships; it’s other things as well. And so that intelligence unit would include the willingness of Silicon Valley organizations to do business with the Department of Defense. I think that’s a useful thing to feed back into the department. And then it’s going to be a question of what you do about it. I’ve been impressed by some of the companies that have business intelligence units and the effort they put into understanding the business environment in their area, and what they learned from that.

**ELLEN LORD:** If I could just build on that. I think one of the largest challenges is there are so few people in DoD with business acumen, particularly in this administration. Even during the last one, if you were coming in from business, you were deemed a moneygrubbing, horrible person. [Senator] Elizabeth Warren thought it was going to be a huge payday for me to go to serve at DoD. So, you start with that bias, if you will. And then secondly, people don’t understand business cycles and what it takes to invest, that there has to be a virtuous business cycle, and so forth. And that happens on the congressional side as well. It’s just that Business 101 isn’t there. And frankly, I think a lot of the contracting officers are extremely worried about showing any bias. They are not encouraged by leadership to take any risks. So, they tend to go with the tried-and-true because if the buddies on either side of them did it and didn’t get into trouble, they’re probably going to go that way as well.

Here again, this gets back to a huge educational issue, I think. And there's probably the only silver lining of COVID, which is the American public, and I think, therefore, DoD and Congress became more aware of the challenges of 100 percent offshoring and the resiliency of supply chains, cyber threats, and so forth. So I think we're a little bit smarter, but DoD is not set up to address recruiting, developing, and retaining a diverse and resilient defense industrial base. There's one small Industrial Policy group in OSD [Office of the Secretary of Defense] under A&S [acquisition and sustainment]. But it's understaffed, with a bunch of open billets. A number of billets were taken and given to CIO [chief information officer] this past year, which is very troubling.

**RADER:** Michael?

**MICHAEL J. BOSKIN:** I wanted to make two comments about Congress, and especially the second one is aimed at the Senate, Mac. The first is I think everybody would be thrilled if we could get back to some semblance of regular order and the expertise of people that's reflected not just in the Armed Services Committee but a lot of other committees. I was involved in much of the work of the Ways and Means and Senate Finance Committees, both when I was in the government and beforehand, with the 1986 tax reform. I spent weekends at Airlie House with the committee, et cetera. And there were people. I mean, yeah, they had their political speeches out in public, but people who do a lot of hard work. And increasingly, it looks to me like it's not getting rewarded because of these deals at the end of the year done by leadership and that creates the disincentives that you mentioned.

The second is one of the things that's been a theme, maybe not elevated, but Ellen just highlighted it, is getting good people, including people with business experience. But getting good people into the key roles, into many roles, including laterals, et cetera. But the damn confirmation process has gotten so broken. We're asking so many people to put their life on hold for a year and go through tortuous stuff that they need to go through to get confirmed. We need field checks by the FBI, and we need the committees to do their work. But I think that's a big problem. I don't know what the resolution of that is because that's one, as you mentioned. It's one thing senators get to do and to showboat about. I know many people in a variety of areas who didn't go into the government when they were approached because of this. And if I know ten cases of that in the last five or six years, there's got to be a large total

number. It's no comfort that, as Mike Brown indicated, it can also take seven months to get a written offer out to recruits at job fairs. I do want to add one really important thing that we mentioned, just a sentence in our paper. I think one of the really most optimistic things is that we've seen a lot more veterans elected in recent budget cycles, and they've been extremely attractive to voters. And I think we have to understand that phenomenon. And that may be the beginning of something where we get a higher fraction of our Congress that has military experience, given the all-volunteer army, and who understand these issues in a way that they can carry and educate their colleagues on. It's not something easy to measure other than the numbers, but I think that it's been very, very evident, especially in more or less swing districts, that veterans have been very, very attractive to voters.

**THORNBERRY:** I will just mention on that last point, we started to see the beginning of Iraq and Afghanistan veterans come into Congress. When they get there, they really want to work across the aisle and get stuff done. This was encouraging to me, too. Over time, there are these partisan pressures to get back in your corner. Don't play with those guys. Now, some people resist that depending on their district. Others not so much, but I think generally, most of these people who come from a recent military background want to get things done. They are mission oriented. And I agree that that's an encouraging thing.

**RADER:** Tim?

**TIM KANE:** Mac, you mentioned the reform, and I know the pension reform had been recommended decade after decade after decade by multiple blue-ribbon commissions. But if you look back, those were often final reports with ten suggestions or four options. And I think it was the Military Compensation and Retirement Modernization Commission that recommended a single reform recommendation—the blended system that was ultimately adopted by Congress.

**THORNBERRY:** It was.

**KANE:** So I was amazed when the Blended Retirement System happened. And I think that initial reform had to happen before another one could before you could go to a full Thrift Savings Plan as an option. I just wanted to press you a little bit, would you agree that without that retirement reform, it's going

to be really difficult to do lateral hiring of somebody at the major lieutenant or colonel level unless there is some retirement package for them? And is it possible then that what I'd like to think opened the door for reform will let future Congresses say, "Yeah, let's have this at least be an option"?

**THORNBERRY:** It is, as long as the services don't push back too much. How about that? So if you have all the service chiefs saying, "Nah, we don't want these other people coming in that are not qualified and diluting what we have built up over time," it'll be hard. Now, we could make that case with cyber because everybody knows people with green hair and so forth may have the capability to work with cyber command and do some things, and regardless of how many pull-ups they can do or whatnot. So you can make the case with certain specialties, but it depends on the reaction of the broader military population and leadership. And I guess, maybe it depends on how bad the recruiting problems get.

**RADER:** Kiran?

**KIRAN SRIDHAR:** Speaking of one of the veterans who's now a member of Congress, [US Representative] Mike Gallagher has a very radical proposal, which is to scrap the Appropriations Committee and create standing committees, for example, the Department of Defense, that are responsible for all budgeting for the department and also all oversight. I know the likelihood of such a reform is remote, and appropriators will fight it tooth and nail. My question is, does there come a point where the appropriations process becomes so dysfunctional, like you were saying, where we'll have a full year of CRs where such a reform like that might be on the table, might be a possibility? And then, a second more personal question, you're from a deep red district, you have a very conservative voting record, yet you were able to work across the aisle quite effectively, and win trust with deeply liberal people.

I'm wondering how you were able to do that? Because as we get to Congress where a lot of districts are deep red and deep blue, if we're going to want to effectuate any of these reforms, we're going to need to build trust from people who have dramatically different ideological positions.

**THORNBERRY:** I think if it gets so bad the Appropriations Committee gets abolished, then things are really bad, and we don't want to live in that world. It would mean the economy melted down or something like that. There has been a somewhat different version of that that's been talked about. You

don't abolish the Appropriations Committee, and I'll just simplistically say you take defense appropriations and put them with the Armed Services Committee to do the budget, the funding levels for the Department of Defense or a subcommittee. Or take the Defense Appropriations Committee and a group from the Armed Services Committee, not the whole committee, because appropriators get outvoted, but an equal number from the authorizing committee and have one committee that decides the authorization and appropriation for funding levels. And then, you still have your normal oversight duties and so forth. So I don't know, is that any more doable? Not in the current circumstances, but I do think the longer the dysfunction goes on, the more creative juices flow about, "Okay, there's got to be a better way to do this."

However, just remember the fundamental issue when it comes to appropriations is that Democrats think Republicans care about it, and they hold it hostage to get what Democrats care about, and vice versa. So, it's a mutual hostage standoff. That's why it's up to the White House and the leadership to resolve. And that's the only time you get a breakthrough, unless you have a two-year budget deal like we had that one time. So, it's not the existence of the committee so much as it is the political dynamics that, I guess, gets to your second question.

I went to Congress to try to do things—not to become famous, not to raise a bunch of money. The incentives are different now, and social media is part of it. We could have a whole conference on the changes in our society that alter the reward calculus for people running for office. I really thought COVID would have more of a positive impact than it has. But I do think for people who want to do things, whether you come from a very Democratic district or a very Republican district, you will figure out that you may disagree about health care and taxes, but you can work together on regulating social media or whatever issue it is. So you'll find common ground in order to get something done. You will work with people that you don't normally work with.

But on the other hand, if it's, "Okay. These people are evil, they're the opponent, and I can't work with them because . . .," then that's a different mindset, because it's going to interfere with your TV hit that day or your Twitter post. That's a different mindset, and that's got to really change. But Roger's point is exactly right. It's a really small, loud number who are that way. The media tends to focus on them and give them actually more influence than they have inside Congress itself. But still, if you've got a four-seat majority and you get five yahoos that are banding together, then they can stop things.

**RAJ SHAH:** We need more folks like you in Congress, hands down. I just wanted to highlight something you said at the beginning, which was, “At the end of the day, the power for reform and what we do comes from the people,” right? The American populace. And earlier, I don’t remember if someone made the comment that most of America probably can’t find Taiwan on a map. And so, as you think about the education of the populace around why this is important, why we want to spend treasure and, God forbid, blood, what advice do you have? How can we send that message better? And are there things that others in this group might do that can help.

**THORNBERRY:** I think Secretary [Jim] Mattis made the point we don’t teach history anymore. When I would go around talking to people about cotton in Memphis and all that stuff, I would start with a history lesson about something relevant to them. This has been ascribed to Oliver Wendell Holmes and a variety of other people: “It’s more important to remind people what they already know than it is to educate them about what they don’t know.” And so, I would try to remind people we got into World War I, we became isolationist and weak, and because of that, we had the greatest calamity in the history of the human race if you judge by total deaths, which was World War II. And that shocked us so much that we said, “We’re not doing that anymore.” And so, we created NATO and the CIA and the Department of Defense and the World Bank and all of this stuff, and then I have the charts to show human life expectancy, economic prosperity, and the number of people living in democracies have gone up ever since.

With these things [smartphones] buzzing in our pockets all the time, what we lose as individuals is context, why it matters. And so to me, that’s the key. People will listen to you about Taiwan once you remind them, “If you don’t stand up to bullies, they’re going to be at your doorstep next.” And you need to have historical examples about that. H.R. [McMaster] talked about that. And so to me, it’s reminding them what they already know, but they have to be reminded, because these things are distracting them all the time. So, that’s at least my theory of the case.

**RADER:** Eric and then Admiral Mullen to close out.

**ERIC FANNING:** I just have a comment following up on Mackenzie’s question about the industrial base. I agree with everything that Ellen said. There’s just a basic lack of understanding of free-market economic principles in the

Department of Defense, like the importance of profits to spur economic development. But sometimes, because of these industrial base issues, we find ourselves in conscious budget trade-offs. Really, if I'm simplifying, two different things: One is what we're facing in Ukraine right now—munitions, for example, that there's granularity to the number of munitions. We can say, "Oh, in the endgame with the budget, we're going to cut 20 percent here as a bill payer for something else." You can't cut 20 percent of F-35s or an aircraft carrier, and we do that, year after year after year after year. And then simultaneously, we're telling our contractors to cut costs, be as efficient and lean as possible.

So the surge capability or the capability of the industrial base is a capability in and of itself, but it comes at an expense that doesn't necessarily get you something immediately that you can put in a warehouse. If you want to have eight of something and not have the company you're buying it from make it as efficiently as possible, keep the workforce and the infrastructure to double that overnight, it comes at an expense without something that's coming out the other end. And we've done that for years and years and years in some of these things. And we didn't start this in February of last year when our warehouses were full, and we are behind in deliveries to Taiwan. And now we're surging all this stuff to Ukraine and not having as much that is forcing us into directions in terms of what we're trying to give them now a year later.

That may not be what we would give them in other cases, but it may force us faster into the direction that some people want to go. But a lot of this, I think, is just the budget trade-off in the endgame, going back to this concept of, "What do we need in the future?" but we ask more of the department than we resource it for. And these are cumulative effects, as James [Cunningham]'s paper pointed out. Oftentimes, I think that the decision makers know this is happening, but they're going someplace for a trade-off in the endgame.

**THORNBERRY:** And Congress is partly responsible, pushing for efficiency, to be more efficient [you must] cut costs, and so forth. So you just have as many munitions as your war plans call for. And "Well, what happens if something unexpected occurs? Well then, we need some more." And that's not something we have paid for yet. Again, it follows the money.

**RADER:** Admiral Mullen.

**ADMIRAL MIKE MULLEN:** Thanks, Chairman. Very helpful. I actually don't object to a 7,500-page or 4,000-page NDAA and the 720 reports because I



understand that's just part of doing business. I learned that over time, as frustrating as it is. I don't know how many reports I signed, hundreds, that I never saw have any impact. Part of the conversation has been about this midcareer or shift to bring civilians into the personnel world. Coincidentally, I did a study on women at the CIA and another on minorities at the CIA. And in both those studies, and because we're doing people stuff, I'd try to understand careers and who gets promoted and who doesn't.

We talked to a number of midcareer civilians who'd been very successful on the outside and came in to the CIA, and the tribes inside basically killed them. The culture's so strong in that agency the tribes killed them. We have tribes. So as we think about this and doing it in cyber right now, some of what I would call relevant and very timely help, interpreters in the Iraq and Afghanistan wars, as an example, could help cyber now. The system will tolerate some of that, but you have to bring them in and really make it fair for them. And that's far beyond just onboarding them.

We talked about a BRAC [Base Realignment and Closure]. I'm done with BRAC. Every time we do a BRAC, it's because we have 20 percent too much overhead. We take out 20 percent on Friday, and on Monday we still have 20 percent too much overhead. And nobody ever audits that, by the way. At least I haven't seen that that's been audited. But I do worry. It just moves us further and further away from the American people. We're in fewer and fewer places. We're not coaching kids in little league, we're not going to church, we're not teaching, we're not working in a place in far too communities in our country. And at some point in time, again, it just feeds this fact that our military gets further and further away from the American people. I'm willing to pay that overhead at this particular point, given the number of BRACs that we've been through. In the navy, we're virtually out of the Northeast. With one exception, we're gone. And so, that part of the country just finds out about us in the press, in the media, et cetera. And that's a very dangerous trend. David, I appreciate being caught up on the audit. I would only say that twenty years is about the normal pace in the place. I would hope that we could continue this. That we finally got here, because that was a long and very painful and expensive process.

And then lastly, Gary [Roughead] mentioned this. I'm a requirements guy, so I never thought I had a problem. We spend an extraordinary amount, I don't know what the number is, 25 percent, 30 percent on requirements growth in the acquisition process. The individual who signed the requirements document doesn't have anything to do with its growth, because the



uniform leadership is out of it once you sign it back to Goldwater-Nichols. Cutting down requirements growth is a massive requirement in order for us to deliver the systems in a reasonably efficient and more effective way, from a financial standpoint.

**BOSKIN:** Well, first of all, we want to thank everybody for coming. It's been a very long day. We've covered a lot. Everyone in the room could have commented at length on every one of the sessions. So we appreciate your forbearance, letting other people speak on these topics, which are so interrelated. That's number one. Number two, we're just so appreciative of your service, past, present, and future, whether in uniform or out. We want to thank you for that.